

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

RESIDENTIAL CAPTIAL, L.L.C, et al.,

Debtors

§
§ **Chapter 11**
§
§ **Case No. 12-12020(MG)**
§
§ **Jointly Administered**

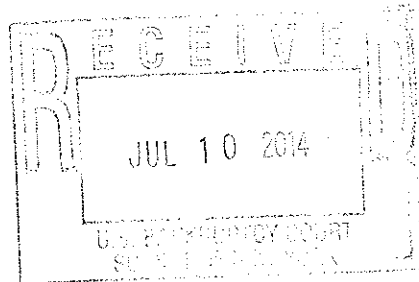
GREGORY C. MORSE

Pro Se Appellant

v.

**RESCAP BORROWER CLAIMS TRUST
GMAC MORTGAGE, L.L.C.
HOMECOMINGS FINANCIAL, L.L.C.
ALLY BANK L.L.C. f/k/a GMAC BANK
ALLY FINANCIAL, INC.**

Appellees



**DESIGNATION OF ITEMS FOR APPEAL STATEMENT OF ISSUES FOR APPEAL
TO DISTRICT COURT**

Pursuant to Rule 8006 of the Federal Rules of Bankruptcy, *Pro Se Appellant* Gregory C. Morse, and Bankruptcy Claimant NameID # 10987575, submits to the Southern District Of New York U.S. Bankruptcy Court the following list of items designated for use in the appeal and an accompanying statement of issues to be included by the Clerk of the Bankruptcy Court in the record in conjunction and connection with the Notice of Appeal.

I. Designation of Items

1. EXHIBIT 74: (MERS) - (ONLINE USER GUIDE)



2. EXHIBIT 188: (FANNIE MAE) - (LOAN LOOKUP SCREEN) - (223 HIGH POINT)
- (2ND SCREEN) - (FANNIE OWNS LOAN)
3. EXHIBIT 199: (FANNIE MAE) - (GLENN GREGORY TELECON WITH FANNIE
MAE HELP DESK)
4. EXHIBIT 240: (TX BUS and COMM CODE) - (CH 3) - (NEGOTIABLE
INSTRUMENTS)
5. EXHIBIT 241: (TX BUS and COMM CODE) - (CH 9) - (UCC - SECURED
TRANSACTIONS)
6. EXHIBIT 257: (TX LOCAL GOVT CODE) - (CH 192) - (INSTRUMENTS TO BE
RECORDED BY COUNTIES)
7. EXHIBIT 302: (PLAINTIFF) - (QUALIFIED WRITTEN REQUEST NUM 1) -
(GMAC RESPONSE and EXHIBITS)
8. EXHIBIT 312: (PLAINTIFF) - (NOTICE OF CONTRACT DEFAULT TO GMAC) -
(FROM SANDERS)
9. EXHIBIT 316: (PLAINTIFF) - (MERS ORG ID NO. REPORT) - (HC FIN LLC ON
DOCS BUT HC WHOLESALE MIN NUM ON DEED)
10. EXHIBIT 321: (PLAINTIFF) - (HC FIN SELLS MORT LOAN TO GMAC BANK
PRIOR TO 2-29-2008) - (LOAN CLOSED 3-3-2008)
11. EXHIBIT 396: (COLLIN CTY) - (2008-03-13) - (2008 LOAN) - (BASTIAN) -
(DEED OF RELEASE ROBOSIGNED ON BEHALF OF MERS AS
LENDER WITH CTY FILING)

12. EXHIBIT 397: (COLLIN CTY) - (2008-03-14) - (2008 LOAN) - (BASTIAN) - (2ND DOT FOR 414_5K 1ST LIEN BY HC FIN WITH RIDERS and CTY FILING)
13. EXHIBIT 398: (COLLIN CTY) - (2008-03-24) - (MERS RELEASE OF LIEN HC FIN)
14. EXHIBIT 619: (RALI Series 2008-QR1) Prospectus Supplement and Trust Agreement
15. EXHIBIT 631: (FLORIDA District Court) DOCX Federal Criminal Complaint
16. EXHIBIT 632: (Florida District Court) LPS-DOCX Lorraine Brown Plea Agreement
17. EXHIBIT 659: (North TX District Court) McCarthy v BOA
18. EXHIBIT 668: (WA State Supreme Court) Bain v Metropolitan Mortgage
19. EXHIBIT 669: (Oregon Supreme Court) Case S060281
20. EXHIBIT 719: RALI Series 2008-QR1 - REMIC RESEARCH
21. EXHIBIT 720: (East TX District Court) - Case 4_11-CV-230 - Dkt Num 31
22. EXHIBIT 721: (AFFIDAVIT) - Non Receipt of Request Letter from ResCap
23. EXHIBIT 722: GMAC Mortgage - (Illegal DOT Assignment On 10-12-2012)
24. EXHIBIT 729: TX Admin Code Title 7 - (Rule Section 12.32 - Loan Fees and Charges)
25. EXHIBIT 730: TX Insurance Code 2704 - (Issuance of Policy or Contract)
26. EXHIBIT 731: Fed Ex Bill - (Response To RESCAP Objections)
27. EXHIBIT 732: Fed Ex Bill - (Whistleblower Package To Judge Glenn)
28. EXHIBIT 733: Email from Jonathan Petts demonstrating ex-parte conversation with Judge Glenn

II. Statement of Issues

In the following statements of issues, references to docket numbers refer to the official docket of In re: Residential Capital, L.L.C., et al., Southern District Of New York U.S. Bankruptcy Court case number 12-12020 Jointly Administered unless otherwise noted. References to ResCap shall refer to the ResCap Borrower Claims Trust throughout unless otherwise noted. References to Homecomings shall refer to Homecomings Financial, L.L.C. f/k/a Homecomings Financial Network, Inc. throughout unless otherwise noted. References to GMACM shall refer to GMAC Mortgage, L.L.C. throughout unless otherwise noted. References to Fannie Mae shall refer to Federal National Mortgage Association throughout unless otherwise noted. References to District Court shall refer to the Southern New York United States District Court throughout unless otherwise noted. References to Clerk of The Court shall refer to the Clerk of the Court for the Southern New York United States Bankruptcy Court throughout unless otherwise noted. References to The Court shall refer to the Southern District Of New York United States Bankruptcy Court throughout unless otherwise noted.

1. The Bankruptcy Court committed an appealable action that can be reversed when it did not scan electronically into the record the Exhibits submitted and received on April 23, 2014 by the Clerk of The Court. These Exhibits accompanied the Response of Gregory C. Morse to the Objection of the ResCap Borrower Claims Trust to Morse's Claims. This action destroyed an effective protection of the right of Gregory C. Morse to legitimately evidence his claims in the subsequent hearing on the objection.

2. Bankruptcy Judge Martin Glenn committed an appealable action that can be reversed when his Law Clerk Kaitlin Dabbert had ex-Parte conversations on April 25, 2014 with Attorney

Jonathan Petts at approximately 1:30 p.m. EST, three hours before the electronic filing of *Pro Se* Claimant Gregory C. Morse's Response on the Court Docket, Dkt. Num. 6825 at 4:50 p.m. April 25, 2014. Attorney Petts is with the law firm of Morrison & Forrester LLP, as counsel for the ResCap Borrower Claims Trust. A prudent and reasonably thoughtful person would conclude that the Chamber made wishes known to the Clerk's Office not to enter Morse's Exhibits into the docket. This action destroyed an effective protection of the right of Gregory C. Morse to legitimately evidence his claims in the subsequent hearing on the objection.

3. Judge Martin Glenn committed an appealable action that can be reversed when he combined information from IRS and SEC Whistleblower packages sent and personally addressed to him and not the Clerk of the Court. It was clearly demonstrated by the delivery date, April 24, 2014, and the accompanying letter showing the distribution of the Whistleblower Package that this was not for inclusion in the Bankruptcy Proceedings wherein the deadline for submission of Evidence to the Clerk was April 23, 2014, the preceding day.

4. Bankruptcy Judge Martin Glenn committed an appealable action that can be reversed when he issued his Order, Dkt. Num. 6842, stating that he would ignore the Exhibits submitted by Gregory C. Morse with his Response to the ResCap Objections to his Claims. This action destroyed an effective protection of the right of Gregory C. Morse to legitimately evidence his claims in the subsequent hearing on the objection.

5. Judge Martin Glenn showed judicial bias which is an appealable action and which is reversible when he erroneously states in his opening statement on Page 3 of his Order that the *Pro Se* Claimant submitted four claims against the debtors in this Bankruptcy case. This Claimant submitted only one set of claims. It was an error of the Court that the claims of this Claimant and many, many other claimants were replicated twice by the Court and had to be

expunged, see Dkt. Num. 3925. There were 42 sets of duplicate claims presented to the Court in order to afford Gregory C. Morse the right to defend his claims.

6. Judge Martin Glenn showed judicial bias when he made the statement on Page 2 of his Order that *Pro Se* Plaintiff Morse refused to serve documents on the debtors. As the Claimant is *Pro Se* and cannot make electronic filings to the Court, except through the Clerk's Office, the *Pro Se* Plaintiff is at a disadvantage financially and judicially to the lawyers who apparently have no limit in filing documents with the Court. A review of the statements from the post Office will show that *Pro Se* Claimant did not receive official notification by mail of the ResCap Opposition to his Claims until April 10, 2014 a total of nine days after the documents were filed. Yet, the *Pro Se* Claimant did not see fit to notice the Court of this slight and subversion of his rights. Claimant was not given sufficient time to generate copies of all evidence and to serve copies to Defendants. This judicial bias and error are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

7. Judge Martin Glenn showed judicial bias when he intentionally comingled a personal, single and courtesy submission to him, the Whistleblower Package which is wholly separate and distinct from the bankruptcy case at hand, with the documents required to respond to the objections of the ResCap Trust. This judicial bias and error are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

8. Judge Martin Glenn showed judicial bias when he denied the Morse Motion for Adjournment, Dkt. Num. 6880, in which Morse clearly stated that an agreement was impossible to reach with the attorneys for the debtors without waiving rights to make any future filings in the Court. Thus, because of the denial of Judge Martin Glenn on May 13, 2014, Dkt. Num. 6931, and because of the precarious flare-up of Morse's mother's medical condition, it was

impossible for Morse to schedule a telephonic appearance in court through Court Call in less than two days for appearance on May 15, 2014.

9. Judge Martin Glenn showed judicial prejudice, inattention to detail, and non-understanding of surveying and mortgage law, which predate the founding of this country, when he quoted from the declaration of Delehey that a promissory note was secured by real property located in Plano, Texas. The real property has never existed in the city of Plano, Texas. The property has always existed in the City and jurisdiction of Murphy, Texas. Thus, at inception, a clouding of the Title occurred. The property address in the Deed of Trust is not legally and technically congruent with the property description which was attached to the Deed of Trust after the signing of the Deed of Trust by Gregory C. Morse. The non-acceptance of these two facts by the Court has a severely negative effect on the defense of the Morse claims. This judicial bias and judicial error are reversible on appeal by the District Court in order to afford Gregory C. Morse the right to defend his claims.

10. Judge Martin Glenn committed a judicial error, showed his inattention to detail, judicial malfeasance and his lack of understanding of Texas commerce and trade, mortgage laws and property laws when he stated on Page 4 of his Order that "*Homecomings endorsed the Note and Deed of Trust to GMACM.*" The Exhibits submitted in all Courts, (Eastern Texas District Court and Southern New York Bankruptcy Court), by all parties show that the Promissory Note on this property was and still is endorsed in blank and is therefore non-negotiable under Texas Business and Commerce Code Chapters 3 and 9. This judicial error, inattention to detail, malfeasance and lack of judicial understanding are appealable and are reversible by the District Court in order to afford Gregory C. Morse the right to defend his claims.

10. Judge Martin Glenn committed a judicial error, showed his inattention to detail, judicial malfeasance and showed his lack of understanding of Texas real estate, commerce and trade, mortgage laws and property laws when he stated on Page 4 of his Order that “*Homecomings endorsed the Note and Deed of Trust to GMACM.*” The Exhibits submitted in all Courts, (Eastern Texas District Court and Southern New York Bankruptcy Court), by the *Pro Se* Plaintiff/Claimant shows that the Assignment of the Deed of Trust from Homecomings to GMACM on this property occurred in October, 2012 which is 56 months ~ 4.67 years, after the selling of the Deed of Trust and Promissory Note to Fannie Mae on April 1, 2008. Under Texas Business and Commerce, Finance, Local Government and Property Codes, this Assignment of Deed by Homecomings to GMACM 56 months after Homecomings relinquished all of its rights to the property is illegal. This judicial error, inattention to detail, malfeasance and lack of judicial understanding are appealable and are reversible by the District Court in order to afford Gregory C. Morse the right to defend his claims.

11. Judge Martin Glenn committed a judicial error, showed inattention to detail and ignored the response of the *Pro Se* Claimant when he stated in his Order on Page 4 that the Property has not yet been foreclosed and that Morse is in default on the Note. *Pro Se* claimant has shown to the Eastern Texas District Court and the Southern New York Bankruptcy Court that there has been an attempted foreclosure while the case was proceeding in Federal Court in Texas and that the *Pro Se* Plaintiff informed all parties on March 29, 2011 that they had breached the terms of both the Deed of Trust and the Promissory Note. This judicial error and malfeasance are appealable and are reversible by the District Court in order to afford Gregory C. Morse the right to defend his claims.

12. Judge Martin Glenn committed judicial bias, inattention to detail and judicial malfeasance when he stated on Page 4 of his Order that “*Morse has pursued two lawsuits in Texas related to the loan.*” If Judge Glenn had examined the Exhibits submitted by the *Pro Se* Claimant, he would have seen the Order and Memorandum of Eastern Texas U.S. District Court Magistrate Judge Don Bush which remanded all Texas State Law controversies to the State Courts of Texas, Case 4:11-cv-230, Dkt. Num. 21, PageID #202. This reference was made in the *Pro Se* Claimant’s Response to the Objections of ResCap, Dkt. Num. 6825, Page 16 and Paragraph 49. This judicial error and malfeasance are appealable and are reversible by the District Court in order to afford Gregory C. Morse the right to defend his claims.

13. Judge Martin Glenn committed judicial bias, inattention to detail, judicial malfeasance and diminished mental capacity, when he stated in his Order on Page 5, “*The Texas District Court dismissed the First Morse Action because ... diversity jurisdiction did not exist because several defendants were Texas citizens...*” Any prudent and thoughtful person reviewing the Order of Eastern Texas U.S. District Court Magistrate Judge Don Bush in case 4:11-cv-230 and 28 USC §1332(a) and 28 USC §1332(a)(1) would see that the claims in case 4:11-cv-230 were over \$75,000 and that Fannie Mae, a Federal Government Sponsored Enterprise, which was placed under Federal Government Conservatorship prior to April, 2011, is not and has never been a Texas Resident. Therefore, the Magistrate Judge failed in his ruling. This judicial error, inattention to detail, malfeasance and diminished mental capacity are appealable and are reversible by the District Court in order to afford Gregory C. Morse the right to defend his claims.

14. Judge Martin Glenn committed judicial bias, inattention to detail, judicial malfeasance, diminished mental capacity and lied in his Order, when he stated on Pages 5 and 6, “*The*

Defendants removed the Texas Action to the Texas District Court on the basis of federal question jurisdiction with respect to the RICO claim...” The evidence, solely supplied by ResCap as the Morse evidence was tossed out of The Court, which Judge Martin Glenn relied upon in making his ruling shows that claims for civil damages due to RICO were first mentioned on August 20, 2012, in the “Amended Complaint” filed in Eastern Texas U. S. District Court by *Pro Se* Plaintiff Gregory C. Morse. See Page 2 of Dkt. Num. 6743-9, Exhibit 7 which was filed by ResCap on April 2, 2014. This judicial error, inattention to detail, malfeasance, diminished mental capacity and lie by Bankruptcy Judge Martin Glenn are appealable and are reversible by the District Court in order to afford Gregory C. Morse the right to defend his claims.

15. Judge Martin Glenn showed judicial bias in his Order denying the claims of Gregory C. Morse when he stated as a part of his Order that Gregory C. Morse had been denied *in Forma Pauperis* status in the Fifth Circuit Court of Appeals. The right of appeal without paying fees to the Court has no legal basis as to the merits of the appeal which has been scheduled as case number 13-41141, Gregory C. Morse v. Homecomings Financial, L.L.C. et al. This blatant judicial prejudice, judicial error and judicial malfeasance are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

16. Judge Martin Glenn, exhibiting extreme judicial prejudice, abuse of power, judicial malfeasance and inattention to detail, ignored precedent setting Appellate Court rulings which are now the laws of the land. These rulings are *Ashcroft v. Iqbal*, 556 U.S. 662, 129 S. Ct. 1937, 1949, 173 L. Ed.2d 868 (2009); *Bell Atlantic Corp. v. Twombly*, 550 U.S. 544, 563, 127 S. Ct. 1955, 1969, 167 L. Ed.2d 929 (2007); *Platsky v. CIA*, 953 F.2d 26; *Hughes v. Rowe* 499 U.S. 5, 9-10, 101 S. ct. 173, 175-176, 66 L.Ed.2d 163 (1980) (*per curiam*) and *Haines v. Kerner*, 404 U.S. 519, 520-521, 92 S.Ct. 594, 595-596, 30 L.Ed.2d 652 (1972) (*per curiam*). These rulings

instruct the lower Courts to afford a much broader interpretation and acceptance of the pleadings of a *Pro Se* litigant as opposed to Court admitted attorneys. This abuse of judicial power, judicial prejudice, judicial error and judicial malfeasance are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

17. Judge Martin Glenn again shows his judicial abuse of power, judicial prejudice and judicial malfeasance when he writes on Page 9 of his Order that “*Morse’s Response contains invective primarily targeted at the Debtors; he also attempts to reargue issues that were carefully addressed and decided against him in the Texas Action.*” This is a direct reiteration of the non-responsive answers of the lawyers from Bradley Arant Boult Cummings, L.L.P. that are the same lawyers representing both the debtors and claimants in this bankruptcy case and the Defendants in the Eastern Texas U. S. District Court. The names of these attorneys are Brian O’Dell and Hope Cannon. Judge Martin Glenn ignores the fact that the actions of both the Magistrate and District Judge in the Eastern Texas U. S. District Court are now on appeal in the Fifth Circuit Court of Appeals in New Orleans. This abuse of judicial power, judicial prejudice, judicial error and judicial malfeasance are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

18. Judge Martin Glenn has contrary to protestations by other Claimants and the Committee of Unsecured Creditors allowed attorneys to engage in conflict of interest engagements in his Court. Several of the attorneys from Bradley Arant Boult Cummings, L.L.P. are representing both debtors and claimants in this bankruptcy case. In addition, several of the attorneys are representing GMAC Mortgage, L.L.C. and Homecomings Financial, L.L.C., both of whom are debtors in the instant case and Defendants in the case ongoing in the Eastern Texas U. S. District Court. The same attorneys continue to represent Fannie Mae as a Defendant in the ongoing case

in the Eastern Texas U. S. District Court. Until September 24, 2013, these same attorneys from Bradley Arant Boult Cummings, L.L.P. represented Ally Bank in the ongoing case in the Eastern Texas District Court. See Dkt. Num. 6743-13 on Pages 3 and 10 which was provided to the Court by ResCap. This inattention to detail, judicial malfeasance, diminished mental capacity and abuse of judicial power are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

19. Judge Martin Glenn once again demonstrates his judicial abuse of power, judicial prejudice and judicial malfeasance when he quotes from Collier On Bankruptcy, *In re W.R. Grace & Co.*, *In re Rockefeller Ctr. Props.* and Federal Rules of Civil Procedure Rule 9(b) when he refused in his Order, Dkt. Num. 6842 to consider the evidence submitted to the Court by *Pro Se* Claimant. This abuse of judicial power, judicial prejudice and judicial malfeasance are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

20. Judge Martin Glenn abused his judicial power, demonstrated judicial prejudice and judicial malfeasance when he ignores the true meanings of the Appellate Court in the cases of *Ashcroft v. Iqbal* and *Bell Atl. Corp. v. Twombly* which grant a relaxed level of standards for *Pro Se* litigants in Federal actions where the *Pro Se* litigant is allowed to make highly plausible claims that a prudent and thoughtful person would consider reasonable. That is, if a substantial number of the requirements are presented, the Court is allowed to be liberal in hearing complaints and claims from *Pro Se* litigants who should not, as the Appellate Courts reasoned, be held to the high standards of attorneys admitted to practice before the Federal Court. This inattention to detail, judicial prejudice, judicial malfeasance, diminished mental capacity and abuse of judicial power

are appealable and can be reversed by the District Court in order to afford Gregory C. Morse the right to defend his claims.

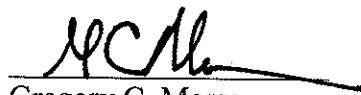
21. Judge Martin Glenn abused his judicial power, committed judicial malfeasance and judicial prejudice when he stated on Page 12 of his Order, *"The procedural "deficiencies" Morse identifies in the Trust's Objection are meritless – the trust may object to both of his Claims through a single objection and was not required to seek additional documentation from him since the basis of Objection was not sufficient documentation...."* The form letter presented to The Court as Dkt. Num. 6743-7 states on Page 2 in the first Paragraph that *"...we need additional informational from you regarding the claims you are asserting AGAINST THE Debtors...."* A prudent and thoughtful person would conclude from this statement from ResCap that insufficient documentation was provided. Therefore, Judge Martin Glenn violated his own Procedures Order, Dkt. Num. 3294 when he states that ResCap was under no obligation to provide *Pro Se* Claimant with the letter they included as evidence. *Pro Se* Claimant adequately showed in his Response that said letter was never mailed nor emailed. See Dkt. Num. 6825, Pages 9 through 11, Paragraph 26 in Sections A through K. The judicial abuse of power, judicial malfeasance and judicial prejudice, which include Judge Martin Glenn violating his own standing Procedures Order which defines the appropriate actions of the debtors to Object to Claims, are appealable and are reversible by the district Court so that Gregory C. Morse can be afforded the opportunity to defend his claims.

22. Sections B through E under Section II of the Order Dismissing the Claims of Gregory C. Morse are the subject of the Federal action in the Fifth Circuit Appellate Court because of improper actions, misapplication of Texas Statutes and Federal Codes by the Magistrate Judge and the District Judge in East Texas. Therefore, the comments by the debtors must be seriously

weighed against the assertions in the Response of the *Pro Se* Claimant. This did not occur, as the evidence presented to the Court by the *Pro Se* Claimant was not entered on the Docket as the evidence provided by the Debtors was. The judicial prejudice, judicial abuse of power and judicial malfeasance of the Bankruptcy Judge and the Clerk of the Court are appealable and can be reversed by the District Court to allow the *Pro Se* Claimant to defend his claims.

23. Judge Martin Glenn again demonstrates judicial error, showed his inattention to detail, judicial malfeasance and showed his lack of understanding of Texas real estate, commerce and trade, mortgage laws and property laws when he states on Page 17 of his Order that Gomez v. Wells Fargo applied and that “...*the mortgagor who attempted to modify her home loan ... was not a consumer under DTPA because ... she [did] Not purchase a good or service....*” *Pro se* Claimant is the purchaser of goods and services when the lender charged him ancillary fees pursuant to §12.32 of Title 7 of the Texas Administrative Code and Texas Insurance Code §2704.051 et seq. Homecomings Financial, L.L.C. and GMAC Mortgage, L.L.C. and Ally Bank and the Bankruptcy Judge are aware of Public Law 110-289 which requires them to register in Texas and all other States where they are engaged in the business of mortgage lending, banking and/or brokerage. Therefore, Judge Martin Glenn knew that the Debtors and the Creditor Ally Bank, who are attempting to hide behind the shield of bankruptcy, were and are required to demonstrate their understanding of Texas Business and Commerce, Finance, Local Government and Property Codes in addition to Texas Administrative Codes. The actions of Judge Martin Glenn are appealable and are reversible by the District Court so that *Pro Se* Claimant Gregory C. Morse can adequately defend his claims against the Debtors.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'GCM', with a long horizontal flourish extending to the right.

Gregory C. Morse

Pro Se Claimant and Creditor NameID # 10987575

Certificate of Service

I hereby certify that on the 9th day of July, 2014, I served a copy of the foregoing with the Clerk of the Court and by United States Overnight and Certified Mail prepaid and addressed to the following:

Morrison & Foerster LLP
1290 Avenue of the Americas
New York, NY 10104
Attention: Gary S. Lee, Norman S. Rosenbaum and Adam A. Lewis

Bradley Arant Boult Cummings LLP,
1819 Fifth Avenue North
Birmingham, AL 35202
Attention: Hope T. Cannon and D. Brian O'Dell

Office of the United States Trustee for the Southern District of New York
U.S. Federal Office Building
201 Varick Street
Suite 1006
New York, NY 10014
Attention: Linda A. Riffkin and Brian S. Masumoto

Office of the United States Attorney General
U.S. Department of Justice
950 Pennsylvania Avenue NW,
Washington, DC 20530-0001
Attention: US Attorney General, Eric H. Holder, Jr.

Office of the New York State Attorney General
The Capitol
Albany, NY 12224-0341
Attention: Nancy Lord, Esq. and Enid N. Stuart, Esq.

Office of the U.S. Attorney for the Southern District of New York
One St. Andrews Plaza
New York, NY 10007
Attention: Joseph N. Cordaro, Esq.

Kirkland & Ellis LLP
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New York, NY 10022
Attention: Richard M. Cieri and Ray Schrock

Certificate of Service (cont'd)

Kramer Levin Naftalis & Frankel LLP
1177 Avenue of the Americas
New York, NY 10036
Attention: Kenneth Eckstein and Douglas Mannal

Clifford Chance US LLP
31 West 52nd Street
New York, NY 10019
Attention: Jennifer C. DeMarco and Adam Lesman

Munger, Tolles & Olson LLP
355 South Grand Avenue
Los Angeles, CA 90071
Attention: Thomas Walper and Seth Goldman

Internal Revenue Service
2970 Market Street, Mail
Stop 5-Q30.133
Philadelphia, PA 19104-5016

Securities and Exchange Commission
New York Regional Office
3 World Financial Center
Suite 400
New York, NY 10281-1022
Attention: George S. Canellos, Regional Director

A handwritten signature in black ink, appearing to read 'GCM', with a long horizontal line extending to the right.

Gregory C. Morse
Pro Se Claimant and Creditor NameID # 10987575



MERS[®] OnLine User Guide

Release 20.0
September 6, 2011

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Chapter 1: Introduction to MERS® OnLine

Introduction

MERSCORP, Inc. (MERSCORP), which owns and operates a national electronic registry to track ownership and changes to ownership of mortgage rights, and Mortgage Electronic Registration Systems, Inc. (MERS), its wholly owned subsidiary which acts as the mortgagee of record in the public land records and as nominee for the lender and its successors and assigns, were created by the real estate finance industry to eliminate the need to prepare and record assignments.

When MERS is the mortgagee of record, this eliminates the need for mortgage assignments between MERS® System Members, thereby improving the process and reducing the cost to transfer and track the ownership of mortgage rights and to increase the efficiency of the lien release process.

MERS as original mortgagee (MOM) is approved by Fannie Mae, Freddie Mac, Ginnie Mae, FHA and VA, California and Utah Housing Finance Agencies, as well as all of the major Wall Street rating agencies.

This User Guide provides instruction for using the MERS® OnLine browser application. Other useful manuals include:

- [MERS® System Procedures Manual](#) which contains information on MERS® System policies and procedures, and can help you determine how the MERS® System impacts your business processes
- [MERS® System Quality Assurance Procedures Manual](#) which details MERS® System requirements for Quality Assurance
- [MERS® System Integration Handbook Volume I](#) which provides detailed information on becoming MERS® System Ready
- [MERS® System Integration Handbook Volume II](#) which provides the technical specifications for interacting with the MERS® System. This manual is of most use to Members that send flat file or EDI X12 transmissions
- [MERS® System Reports Handbook](#) which contains descriptions of available MERS® System reports.
- [MERS® System EDI Implementation Guide](#) for Members who are using the EDI X12 interface
- [MERS® Lite Tool Kit](#) which outlines the steps Lite Members (Members who don't service MERS® System registered loans) need to follow to become MERS® System Ready

All of these documents are available on the MERSCORP website at www.mersinc.org.

Chapter contents This chapter describes the processes that can be done using MERS® OnLine. It also explains the role of the Mortgage Identification Number (MIN).

MERS® OnLine processes The processes that MERS® OnLine provides are:

Processes		Processes	
Name	Description	Name	Description
Messages	Shows messages from the MERSCORP Help Desk to all Members. Also alerts you if your TOS and TOB batches are near expiration	Release Interim Funder Interests	Release interim Funder interests
Administration	Set up new users, change passwords and challenge responses, create security roles, set up Member Options and My MERS	Assumption	Add new borrower information to loans assumed after the loan registers on the MERS® System
Change Member	Used to log on as a different MERS® System Member to perform functions on their behalf	Reports	Download, view, and print reports
Registration	Register closed loans	MERSLink	Allows you to view summary and recording information for registered MINs
Reversals	Reverse loan deactivations or registrations processed in error	OnLine Help	Look up information about MERS® OnLine
MIN Information	Update loan information after registration, and search for MINs	Knowledge Base	A repository of information about how to use the MERS® System
TOS Menu (Transfer Servicing Rights)	Create and confirm servicing rights transfers	Log-off	Log out of MERS® OnLine
TOB Menu (Transfer Beneficial Rights)	Create and confirm beneficial rights transfers	www.mersinc.org	Link to the MERSCORP website
Deactivation	Deactivate registered loans for payoff or other reasons	E-mail Help Desk	Easily send a question to the MERSCORP Help Desk
Foreclosure	Change a MIN status to reflect a pending or completed foreclosure	Enhancement Request	Send an enhancement idea to the MERSCORP Help Desk



**Mortgage
Identification
Number
(MIN)**

The Mortgage Identification Number or MIN is a unique 18-digit identifier assigned permanently to loans prior to the Registration process and used in all processes on the MERS® System. A MIN can be reactivated but never duplicated or reused.

A MIN is comprised of three segments of numbers:

- The first seven digits identify a MERS® System Member organization (Org ID).
- The next ten digits reflect a numeric loan sequence number assigned by the MERS® System Member creating the MIN.

The next number is a check digit calculated using a Mod 10 Weight 2 Algorithm.

-  The Servicer loan number is not stored on the MERS® System. Please check with your service provider about available methods for cross-referencing your loan number to the MIN.
-  Alphabetic characters cannot be used in the MIN.

100XXXX-XXXXXXXXXX-X

Org ID - Sequence # - Check Digit

Originators must place the MIN on all Security Instruments that name Mortgage Electronic Registration Systems, Inc. (MERS) as the Original Mortgagee, Assignments to or from MERS, and other recorded documents that name MERS. MINs can be generated from:

- Loan Origination Systems
- MERS® 1-2-3: an online system that enables Members and non-members to link to a document provider's site to produce MERS documents, generate MINs, and send registration data back to the MERS® System for a MERS® System Member to register.
- Custom programming designed to calculate a MIN

Chapter 2: MERS® OnLine

Introduction MERS® OnLine is a browser-based application available through the Internet. The URL address for MERS® OnLine is www.mersonline.org. A link to MERS® OnLine is also available from the MERSCORP website at www.mersinc.org.

The following transactions are available:

- Log-on
- Main Menu
 - ✓ Messages
 - ✓ Administration
 - ✓ Change Member
 - ✓ Registration
 - ✓ Reversals (Registration and Deactivation)
 - ✓ MIN Information (including MIN Find)
 - ✓ Transfer of Servicing
 - ✓ Transfer of Beneficial Rights
 - ✓ Deactivations
 - ✓ Foreclosure
 - ✓ Removal of Interim Funder Interest
 - ✓ Assumption
 - ✓ Reports
 - ✓ MERSLink
 - ✓ OnLine Help
 - ✓ Knowledge Base
 - ✓ Log-off
 - ✓ www.mersinc.org
 - ✓ E-mail HelpDesk
 - ✓ Enhancement Request

Chapter contents

This chapter explains how to log on to MERS® OnLine.

Logging on to MERS® OnLine

Logging on to MERS® OnLine is similar to logging on to any browser-based application using Internet Explorer 6.x or higher. To log on, you must have:

- Your seven-digit organization identification (Org ID) assigned by MERSCORP
- Your individual user identification (User ID) assigned by your MERS® System Administrator
- Your Password assigned by your MERS® System Administrator*

Notes

- Your Password appears as asterisks when typed
 - You are prompted to change your Password at regular intervals, but you may change it anytime
 - Three unsuccessful log-on attempts will disable a User ID*
 - Your MERS® System Administrator resets your password for you*
 - Concurrent sessions by the same user are not allowed
 - Your Password is case sensitive, and must contain between 6 and 12 characters. It must start with a letter, and contain at least one number and one of the following special characters: :!#\$%()*+,-./;<=>?
 - Your Password cannot contain repeated characters (e.g. tommy#1, betty#3, 22busy!) or the word “MERS,” or be the same as your User ID or any of your last 12 passwords
- * If your organization participates in Automated Password Reset, each user creates a new password and challenge responses the first time they log in, and can then use the challenge responses to reset their password if they forget it. For organizations using Automated Password Reset, three unsuccessful log-on attempts lock the User ID so that the user must answer the challenge questions to log in and reset their password.

The screenshot shows the MERS OnLine UAT login page in a Microsoft Internet Explorer browser window. The address bar shows the URL: <https://www.mersonlineuat.org>. The page header includes the MERS OnLine logo and the tagline "Process Loans, Not Paperwork™". The main heading is "MERS® OnLine UAT". Below this, a section titled "Please enter your logon credentials below." contains three input fields: "Organization ID:", "User ID:", and "Password:". To the right of these fields are callouts: "Enter your Org ID" pointing to the Organization ID field, "Enter your User ID" pointing to the User ID field, and "Enter your password" pointing to the Password field. Below the input fields is a "Logon" button with a callout "Click Logon". Below the Logon button is a link: "If you have forgotten your password, please enter your Organization ID and User ID and click 'Forgot My Password'". Below this link is a "Forgot My Password" button. To the left of the "Forgot My Password" button is a large callout box containing the text: "OR If you have forgotten your password, enter your Org ID and User ID, then click Forgot My Password to log in and reset your password using the Challenge Responses you have set up". At the bottom of the page, there is a copyright notice: "Copyright© 1999 by MERSCORP, Inc. 1-800-648-MERS (6377). Other products or company names are or may be trademarks or registered trademarks and are the property of their respective holders." and a logo for EDS with the text "Web site created and supported by EDS".

https://www.mersonlineuat.org - MERS OnLine - Microsoft Internet Explorer

File Edit View Favorites Tools Help

MERS OnLine
www.mersinc.org

Process Loans, Not Paperwork™

MERS® OnLine UAT

Please enter your logon credentials below.

Organization ID:

User ID:

Password:

Logon

If you have forgotten your password, please enter your Organization ID and User ID and click "Forgot My Password".

Forgot My Password

OR
If you have forgotten your password, enter your Org ID and User ID, then click Forgot My Password to log in and reset your password using the Challenge Responses you have set up

System hours are Monday through Saturday 7:00 am to 10:00 pm Eastern Time.
For assistance with MERS® OnLine UAT, please contact the MERS Help Desk at 1-888-680-6377
or helpdesk@mersinc.org. Please include your name and telephone number with the email.

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their respective holders.

EDS
Web site created and supported by EDS

Menus and menu items


Functions available for you to use appear on the left side of the screen as hyperlinks. Functions not available to you appear in gray font or do not appear.

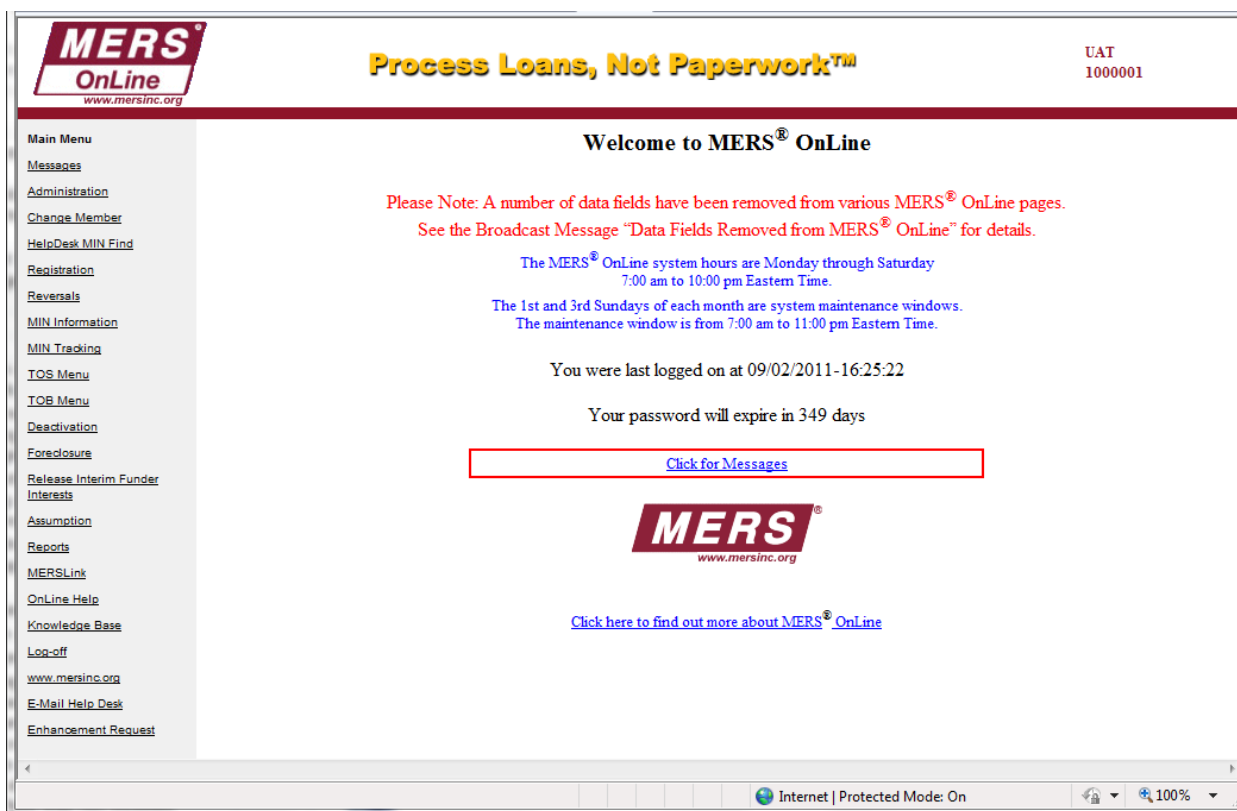
- ☰ The Change Member function is only for the use of MERSCORP or Members authorized to process for other Org IDs

Online Error Messages

When an online transaction fails, you will get an online error message. The error message will include a link to click for additional information, and an Error Message Number, which can help you save time in researching similar error messages.

Help Icon

You can click the  icon on any page to display instructions on how to use that page or perform that process.





Chapter 3: Update Member Information

Introduction Your company information was initially entered by MERSCORP. MERSCORP will maintain some of the information, and you, or your system administrator, are responsible for maintaining the remainder. You enter, modify and view member information on the Member Information window, which consists of the following sections:

- Name/Address
- General
- LOB (Lines of Business)
- Contacts
- Options
- Relationships
- Reports
- Member Summary (displays Name/Address, Lines of Business, and contact information for any Member)
- Transaction Default Settings
- eRegistry Certificate Information
- eRegistry Relationships

Chapter contents

This chapter explains how to view and update your member information.

Step	Action
1	Click <u>Administration</u> from the Main Menu.  The Administration menu appears
2	Click <u>Member Information</u> on the Administration menu.  The Member Information menu appears
3	Select the menu option for the category you want to view or modify.

**Member
Information
transaction
requirements**

The Member information fields contain the following information:




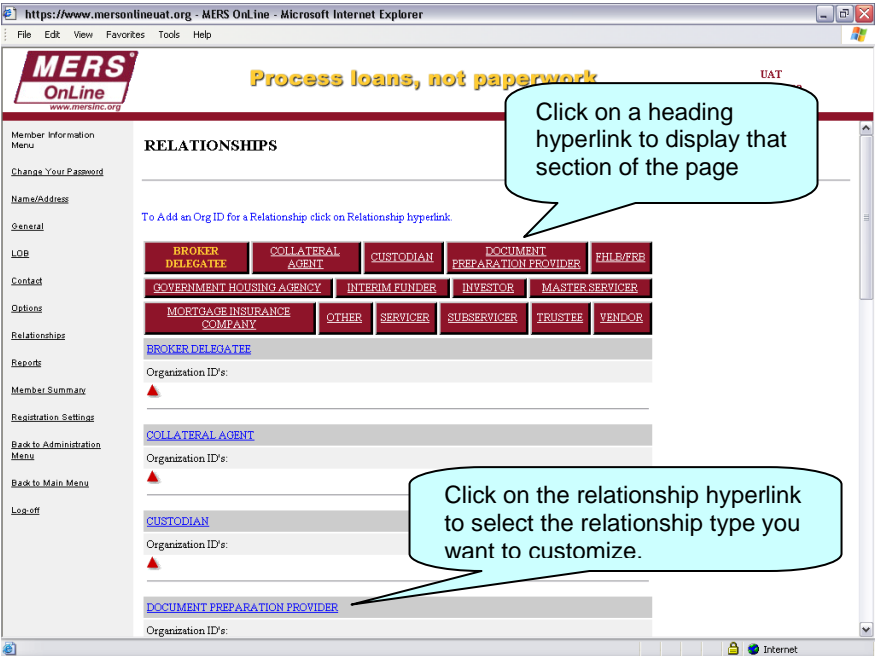

Field	Notes
Data entry tips	<ul style="list-style-type: none"> • Fields that appear with an * are required fields. The other fields should be completed if the information is available. • Type telephone numbers without dashes or other punctuation. • Select a check box to indicate “Yes” – click on the check box to select or deselect it.
Name/Address	<ul style="list-style-type: none"> • You can change any information except your member name or Overnight Special Instructions. If you need to change your member name, you must notify MERSCORP in writing. You must notify the Help Desk to change Overnight Special Instructions.
General	<ul style="list-style-type: none"> • You can view information but not change it.
LOB	<ul style="list-style-type: none"> • Valid lines of business for the Member are checked • You can view information but not change it.
Contact	<p>Enter information for the following contact types:</p> <ul style="list-style-type: none"> ◇ Accounts Billing (mandatory) ◇ Certifying Officer ◇ Compliance Officer ◇ Primary Customer Service (mandatory) ◇ Secondary Customer Service ◇ eRegistry (mandatory for eRegistry Members) ◇ Executive Sponsor ◇ Legal ◇ Mail Room ◇ Operational (mandatory) ◇ Property Preservation ◇ Quality Assurance Officer ◇ Primary System Administrator (mandatory) ◇ Secondary System Administrator ◇ Technical <ul style="list-style-type: none"> • To add a contact entry, click the ADD hyperlink. (You may have multiple contacts for all contact types except primary customer service, primary system administrator, and billing.) • To delete a contact entry, select the entry and click Delete. (You cannot delete the Accounts Billing, Primary Customer Service, or Primary System Administrator contact, or the last Operational contact – instead, update the contact information.) • To modify a contact entry, select the entry, make the updates, and click Update.

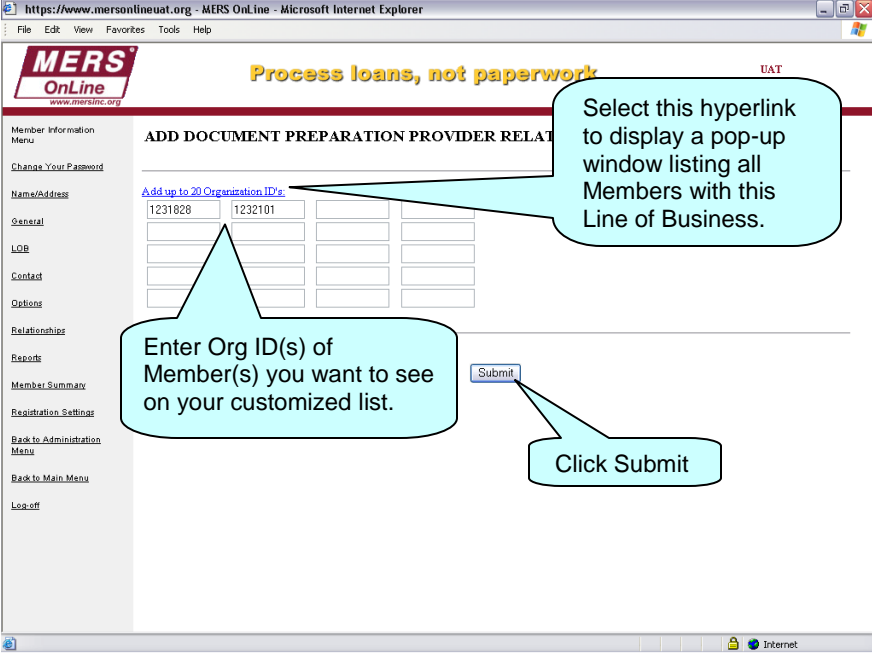
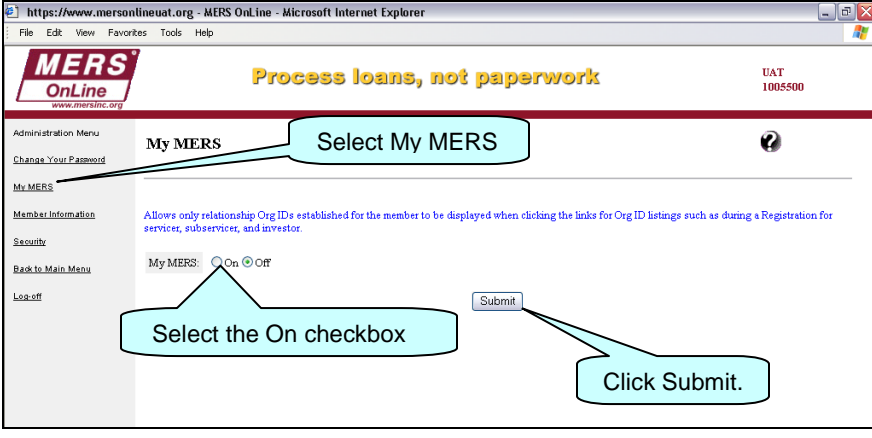
Options	<p>You can only update your Password Expiration Days and XML Transaction Password. To update other Member Options, contact the MERSCORP Product Performance Department at ppd@mersinc.org.</p> <p>Your Agency IDs are listed here. If you have multiple IDs for any one Agency, your default ID is indicated. The default Agency ID is used when there is no Agency ID listed on the MIN, but Agency ID is required for a Transfer transaction.</p>
Relationships	<ul style="list-style-type: none"> • Add a Vendor entry to authorize a third party to perform transactions on your organization's behalf. Example: A Registrar. • Add other relationships to create customized Org ID lists for My MERS to make it easier to complete some transactions.
Reports	<ul style="list-style-type: none"> • Add or discontinue optional reports • Specify the format (text and/or pdf) for each report • Request a combined report/data file (all reports, in .txt or .pdf format, compressed in one zip file) or a consolidated report data file (one tab-delimited file that contains data from specified reports) • Request a Portfolio Analysis Report. There is no charge for the first two ordered per month. You can also schedule this report to be run at the same time every month.
Member Summary	View limited information about your own company or other MERS® System Members. Information includes valid lines of business for the Member, and contact information.
Transaction Default Settings	You can pre-set values for your online Registration and Transfer of Servicing transactions.
eRegistry Options	To update eRegistry or eDelivery Options, contact the MERSCORP Product Performance Department at ppd@mersinc.org .
eRegistry Certificate Information	<p>For MERS® eRegistry Members, digital signature certificate information is stored here.</p> <ul style="list-style-type: none"> • You can view information but not change it.
eRegistry Relationships	<p>For MERS® eRegistry Members, Controller Delegatee for Transfers and Auto-Confirm Transfer relationships are stored here.</p> <ul style="list-style-type: none"> • Add a Vendor entry to authorize a third party to perform transactions on your behalf. • Add a Controller Delegatee for Transfers entry to authorize that Delegatee for Transfers to perform transactions on eNote records for which you are the Controller. • Add an Auto-Confirm Transfer entry to identify Controller Org IDs from which you wish to accept transfers automatically.

Customize Your Information – My MERS




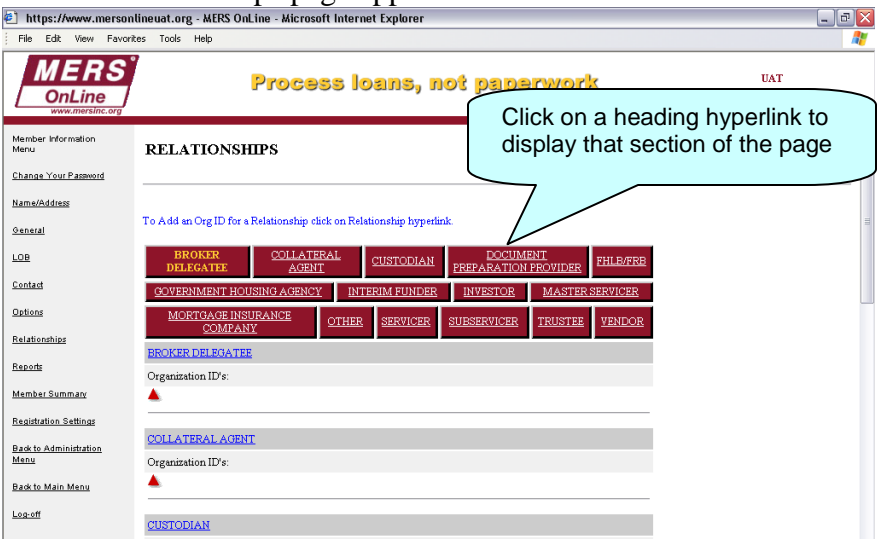

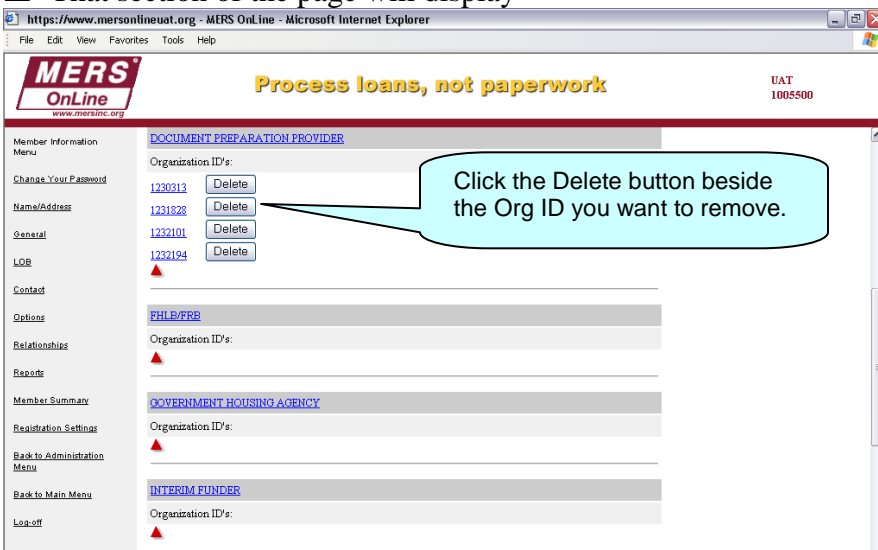
You can set up a custom list for each type of organization with which you regularly do business. For example, you can create a My MERS list to show only your Investors, and another to show only the organizations to which you sell servicing.

To set up your My MERS lists, follow these steps.

Step	Action
1	Click Administration from the Main Menu.  The Administration menu appears
2	Click on Member Information.  The Member Information menu appears
3	Click on Relationships  The Relationships page appears  <p>Select the type of My MERS list you want to create.  That section of the page will display</p>

4	<p>Click on the relationship type hyperlink.</p> <p> A page displays in which to enter the Org IDs you want for that My MERS list.</p>  <p>Select this hyperlink to display a pop-up window listing all Members with this Line of Business.</p> <p>Enter Org ID(s) of Member(s) you want to see on your customized list.</p> <p>Click Submit</p>
5	Enter the Org IDs and press Submit.
6	Follow steps 3 – 5 for each My MERS list you want to create.
7	<p>From the Administration Menu, click on My MERS</p> <p> The My MERS page appears</p>  <p>Select My MERS</p> <p>Select the On checkbox</p> <p>Click Submit.</p>
8	Select ON to turn the My MERS option on for your Org ID.
9	Click Submit.

To delete My MERS relationships, follow these steps:

Step	Action
1	Click Administration from the Main Menu.  The Administration menu appears
2	Click on Member Information.  The Member Information menu appears
3	Click on Relationships  The Relationships page appears 
4	Select the type of My MERS list you want to create.  That section of the page will display 
5	Click the Delete button next to the Org ID you want to remove.

**Customize
Your
Information
–
Transaction
Default
Settings**

The Registration, Create TOS, and Create TOS/TOB pages have many settings for all organizations. Many Members, however, typically enter the same information for each transaction. You can pre-set certain fields to make your data entry easier and more accurate.

**Registration
Settings**

You can pre-set the following fields to make your registration data entry faster and more accurate:

- Lien Type: First or Subordinate
- Servicer Org ID
- Subservicer Org ID
- Investor Org ID
- Document Custodian Org ID
- Interim Funder Org ID
- Originating Org ID
- Original Note Holder
- MOM Indicator: MOM, Non-MOM or iRegistration
- Pre-Closing Indicator: Yes or No
- Associated Member Org IDs

TOS Settings

You can pre-set the following fields to make setting up Transfer of Servicing transactions faster and more accurate:

- Current Investor Org ID
- Current Servicer Org ID
- Current Subservicer Org ID
- New Servicer Org ID
- New Subservicer Org ID
- New Servicer/Investor Org ID
- New Document Custodian Org ID
- Delete Current Custodian flag

Step	Action
1	<p>Once you have determined you have access to this option, from the Administration Menu, click on Member Information, then Transaction Default Settings, and complete the page that appears.</p> <p>Callouts:</p> <ul style="list-style-type: none"> Click on these hyperlinks to display a pop-up list of Members with that LOB (points to Member Information links in the left sidebar) Select Lien Type from drop (points to Lien Type dropdown) Enter applicable Org IDs (points to Servicer, Subservicer, Investor, Custodian, Interim Funder, Originating Org ID fields) Enter Originating Org ID for a MERS® System Member (points to Originating Org ID field) Enter Original Note Holder Name if not a Member (points to Original Note Holder field) Select MOM indicator (points to MOM radio buttons) Select Pre-Closing indicator (points to Pre-Closing radio buttons) Enter applicable Org ID(s) (points to Associated Members table) Click on these hyperlinks to display a pop-up list of Members with that LOB (points to Associated Members table) After choosing default settings click Update (points to Update button) Enter applicable Org ID(s) (points to Current Investor, Current Servicer, Current Subservicer, New Servicer, New Subservicer, New Servicer/Investor, New Document Custodian fields) Select to remove existing Custodian without adding a new one (points to Delete Current Custodian checkbox)
2	<p>Click Update to save your selections. They will be in effect <u>immediately</u>.</p>

Chapter 4: Security

Introduction

MERSCORP grants each Member organization security rights for the processes they are authorized to perform. Within your organization your MERS[®] System Administrator sets up customized security roles and new User IDs. The security roles define the processes each user is authorized to perform.

Your MERS[®] System Administrator will create new security roles and give each of them access to some or all functions on the MERS[®] System (limited to your company's lines of business entered on your Member Profile).

The MERS[®] System Administrator can also delete security roles. To do so, the role must no longer be associated with any User ID.

Every user's password will expire and have to be changed at an interval selected by your MERS[®] System Administrator, but you can change your password anytime.

If your organization participates in Automated Password Reset, each user can set up challenge responses to allow them to log in and change their password by answering challenge questions. The challenge responses also can be updated anytime.

- You will be prompted to establish your responses if none exist when you change your password.
- The system will present the challenge questions after three unsuccessful logon attempts or when you click the Forgot My Password button on the login page.
- After three unsuccessful attempts to answer the challenge questions (or after three unsuccessful logon attempts if you have not set up challenge responses), the system will disable your User ID; your System Administrator can re-enable your User ID to allow further login attempts, and reset your password if necessary.
- Whenever your System Administrator re-enables your User ID or resets your password, the system will prompt you to create a new password and challenge responses on your next login.

Chapter contents

This chapter explains how to set up users on the MERS[®] System, how to set up security roles, and how the roles can be used. It also explains how to change your password and, if your organization participates in Automated Password Reset, update your Challenge Responses.

The SysAdmin User ID

The MERS® System assigns each Member an initial User ID called “sysadmin.” The person responsible for your MERS® System administration will use this User ID to create all other users. The “sysadmin” User ID can only create, modify and delete User IDs. It cannot do any other functions on the MERS® System. Your MERS® System Administrator will need to create another security role to allow update of Member Information (including Contacts).

Security Roles

A security role is a member-defined list of MERS® System processes and sub-processes selected from the authority granted to the Member by MERSCORP. Member-defined security roles are usually defined by internal member functions. For example, you may require different individuals to perform registrations and transfers of servicing rights. The member system administrator sets up a Registrations security role with security rights to the registration functions, and a Transfer security role with security rights to the transfer servicing rights functions.

Your system administrator creates a security role, and assigns each user to the appropriate role for their function. A security role may have multiple users assigned. It may be modified to add or delete new processes and sub-processes. Any modifications made to the security role will affect all users assigned to it.

Requests for changes to a Member's authorized processes and sub-processes must be submitted in writing to MERSCORP.

Members may also grant authority to third parties to process transactions for them. See the Relationships section in [Chapter 3](#) for details.

User IDs

MERSCORP sets up the initial member system administrator User ID. That ID is authorized to create User IDs and additional member system administrators for your organization.

Your organization's MERS® System Administrator creates a unique user identification for each individual who performs functions on the MERS® System. User identification consists of the user name; a system identifier (User ID), assigned security role, status, and password. User IDs are unique within a member organization.

User security roles do must be entered for each User ID. A User ID can only be assigned one security role.



A User ID may be modified and enabled or disabled by your MERS® System Administrator as needed.

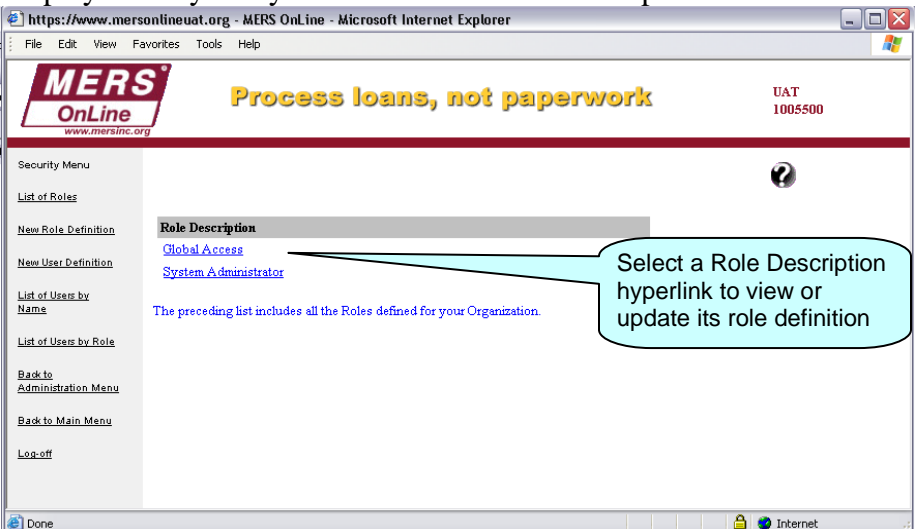
The system administrator can also delete User IDs by checking the “Delete” box. Once deleted, the User ID cannot be accessed but is retained on the database so that it will appear as appropriate on reports and milestones.

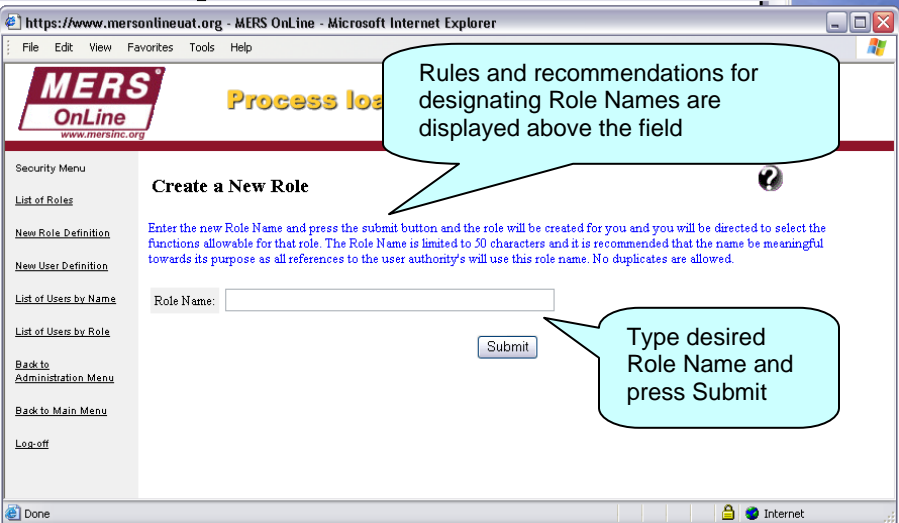
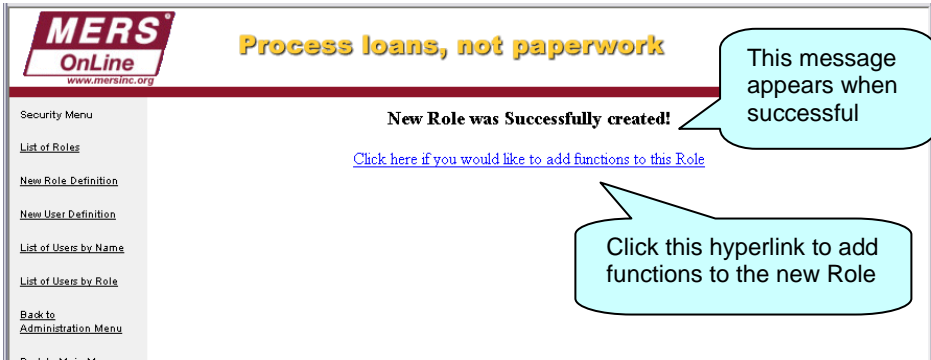
When a user forgets their password, they can use the Forgot My Password button if they have established challenge responses; otherwise the MERS® System Administrator will need to reset the password. After three unsuccessful log-on attempts, the User ID is locked out and can only log in by answering their challenge questions. Three unsuccessful attempts to answer the challenge questions disables the User ID, and the MERS® System Administrator must enable, and may also enter a new password.

For Members not using Automated Password Reset, the User ID is disabled after three unsuccessful log-on attempts, and your MERS® System Administrator must enable it.

Follow these steps to setup User IDs and security roles.

Step	Action
1	Log on to MERS® OnLine using the SysAdmin User ID and Password, or another user identification with security access to create User IDs and security roles
2	Click Administration from the main menu.  The Administration menu appears.
3	Click <u>S</u> ecurity from the Administration menu.  The Security menu appears.

Transaction	Requirement
List of Roles	<p>Displays roles your system administrator has set up</p>  <p>The screenshot shows the MERS OnLine interface in Microsoft Internet Explorer. The browser address bar shows 'https://www.mersonlineuat.org - MERS OnLine - Microsoft Internet Explorer'. The page header includes the MERS OnLine logo, the slogan 'Process loans, not paperwork', and the text 'UAT 1005500'. The left sidebar contains a 'Security Menu' with links: 'List of Roles', 'New Role Definition', 'New User Definition', 'List of Users by Name', 'List of Users by Role', 'Back to Administration Menu', 'Back to Main Menu', and 'Log-off'. The main content area shows a 'Role Description' section with two hyperlinks: 'Global Access' and 'System Administrator'. A callout box points to these links with the text: 'Select a Role Description hyperlink to view or update its role definition'. Below the links, it says 'The preceding list includes all the Roles defined for your Organization.'</p>

Transaction	Requirement
New Role Definition	<p>Your System Administrator uses this option to create new security roles and give each of them access to some or all functions on MERS® OnLine (limited to your company's lines of business entered on your Member Profile).</p>  

Top Screenshot: Function Group Description

URL: <https://www.mersonlineuat.org> - MERS OnLine - Microsoft Internet Explorer

Page Title: **MERS OnLine** www.mersinc.org

Page Header: **Process loans, not paperwork** UAT 1005500

Security Menu:

- List of Roles
- New Role Definition
- New User Definition
- List of Users by Name
- List of Users by Role
- Back to Administration Menu
- Back to Main Menu
- Log off

Function Group Description

Allow	Function Group Description
<input type="checkbox"/>	Assumption
<input type="checkbox"/>	Deactivation
<input type="checkbox"/>	Foreclosure
<input type="checkbox"/>	MERS LINK
<input type="checkbox"/>	MERS Membership
<input type="checkbox"/>	MIN Information
<input type="checkbox"/>	Member Information
<input type="checkbox"/>	Member System Administration
<input type="checkbox"/>	Registration
<input type="checkbox"/>	Reports
<input type="checkbox"/>	Reserve MIN Information
<input type="checkbox"/>	Reverse
<input type="checkbox"/>	Transfer beneficial rights
<input type="checkbox"/>	Transfer of servicing rights

Callouts for Top Screenshot:

- To allow all functions within a Group, check its Allow checkbox
- To limit the security within a group, click its Function Group Description hyperlink
- When you have selected all the appropriate Function Group Descriptions, click Submit

Bottom Screenshot: Allowable functions for Function Group : Registration

URL: <https://www.mersonlineuat.org> - MERS OnLine - Microsoft Internet Explorer

Page Title: **MERS OnLine** www.mersinc.org

Page Header: **Process loans, not paperwork** UAT 1005500

Security Menu:

- List of Roles
- New Role Definition
- New User Definition
- List of Users by Name
- List of Users by Role
- Back to Administration Menu
- Back to Main Menu

Allowable functions for Function Group : Registration

Allow	Function Description	Perform Function As
<input checked="" type="checkbox"/>	Add assignment	Echo Mortgage Company - UAT
<input checked="" type="checkbox"/>	Add assignment recording	Echo Mortgage Company - UAT
<input checked="" type="checkbox"/>	Add modification agreement	Echo Mortgage Company - UAT
<input checked="" type="checkbox"/>	Add modification agreement recording	Echo Mortgage Company - UAT
<input checked="" type="checkbox"/>	Add original borrower	Echo Mortgage Company - UAT
<input checked="" type="checkbox"/>	Add security instrument recording	Echo Mortgage Company - UAT
<input type="checkbox"/>	Delete assignment	Echo Mortgage Company - UAT
<input type="checkbox"/>	Delete assignment recording	Echo Mortgage Company - UAT
<input type="checkbox"/>	Delete modification agreement	Echo Mortgage Company - UAT
<input type="checkbox"/>	Delete modification agreement recording	Echo Mortgage Company - UAT
<input type="checkbox"/>	Delete original borrower	Echo Mortgage Company - UAT
<input type="checkbox"/>	Delete security instrument recording	Echo Mortgage Company - UAT
<input type="checkbox"/>	Modify assignment	Echo Mortgage Company - UAT
<input type="checkbox"/>	Modify modification agreement	Echo Mortgage Company - UAT
<input type="checkbox"/>	Modify quality review flag	Echo Mortgage Company - UAT
<input checked="" type="checkbox"/>	Process	Echo Mortgage Company - UAT

Callouts for Bottom Screenshot:

- Select the Function Description(s) appropriate for this Role
- When limiting functions within the Function Group, always select Process
- When you have selected all the appropriate Function Descriptions, click Submit

New User Definition	<p>Your System Administrator will</p> <ul style="list-style-type: none"> • Enter user's full name • Enter User ID <ul style="list-style-type: none"> ○ may contain 4-8 characters ○ must be unique within your Org ID ○ must start with a letter ○ cannot contain the word "MERS" ○ cannot be the word "RESMIN" ○ cannot contain any spaces ○ cannot contain any special characters except period(.) or hyphen(-) ○ User IDs are not case sensitive • Select a Role for the User • Mark the "Enable User ID" checkbox to activate the User ID • Type a new Password in the Initial Password field <ul style="list-style-type: none"> ○ Must have 6-12 characters ○ Must start with a letter ○ Must contain at least one number ○ Must contain at least one of the following characters: : ! # \$ % () * + , / ; < = > ? ○ Cannot have consecutive repeating characters ○ Cannot contain the word "MERS" regardless of case ○ Must be different than the User ID ○ A password is reusable after 12 password changes ○ Passwords are case sensitive • Type the Password again into the Confirm Password field
----------------------------	---

MERS OnLine - Microsoft Internet Explorer
Process loans, not paperwork
Training 1000001

Create New User

All fields are required to create a new user. User ID must be unique within the organization. It is not case sensitive. It may be a combination of 1-8 letters and numbers. It may not start with a number or contain special characters.

Password must be 6-12 characters, including at least one number and one of the following special characters: ! # \$ % () * + , / ; < = > ? It cannot start with a number or special character, and cannot contain repeating characters or the MERS. Do not use any special characters other than those listed above.

User Name:

User ID:

Role:

Enable the User ID: ☐

Initial Password:

Confirm Password:

Click Submit

Type the first and last name of the MERS user in the User Name field

Enter a unique User ID

Use the drop down to select the security Role

Select the Enable the User ID checkbox

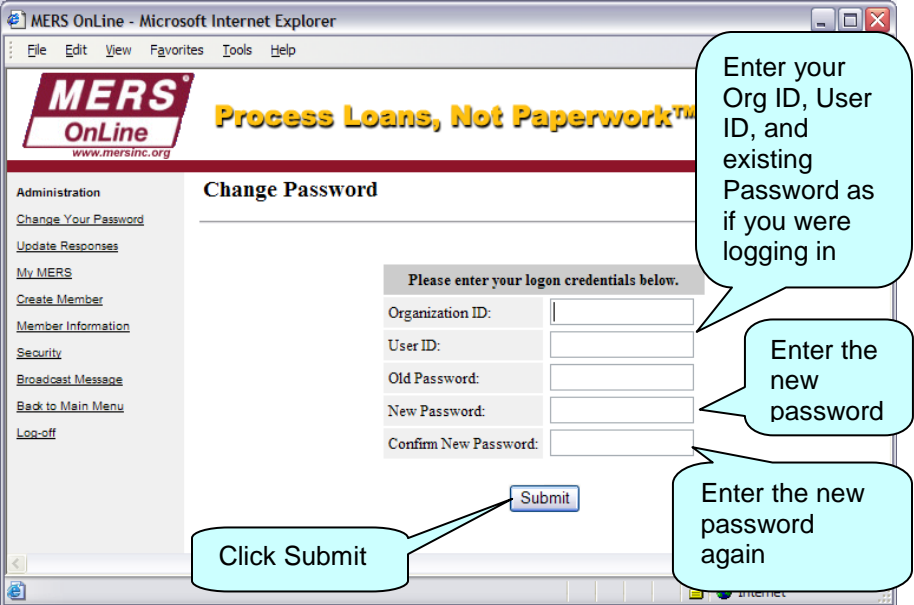
Enter a password in the Initial Password field and retype it in the Confirm Password field

Click on Submit
A message will display stating if the New User ID was created.

New User ID was Successfully created!

[Click here if you would like to create another User ID](#)

Click this hyperlink to create another User ID

<p>List of Users by Name</p> <p>List of Users by Role</p> <p>List of Users by ID</p>	<p>The list of users may be viewed by User Name, Role, or User ID</p> <ul style="list-style-type: none"> • Only displays users in your organization • A user is required to have a User ID to perform functions • A user working for more than one member organization is not required to have a User ID for each organization as long as CHANGE MEMBER security access has been granted by MERSCORP
<p>Change Password</p>	<p>From the Main Menu, select Administration, then Change Your Password</p>  <p>The screenshot shows the MERS OnLine web application in Microsoft Internet Explorer. The page title is 'MERS OnLine - Microsoft Internet Explorer'. The MERS OnLine logo is at the top left, with the tagline 'Process Loans, Not Paperwork™' and the website 'www.mersinc.org'. The left sidebar contains a menu with 'Administration' selected, and 'Change Your Password' highlighted. The main content area is titled 'Change Password' and contains a form with the following fields: 'Organization ID:', 'User ID:', 'Old Password:', 'New Password:', and 'Confirm New Password:'. A 'Submit' button is at the bottom right of the form. Four callout boxes provide instructions: 'Enter your Org ID, User ID, and existing Password as if you were logging in' points to the first three fields; 'Enter the new password' points to the 'New Password' field; 'Enter the new password again' points to the 'Confirm New Password' field; and 'Click Submit' points to the 'Submit' button.</p> <p>The Password is case sensitive. It must have 6-12 characters, must start with a letter, cannot contain repeating characters or 'MERS', and must contain at least one number and at least one of the following special characters: : ! # \$ % () * + , / ; < = > ?</p>

Update Responses

From the **Main Menu**, select **Administration**, then **Update Responses**

If you have not yet entered responses - Enter a response for every challenge question.

If you have already entered responses – your existing answers will be masked. You only need to enter the ones you want to change.

If you don't know a particular answer, just enter a response you'll be able to remember.

Enter your Org ID, User ID, and Password as if you were logging in

Click Submit

The **Challenge Responses** are not case sensitive.
Each must be unique, and have at least 5 characters.

For Organizations Participating in Automated Password Reset

When you click the **Forgot My Password** button on the login page, or after three unsuccessful logon attempts, you will be prompted to log in and change your password by answering three of the challenge questions:

1) Enter your Org ID and User ID as if you were logging in

2) Enter a new password

3) Enter the new password again to confirm

4) Enter the response you established previously for each challenge question

5) Click Submit

After three unsuccessful attempts to enter challenge answers, or if you have not yet established challenge responses, the system will refer you to your organization's MERS® System Administrator, who can reset your password.

The first time you log in after your MERS® System Administrator has reset your password or re-enabled your User ID, you will be prompted to create a new password and establish new challenge responses:

https://www.mersonlinetraining.org - MERS OnLine - Microsoft Internet Explorer

MERS OnLine Process Loans, Not Paperwork
www.mersinc.org

Change Password and Establish Responses

Please enter your login credentials below.

Organization ID:

User ID:

Old Password:

New Password:

Confirm New Password:

Please enter a response for each question and remember your entries! You will be asked to repeat the responses to a random selection of 3 of these questions the next time you need a password reset.

Please answer the challenge questions below

What was the name of your childhood pet?

What was the last name of your childhood best friend?

What was your high school mascot?

What was the first car you owned?

What was the last name of your first-grade teacher?

What was the last name of your childhood doctor?

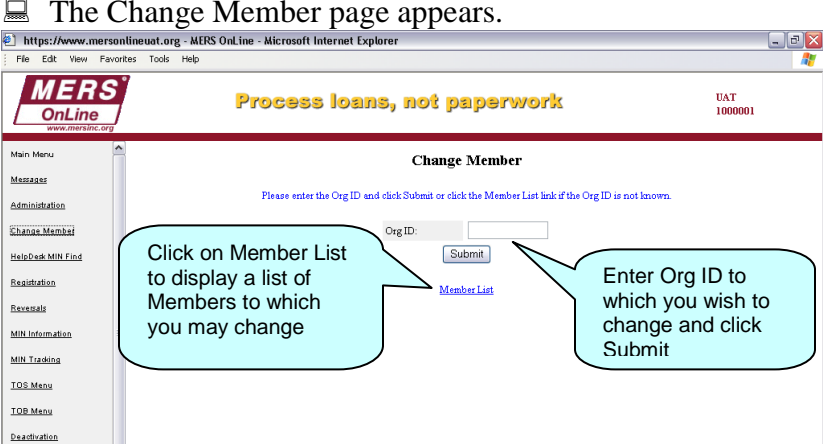
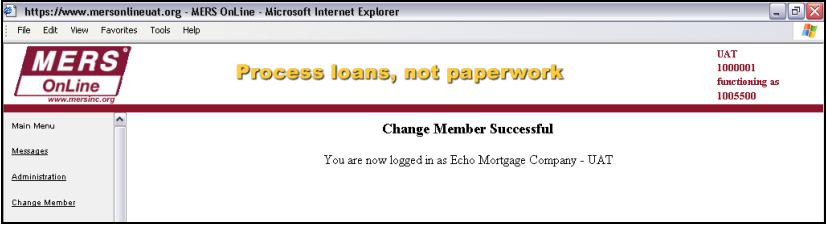
You will also receive this prompt if you change your password before you have established challenge responses, either using the Change My Password option or by attempting to log in after your password has expired.

Processing

- After submitting, a message will be returned advising if the transaction was completed successfully.

Change Member Access

MERSCORP grants Change Member access to organizations with more than one MERS® System Org ID (e.g. parent and child) to eliminate the need for multiple User IDs for users who may need to perform transactions for both Org IDs, and to Members listed in a Vendor relationship with your organization. The user may switch access during a session to any of the Org IDs for which the Member has been authorized. Additionally, security roles may be differentiated to allow a user to perform a particular transaction for one Org ID but not another.

Step	Action
1	<p>Click Change Member on the main menu. The Change Member page appears.</p> 
2	<p>Enter the Org ID for the Member for which you wish to perform transactions and click Submit. OR Click on the Member List hyperlink to display a list of Members to which you may change, and click on the Member Name or Org ID to change to that Member A message appears informing you of the successful change.</p>  <p>The security role assigned to the user does not change from Org ID to Org ID. However, each role may be set up to allow transactions for one Org ID but not another.</p>

Accessible Functions by Line of Business

<i>Line of Business</i>	<i>Functions Accessible</i>	<i>Inter-relationships</i>
Servicer	<ul style="list-style-type: none"> • Registration • Registration Reversal • Initiation of Transfer of Servicing (flow or seasoned) • Confirm Transfer of Servicing • Initiation of Transfer of Beneficial Rights (option 2) • Assumption Notification • Reports • Foreclosure Notification <ul style="list-style-type: none"> – Foreclosure pending (option 1), assigned to Servicer – Reinstated or modified (option 1), assigned back to MERS – Reinstated or modified (option 1), not assigned back to MERS – Reinstated or modified (option 2) – Foreclosure complete • Member Security • Deactivation and Lien Release <ul style="list-style-type: none"> – Paid In Full – Transfer to non-MERS Status • Loan Maintenance • Deactivation Reversals • Member Administration <ul style="list-style-type: none"> – Third Party Security – Relationships – My MERS – Transaction Default Settings • Initiation of Default by Subservicer (Must contact MERSCORP) 	<ul style="list-style-type: none"> • Subservicer line of business access is automatically assigned by MERSCORP • Must have subservicer line of business access for transfers of servicing. • Investor line of business access is automatically assigned by MERSCORP to enable repurchases via transfers of beneficial rights.

<i>Line of Business</i>	<i>Functions Accessible</i>	<i>Inter-relationships</i>
<i>Subservicer</i>	<ul style="list-style-type: none"> • Registration • Initiation of Transfer of Servicing (flow or seasoned) • Confirmation of Transfer of Servicing • Initiation of Transfer of Beneficial Rights (option 2) • Assumption Notification • Reports • Foreclosure Notification <ul style="list-style-type: none"> – Foreclosure pending (option 1), assigned to Servicer – Reinstated or modified (option 1), assigned back to MERS – Reinstated or modified (option 1), not assigned back to MERS – Reinstated or modified (option 2) – Foreclosure complete • Member Security • Deactivation and Lien Release <ul style="list-style-type: none"> – Paid In Full – Transfer to non-MERS[®] System Member – CEMA • Loan Maintenance • Deactivation Reversals • Quality Assurance • Member Administration <ul style="list-style-type: none"> – Third Party Security – Relationships – My MERS – Transaction Default Settings 	<ul style="list-style-type: none"> • None

Line of Business	Functions Accessible	Inter-relationships
Investor	<ul style="list-style-type: none"> • Confirmation of Transfer of Servicing • Confirmation of Transfer of Beneficial Rights (option 2) • Initiation of Transfer of Beneficial Rights (option 1) • View Loan Information • Initiation of Default By Servicer Deactivation (Must contact MERSCORP) • Reports • Member Administration • Member Security 	<ul style="list-style-type: none"> • Must have servicer line of business access for default process.
Originator	<ul style="list-style-type: none"> • Registration • Registration Reversal • Loan Maintenance • Member Administration • Member Security • Reports 	<ul style="list-style-type: none"> • None
MERS 1-2-3	<ul style="list-style-type: none"> • MIN Reservation • MIN Tracking 	<ul style="list-style-type: none"> • Must have MERS 1-2-3 line of business.
Title Company	<ul style="list-style-type: none"> • Member Administration • Member Security • View Loan Information • Reports 	<ul style="list-style-type: none"> • None
Interim Funder	<ul style="list-style-type: none"> • Removal of Interim Funder Security Interests • View Loan Information • Member Administration • Member Security • Reports 	<ul style="list-style-type: none"> • None
Warehouse/ Gestation Lender	<ul style="list-style-type: none"> • View Loan Information • Member Administration • Member Security • View Loan Information • Reports 	<ul style="list-style-type: none"> • None

<i>Line of Business</i>	<i>Functions Accessible</i>	<i>Inter-relationships</i>
<i>Document Custodian</i>	<ul style="list-style-type: none"> • View Loan Information • Member Administration • Member Security • View Loan Information • Reports 	<ul style="list-style-type: none"> • None
<i>Property Preservation Company</i>	<ul style="list-style-type: none"> • Member Administration • Member Security • MIN Information • Reports 	<ul style="list-style-type: none"> • None
<i>Vendor/ Service Provider</i>	<ul style="list-style-type: none"> • Member Administration • Member Security • Reports • Third Party Transactions as authorized by Member 	<ul style="list-style-type: none"> • None
<i>Lite Member Indicator</i>	<p>Lite Members have these LOBs</p> <ul style="list-style-type: none"> • Originator • Servicer/ Subservicer • Investor • Document Custodian 	<p>Lite Members will not show on pop-up Org ID lists on a registration or transfer transaction because it is unlikely a Lite Member will be named by another Member.</p>

Chapter 5: Loan Registration

Introduction

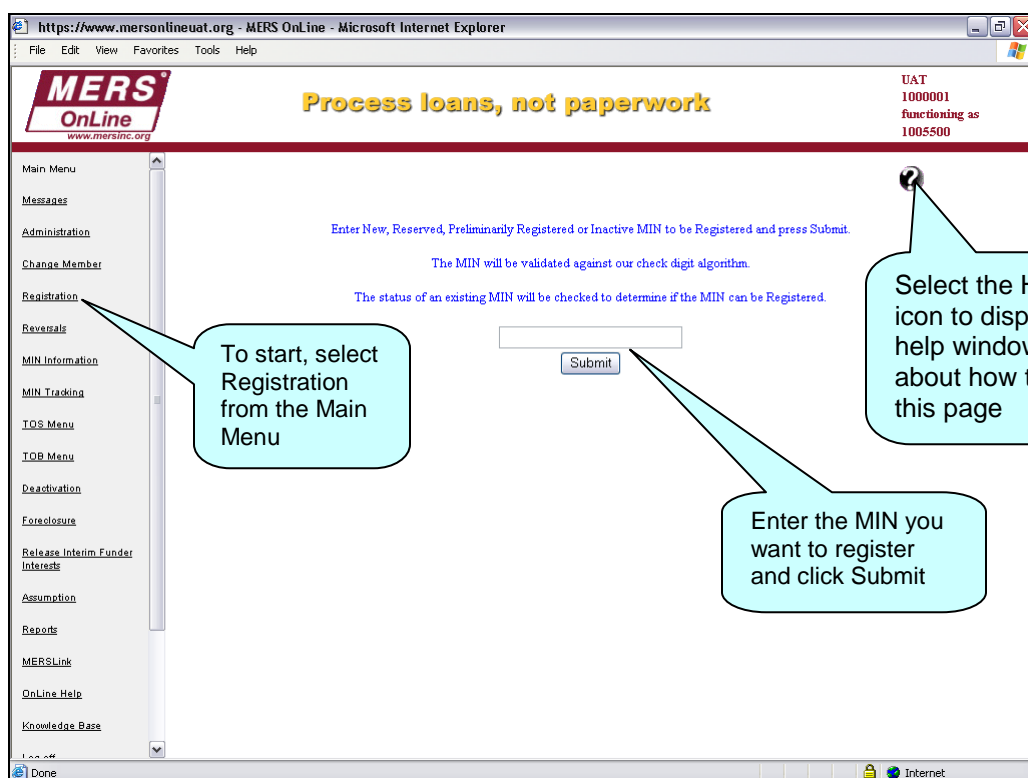
Registration is the process of entering loan information into the MERS® System. You can register a loan:

- As a Pre-Closing before you close it
- As a MOM loan after you have closed it on a Security Instrument naming Mortgage Electronic Registration Systems, Inc. (MERS) as the original mortgagee
- As a Non-MOM loan if you've recorded an assignment to MERS
- As an iRegistration if MERS is not the mortgagee on the loan

Each loan you register must have a Mortgage Identification Number (MIN). MINs are typically generated from your loan origination system, or from a software program your company develops that can calculate the MIN using the Mod 10 Weight 2 algorithm.

Chapter contents

This chapter describes how to register a loan. It also explains the difference between primary and associated members. See [Chapter 17](#) for instructions on reversing a registration.



**Primary
Members
and
Associated
Members**

The differences between primary and associated members are as follows:

- *Primary Members* are identified with their Lines of Business as:
 - ◇ Servicer
 - ◇ Subservicer
 - ◇ Investor
 - ◇ Custodian
 - ◇ Interim Funder
- *Associated Members* have been granted inquiry only access to loan information by the Servicer/Subservicer of a mortgage registered on the MERS® System and are identified with their Lines of Business as:
 - ◇ Collateral Agent
 - ◇ FHLB/FRB
 - ◇ Government Housing Agency
 - ◇ Master Servicer
 - ◇ Mortgage Insurance Company
 - ◇ Trustee
 - ◇ Warehouse/Gestation Lender
 - ◇ Alternative Custodian
 - ◇ Participation Investor
 - ◇ Other
 - ◇ Property Preservation Company

**Loan registration
requirements**

The loan registration requirements are as follows:

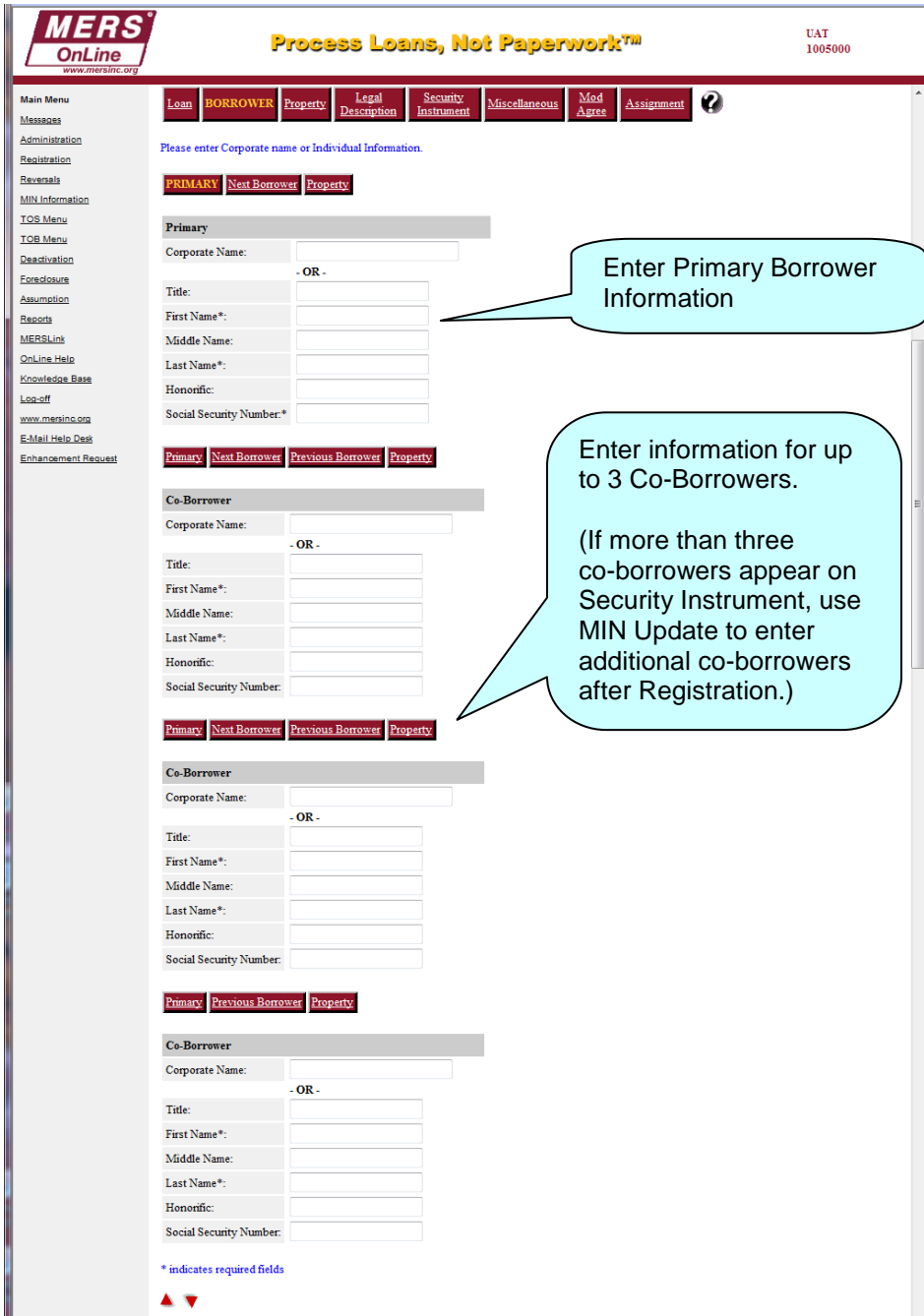
Field	Notes
Data entry Tips	<ul style="list-style-type: none"> • Enter MINs with or without dashes. • Fields that appear with * are required. Other fields are optional, but should be completed if the information is available. • Enter dates in the appropriate fields, Month (alpha – choose from drop-down list), Day (numeric), Year (4-digit numeric). • Enter dollar amounts without commas or decimal points. • Enter Social Security Numbers without dashes.
MIN	<ul style="list-style-type: none"> • Enter a valid new, PreClosing, Non-MERS Status, or iRegistration MIN to access the Registration details page.

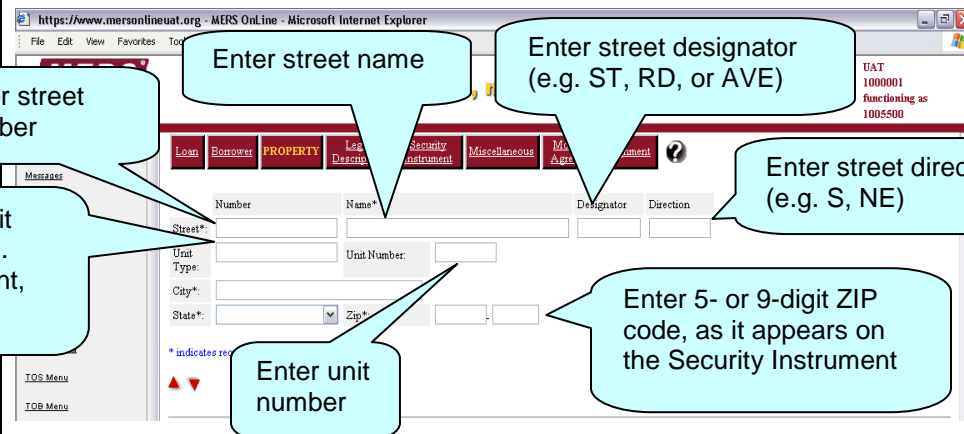
Field	Notes
Loan Information	<p>Note that the fields asterisked (*) below can be pre-set to frequently used values using Transaction Default Settings. (See Chapter 3: Update Member Information for instruction)</p> <p>The fields displayed are:</p> <ul style="list-style-type: none"> *Lien type (First or Subordinate) Note amount – enter without commas or decimal point, unless the loan amount includes cents Note Date – must be a valid date no more than 31 years in the past, or greater than the current date Funding Date – optional Used if the funding date is different from the date on the Note Originating Org ID Original Note Holder *Servicer *Investor Interim Funder Subservicer Custodian Associated Members

The screenshot shows the MERS OnLine registration form. Callouts point to the following fields:

- Select Lien Type from drop down**: Points to the "Lien type*" dropdown menu.
- Enter Note Amount**: Points to the "Note Amount*" text field.
- Enter Note Date**: Points to the "Note Date*" date field.
- Enter Funding Date if different from Note Date**: Points to the "Funding Date*" date field.
- Enter Originating Org ID for Member originator, or Original Note Holder for Non- Member originator**: Points to the "Originating Org ID" and "Original Note Holder" text fields.
- Enter Servicer & Investor Org IDs**: Points to the "Servicer*" and "Investor*" text fields.
- Enter Subservicer & Custodian Org IDs if applicable**: Points to the "Subservicer" and "Custodian" text fields.
- Enter Interim Funder Org ID if required by warehouse lender**: Points to the "Interim Funder" text field.
- Enter Associated Member Org IDs if applicable**: Points to the "Associated Members" section, which includes fields for Collateral Agent, FHLB/FFB, Government Housing Agency, Master Servicer, Mortgage Insurance Co., Trustee, Warehouse/Gestation Lender, Alternate Custodian 1-4, Participation Investor 1-4, Other 1-4, and Property Preservation Company 1-4.

*indicates required fields

Field	Notes
Borrower	<ul style="list-style-type: none"> The current primary borrower is required. Only one current primary borrower and one original primary borrower (if an assumption) are allowed. You can enter one primary borrower and up to three co-borrowers during registration. To enter additional co-borrowers, use the MIN Update function. Borrowers and co-borrowers cannot have the same Corporation Name or Social Security Number as another borrower or co-borrower on the MIN.  <p>The screenshot displays the MERS OnLine interface for processing loans. The top navigation bar includes links for Loan, BORROWER, Property, Legal Description, Security Instrument, Miscellaneous, Mod Agree, and Assignment. The left sidebar contains a Main Menu with various options like Messages, Administration, Registration, Reversals, MIN Information, TOS Menu, TOR Menu, Deactivation, Foreclosure, Assumption, Reports, MERSLink, OnLine Help, Knowledge Base, Log-off, E-Mail Help Desk, and Enhancement Request. The main content area is titled 'Process Loans, Not Paperwork' and shows a form for entering corporate or individual information. The form has tabs for PRIMARY, Next Borrower, and Property. The PRIMARY tab is active, showing fields for Corporate Name, Title, First Name, Middle Name, Last Name, Honoric, and Social Security Number. A callout box points to the PRIMARY tab with the text 'Enter Primary Borrower Information'. Below the PRIMARY section is a Co-Borrower section with similar fields. A callout box points to the Co-Borrower section with the text 'Enter information for up to 3 Co-Borrowers. (If more than three co-borrowers appear on Security Instrument, use MIN Update to enter additional co-borrowers after Registration.)'. There is also a third Co-Borrower section at the bottom of the form.</p>

Field	Notes
Property	<ul style="list-style-type: none"> Street Number, Name, Designator, and Direction; Unit type and Number; City; State; ZIP code.  <p>Note: If direction appears after the street name on the Security Instrument (e.g. Winter South), enter it in the street name field instead of the direction field. If direction appears after the designator (e.g. Landing Road North), enter all three in the street name field.</p>

Field	Notes
Legal Description	<ul style="list-style-type: none"> The Legal Description is a field for the name of the county or other identifier, according to the FIPS Code Document (available on our website at www.mersinc.org). Other descriptions are available, if desired (lot, block, etc). Only the county is required for registration.

The screenshot shows the MERS Online User Interface. The top navigation bar includes links for Loan, Borrower, Property, LEGAL DESCRIPTION, Security Instrument, Miscellaneous, Mod, and Assignment. The LEGAL DESCRIPTION section is active. Below the navigation bar, there is a text box for the Legal Description. To the left of the text box is a dropdown menu for the Legal Description Type. A callout bubble points to this dropdown with the text: "Choose Legal Description Type from dropdown (at least one must be County)". To the right of the text box is a callout bubble with the text: "Enter County Name or FIPS Code". Above the text box is a callout bubble with the text: "Select FIPS Code hyperlink to display a list of FIPS Codes and county names for the property state." Below the text box is a callout bubble with the text: "FIPS Code Pop Up Window:". The FIPS Code Pop Up Window is a separate window titled "FIPS Codes - Microsoft Internet Explorer". It has a dropdown menu for the State (currently set to Virginia) and a Submit button. Below the dropdown is a table of FIPS Codes for Virginia. A callout bubble points to the State dropdown with the text: "To display FIPS Codes for a different state, select the state name from the dropdown and click Submit". Another callout bubble points to the table with the text: "You can copy and paste either FIPS Code or County name into the Description field".

Legal Description Field:

Choose Legal Description Type from dropdown (at least one must be County)

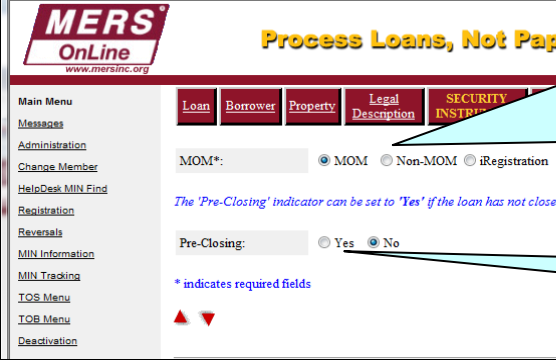
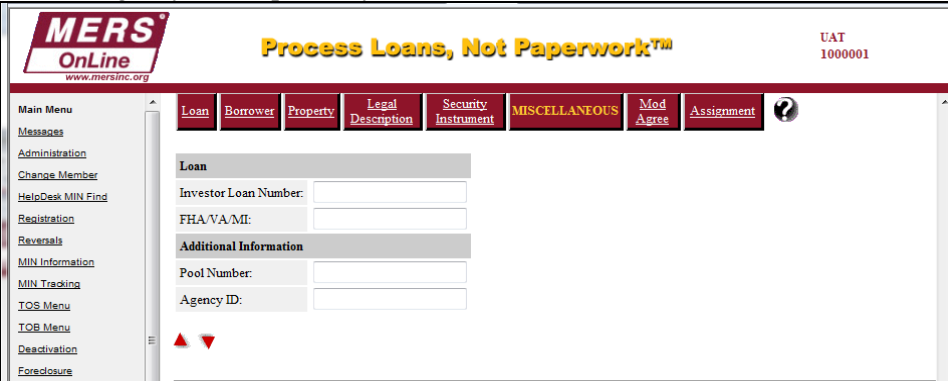
Select FIPS Code hyperlink to display a list of FIPS Codes and county names for the property state.

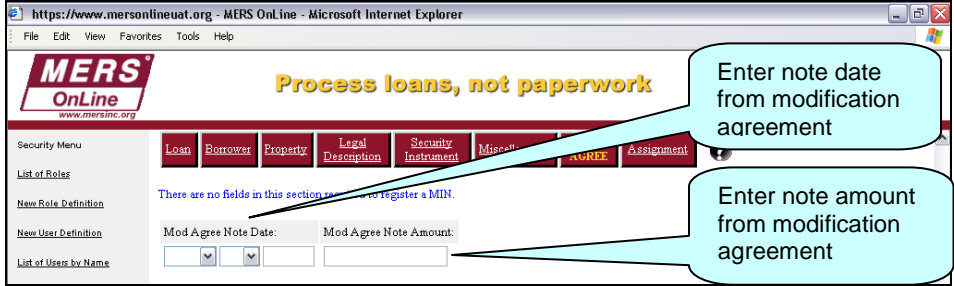
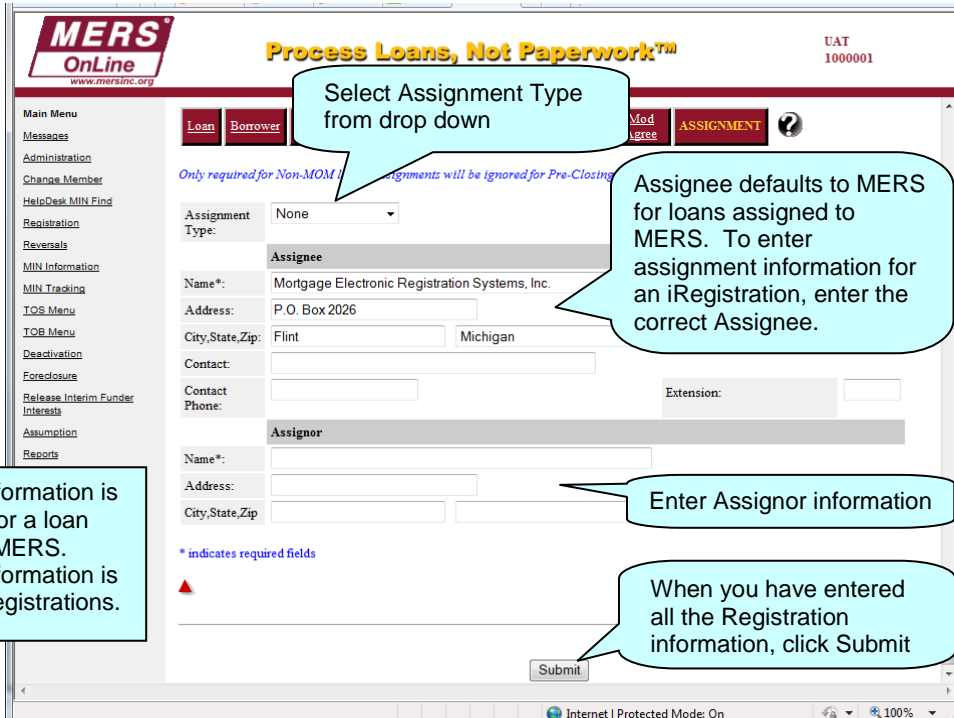
Enter County Name or FIPS Code

FIPS Code Pop Up Window:

To display FIPS Codes for a different state, select the state name from the dropdown and click Submit

You can copy and paste either FIPS Code or County name into the Description field

Field	Notes
Security Instrument	<p>  </p> <ul style="list-style-type: none"> • The MERS as Original Mortgagee (MOM) check box defaults to MOM (unless you have changed your Registration Settings to Non-MOM or iRegistration) to indicate the security instrument was originated with Mortgage Electronic Registration Systems, Inc. (MERS) as the mortgagee. • Select Non-MOM if the loan is assigned to MERS. • Select iRegistration if MERS is not the mortgagee. • Select Yes for the Pre-Closing indicator if the loan has not yet closed.
Miscellaneous	<ul style="list-style-type: none"> • These fields are used if trading partners require the information and it is applicable to the loan. <ul style="list-style-type: none"> • Investor Loan Number (required by some Investors) • FHA/VA/MI • Pool Number (required by some Investors) • Agency ID (required by some Investors, such as Ginnie Mae) <p>  </p> <p>NOTE: If the Investor (such as Ginnie Mae) requires Servicer Agency ID, the Servicer must provide its Agency ID either at the MIN level or on its Member Information (which will then populate the MIN with the Agency ID). If the required Agency ID is not manually entered or auto-populated, the registration will reject with the error message, “Agency ID required.” This can be corrected by either entering the Agency ID on the MIN, or adding it to Member Information.</p>

Field	Notes
Modification Agreement	<p>Only necessary if the loan has been modified before registration.</p>  <p>Enter note date and note amount from modification agreement.</p>
Assignment	<ul style="list-style-type: none"> Required when a loan is assigned to Mortgage Electronic Registration Systems, Inc. (MERS). The Assignee field defaults to MERS' address and contact information. To enter an assignment for an iRegistration, you must change the Assignee information.  <p>Assignment information is required only for a loan assigned into MERS. Assignment information is optional for iRegistrations.</p>

Field	Notes
Processing	<ul style="list-style-type: none"> The system will display a warning message when the lien type, primary borrower, and property address exactly match those fields on an existing registered loan. The warning message appears after the registration is successfully processed. Both MINs will appear on the <i>MINs for the Same Primary Borrower SSN, Property and First Lien Report</i>, with Servicer/Subservicer contact information. The system will display a warning message when a seasoned loan is registered with the MOM indicator set to Y. Any errors that appear must be corrected before the registration is completed successfully; incomplete registrations are not retained.
Re-Registration After Deactivation	<p>You also use Registration when a loan that was previously deactivated because it was assigned out of Mortgage Electronic Registration Systems, Inc. (MERS) is subsequently assigned back to MERS, or a loan that was previously deactivated because it was sold to a non-MERS Member is later sold to a MERS[®] System Member. MINs in the following statuses may be re-registered:</p> <ul style="list-style-type: none"> Transfer to Non-MERS Status Reinstated or modified (option 1), not assigned back to MERS Default by Servicer Default by Subservicer <p>When you re-register a MIN in one of these statuses, the original MIN information will be displayed on the Registration page, and you may update it as necessary before submitting the registration. Pay particular attention to the following fields:</p> <ul style="list-style-type: none"> MOM Indicator (must be set to Non-MOM if the loan is assigned to MERS, or iRegistration if it is not) Servicer Investor Assignment (must enter assignment information if the loan is assigned to MERS)

Re-Registration After Registration Reversal

When you re-register a MIN that was in Registration Reversal status, a Re-Registration MIN Summary shows you the existing information on the MIN, and is accompanied by a Re-Registration Menu that allows you to change any information on the MIN before completing the registration, as well as view Milestones and MIN Audit information.

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RE-REGISTRATION MIN SUMMARY

Re-Registration 1000783-1111111111-4

[Loan](#)
[Borrower Details](#)
[Property](#)
[Legal Description](#)
[Assignment](#)
[Miscellaneous](#)
[Security Inst.](#)
[Milestones](#)
[Mod Agree](#)
[MIN Audit](#)
[MIN Transfer Audit](#)
[Summary](#)
[MIN Find](#)
[Back to Main Menu](#)
[Log-off](#)

Update Information on MIN using Re-Registration menu, then click Re-Register button on Loan page to re-register MIN.
For more information on the Re-Registration process please click on the online help icon "?" above.

Summary


1000783-1111111111-4	Registration Reversal
11 HAPPY PL	MOM
WARWICK, RI 02886	First Lien
Reg Date	09/29/2010
County	County Unknown
Primary Borrower	GILMORE, HAPPY
Pool Number	N/A
Investor Loan Number	N/A
Note Amount	\$76,000.00
Note Date	02/15/2007
Servicer	4444441 - MERS Test
Custodian	N/A
Investor	4444441 - MERS Test
Subservicer	N/A
Interim Funder	N/A
Originating Organization	N/A
Property Preservation Co.	N/A

Pending Batches

Batch Number	Transfer Type	Status	Transfer Date	Sale Date
No Pending Batches!				

Done Internet | Protected Mode: On 100%

When all information is correct, selecting the Re-Register button on the Re-Registration Loan page completes the registration. If you do not click this button, the MIN will not be registered, but any updates you have made on the MIN using the Re-Registration MIN Information Menu will be retained.



MERS[®] OnLine
www.mersinc.org

Process Loans, Not Paperwork™

UAT
1005000

Re-Registration
1005000-0000000103-5

- Loan
- Borrower Details
- Property
- Legal Description
- Assignment
- Miscellaneous
- Security Inst.
- Milestones
- Mod Agree
- MIN Audit
- MIN Transfer Audit
- Summary
- MIN Find
- Back to Main Menu
- Log-off

RE-REGISTRATION LOAN for 1005000-0000000103-5

PRIMARY **Associated Members**

If Originating Organization was a MERS Member, enter their Org ID in Originating Org ID field. If Originating Organization was not a MERS Member, enter their name in Original Note Holder field.

Originating Org ID:

Original Note Holder:

Organization ID's for associated organizations. Click on the labels for a listing of the appropriate ID's for each category.

<p>Service*: <input type="text" value="1005000"/></p> <p>Investor*: <input type="text" value="1005000"/></p> <p>Interim Funder: <input type="text"/></p>	<p>Subservicer: <input type="text"/></p> <p>Custodian: <input type="text"/></p>
--	---

Primary **ASSOCIATED MEMBERS**

<p>Collateral Agent: <input type="text"/></p> <p>FHLB/FRB: <input type="text"/></p> <p>Government Housing Agency: <input type="text"/></p> <p>Master Servicer: <input type="text"/></p> <p>Mortgage Insurance Co.: <input type="text"/></p> <p>Trustee: <input type="text"/></p> <p>Warehouse/Gestation Lender: <input type="text"/></p> <p>Alternate Custodian 1: <input type="text"/></p> <p>Alternate Custodian 2: <input type="text"/></p> <p>Alternate Custodian 3: <input type="text"/></p> <p>Alternate Custodian 4: <input type="text"/></p>	<p>Participation Investor 1: <input type="text"/></p> <p>Participation Investor 2: <input type="text"/></p> <p>Participation Investor 3: <input type="text"/></p> <p>Participation Investor 4: <input type="text"/></p> <p>Other 1: <input type="text"/></p> <p>Other 2: <input type="text"/></p> <p>Other 3: <input type="text"/></p> <p>Other 4: <input type="text"/></p> <p>Property Preservation Company 1: <input type="text"/></p> <p>Property Preservation Company 2: <input type="text"/></p> <p>Property Preservation Company 3: <input type="text"/></p> <p>Property Preservation Company 4: <input type="text"/></p>
--	---

To register loan as Pre-Closing, first set MOM indicator to iRegistration on the Security Inst. page, then set Pre-Closing indicator to Yes on this page.

Pre-Closing: ☐ Yes ☒ No

* indicates required fields

When updates on all pages are complete, click the Re-Register button to re-register this loan.

Conversion

You also use the Registration option to convert an active iRegistration loan to a Non-MOM if it is assigned to Mortgage Electronic Registration Systems, Inc. (MERS). Only the Servicer or Subservicer may perform the conversion transaction.

When you enter the MIN of an active iRegistration, the original MIN information will be displayed on the Registration page, and you may update it as necessary before submitting the conversion.

The Servicer and Investor fields may not be changed as part of a conversion.

If an Interim Funder is already reflected on the loan, it may not be changed or deleted, but an Interim Funder may be added if one does not already exist.

MOM Indicator defaults to Non-MOM, and the conversion will not go through if this is changed.

Add the Assignor information for the assignment to MERS, then click Convert.

Chapter 6: Removal of Interim Funder's and Warehouse/Gestation Lender's Security Interests

Introduction Some interim funders (warehouse lenders) require their borrowers to list the funder on the MERS[®] System at registration to show it holds the beneficial rights to the loan.

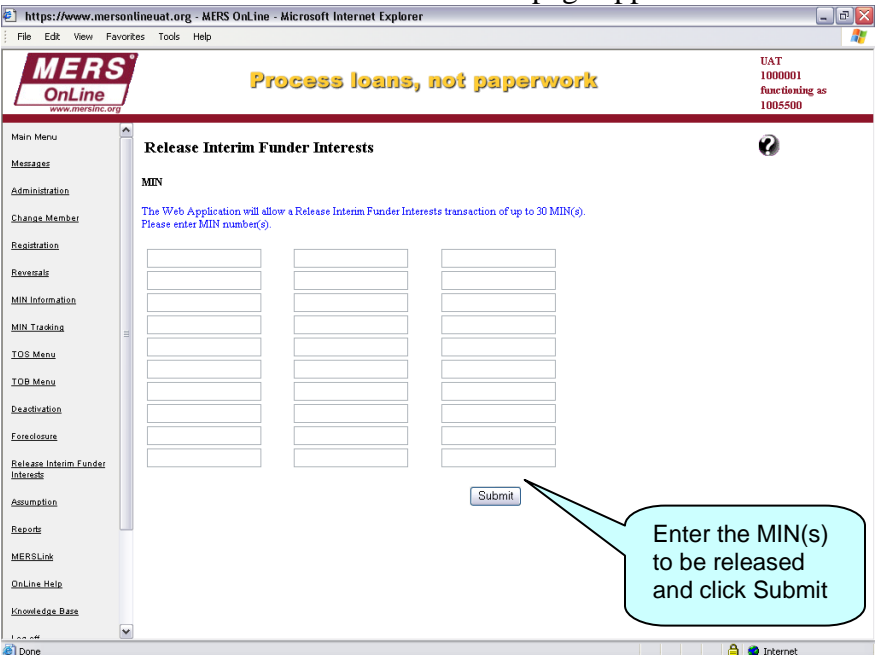
- If listed in the Interim Funder field, when the borrower pays the interim funder back, it must remove itself from the interim funder field on the MERS[®] System to show it has relinquished its rights, unless it has been removed by an Option 1 Transfer of Beneficial Rights Transaction.
- If listed in the Warehouse/Gestation Lender field (in the Associated Member section of the registration) it will be removed from the field:
 - Indirectly through an Option 1 Transfer of Beneficial Rights Transaction.
 - Indirectly when a Transfer of Servicing Batch completes
 - Directly by the Warehouse/Gestation Lender when it has been reimbursed

Chapter contents This chapter describes how an interim funder or warehouse/gestation lender removes its security interest on the MERS[®] System, and explains the timeframe.

Removing Interim Funder Interests

Only the Interim Funder organization (or its Vendor) can remove itself from the Interim Funder field.

To remove your Org ID from the Interim Funder field:

Step	Action
1	<p>Click Release of Interim Funder from the Main Menu.</p> <p>The Release Interim Funder Interests page appears</p> 
2	Enter the MIN (s) that are to be processed and click Submit

Field	Notes
Processing	The interim funder must correct errors that appear on the error message page.

When to remove interim funder interests





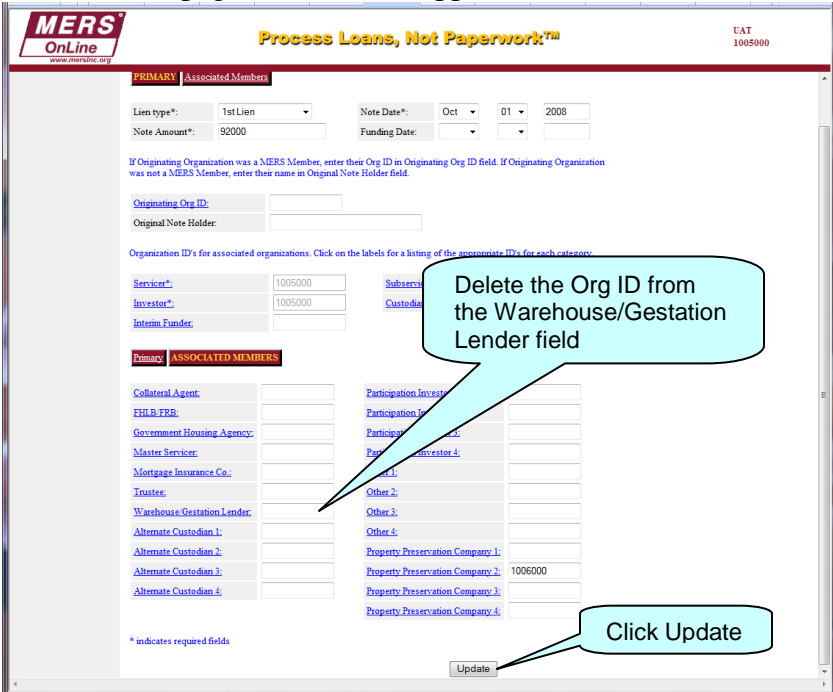
Interim funders remove their interests for Option 2 beneficial rights transfers. In Option 1 beneficial rights transfers, any interim funder interests are removed automatically when the transfer of beneficial rights occurs.

- It is not necessary to have interim funder interests removed before an Option 2 beneficial rights transfer or a servicing rights transfer.

Remove Warehouse/ Gestation Lender Interests

The current Servicer or Subservicer may remove a Warehouse/Gestation Lender Org ID from a loan

To remove the Org ID from the Warehouse/Gestation Lender field:

Step	Action
1	Click MIN Information from the Main Menu.  The MIN Find page appears
2	Enter the MIN to be processed and click Begin Search  The MIN Summary for that MIN appears  The MIN Information menu appears
3	From the MIN Information menu, select Loan  The Loan page for that MIN appears 
4	Click on Associated Members to display the Warehouse/Gestation Lender field
5	Remove the Org ID from the Warehouse/Gestation Lenders field.
6	Click Update

Chapter 7: Registering a Consolidation, Extension or Modification Agreement (CEMA)

Introduction CEMA registration is the process of entering loan information for a Consolidation, Extension or Modification Agreement (CEMA) on the MERS[®] System and assigning Mortgage Electronic Registration Systems, Inc. as the mortgagee of record. A CEMA enables a borrower to consolidate and/or extend the term of an existing loan with or without additional funding to avoid the taxes associated with refinancing. Other features of a CEMA include:

- The security instrument does not change on a CEMA

The processing of a CEMA has two parties when both parties are Members of the MERS[®] System: the current Servicer (the party that currently services the existing mortgage) and the new consolidating lender (the party providing the end financing).

When the current Servicer and the new lender are different:

- ◇ The current Servicer submits a deactivation paid in full transaction on the old MIN.
- ◇ The consolidating lender or new Servicer registers a new MIN on the MERS[®] System with the original loan information. The note date, note amount and recording information from the modification agreement are entered on the Modification page.

When the current Servicer and the new lender are the same:

- ◇ The current Servicer of the loan updates the existing MIN, and adds the note date, note amount and other information into the MERS[®] System on the Modification page.


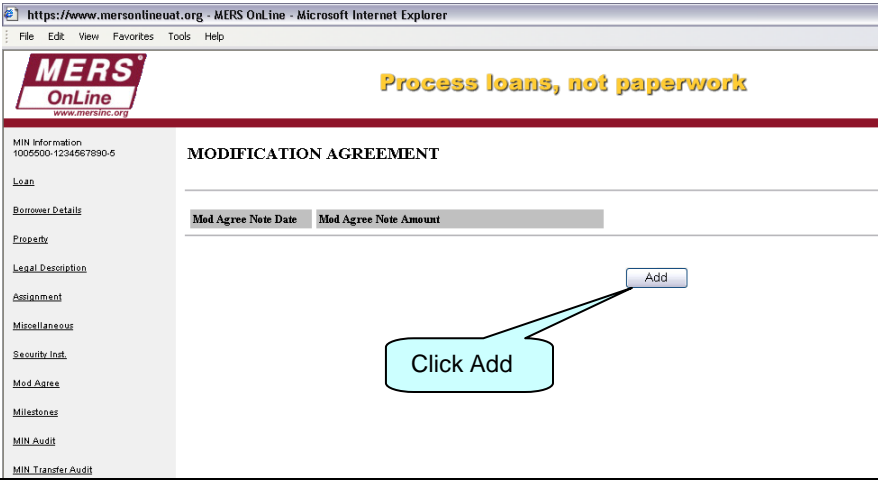

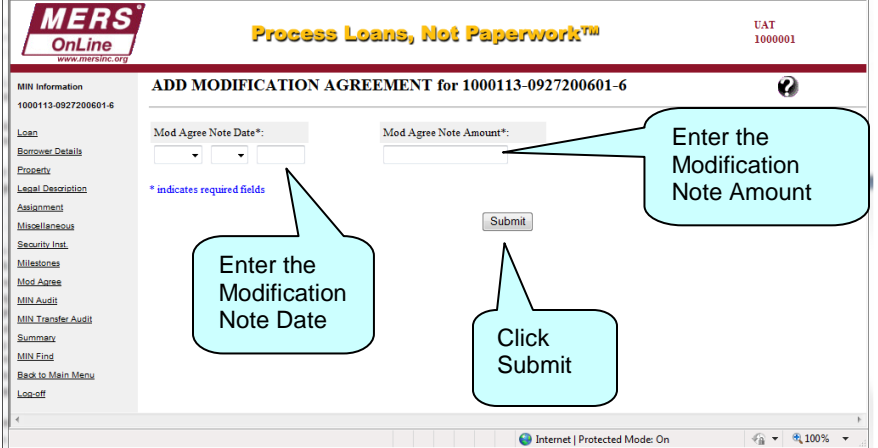
Chapter contents

This chapter explains how to register a CEMA, or update a current MIN with CEMA information.

CEMA Processing

If a new MIN has to be registered, please see [Chapter 5: Loan Registration](#) for details, remembering to enter the original loan information and use the Mod Agree tab to enter the modification information.

If the current Servicer and new lender are the same, the modification is added to the existing MIN in the following steps:

Step	Action
1	Click <u>MIN Information</u> on the main menu.
2	Enter the <u>MIN</u> :
3	<p>Then select the Mod Agree from MIN Information menu.  The Modification Agreement page appears.</p> 
4	<p>Click ADD.  The Add Modification Agreement page appears.</p> 

5

Enter the CEMA information and click Submit.

 The Modification Agreement Confirmation page displays.



Chapter 8: MIN Find and Selection

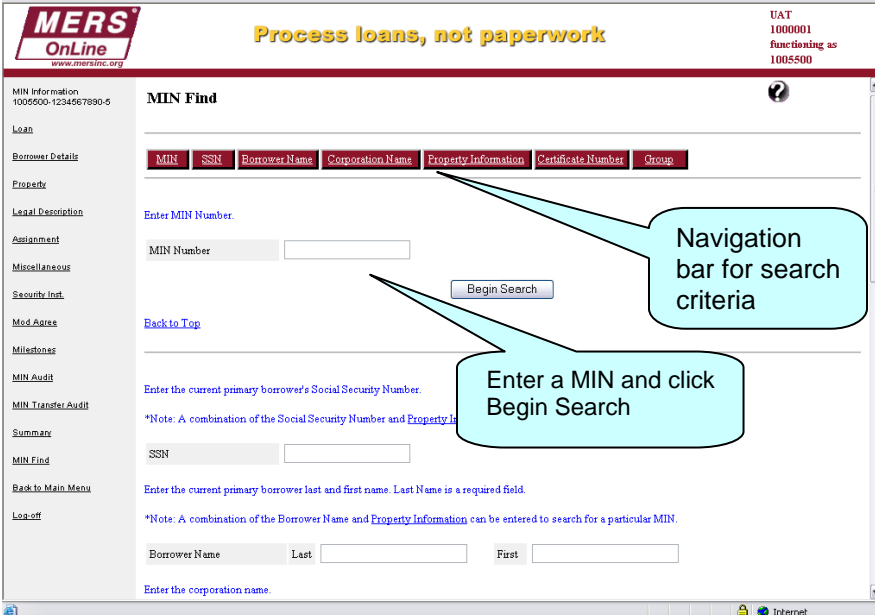
Introduction MERS® OnLine provides several ways of searching for and selecting MINs. If you know the MIN, you can enter it to view or update information. If you do not know the MIN, you can enter characteristics of the loan, such as borrower social security number or property address, to search for that particular MIN.

For MINs you are currently associated with, or for which you are the most recent Previous Servicer or Subservicer, you can view complete information using the MIN Information menu options. For MINs you are not associated with, or which have been archived because they have been deactivated for at least 48 months, you can view only a limited summary.

Finally, you can use the Group search function to create a list of MINs that fit criteria such as “all paid off loans with a particular Investor and Servicer.” Using Group search, however, you can only view MINs you are currently associated with.

Chapter contents

This chapter describes how to find a single MIN, or to find a group of MINs that your organization is associated with. It also describes how to use MERS® Link to display limited information on any MIN.

Step	Action
1	<p>Click <u>MIN Information</u> from the main menu.  A MIN Find page appears</p> <p>The screenshot shows the MERS OnLine interface. The top navigation bar includes the MERS OnLine logo, the tagline "Process loans, not paperwork", and the UAT number 1000001 functioning as 1005500. The left sidebar contains a menu with options: MIN Information, Loan, Borrower Details, Property, Legal Description, Assignment, Miscellaneous, Security Int., Mod Agree, Milestones, MIN Audit, MIN Transfer Audit, Summary, MIN Find, Back to Main Menu, and Log off. The main content area is titled "MIN Find" and features a navigation bar with tabs: MIN, SSN, Borrower Name, Corporation Name, Property Information, Certificate Number, and Group. The "MIN" tab is selected. Below the tabs, there are input fields for "MIN Number", "SSN", "Borrower Name" (Last and First), and "Corporation Name". A "Begin Search" button is located below the input fields. Two callout boxes provide instructions: one points to the navigation bar saying "Navigation bar for search criteria", and another points to the input fields saying "Enter a MIN and click Begin Search".</p>

2

Select the method by which you want to search: Borrower Name, Property Address, MIN, Social Security Number, Certificate Number or Group.

Enter as much unique information as possible to identify the MIN.

3




Enter the search information and click Begin Search.



The MIN List page will be displayed.



Archived MINs will contain a header showing they are archived.

4	<p>Click on the MIN you wish to view.</p> <ul style="list-style-type: none">  The MIN Summary page for that MIN will be displayed, and the MIN Information menu will appear.  The MIN Summary page always displays primary borrower, even if your search criteria matched a co-borrower on that MIN.  For archived MINs and MINs your organization is not associated with, a Modified MIN Summary page will be displayed, and the MIN Information menu will not appear.
---	---

When to use MIN Find and Group

Use MIN Information to view general information about a MIN

Use the Group option to find and select individual or multiple MINs. You can use the Group option to list and select multiple MINs for the following processes:

- Release Interim Funder Interests
- Transfer Servicing Rights
- Transfer Beneficial Rights (Option 2 only)
- Deactivation-Transfer to Non MERS Status
- Deactivation-Paid In Full

MIN Group Search

Below are the fields available on MIN Group to help identify the MINs you want. Check the “Summary Count Only” box to suppress individual MIN information, and receive just a MIN count.

Field	Instructions
MIN Status	Click on the down arrow to select a specific status (example: all MINs Paid in Full)
Foreclosure Status	For MINs in Foreclosure, choose the specific foreclosure status
MOM	Any MIN, or only MOM MINs, or only non-MOM MINs, or only iRegistration MINs
Servicer Custodian Investor Subservicer Interim Funder	<p>Enter the Org ID for the entity you want (example Servicer) or click on the field name to display an alphabetic list of MERS® System Members in that line of business.</p> <p>If you have the My MERS option turned on, your Org ID lists will be customized to show only your designated trading partners.</p> <p>You can enter an Org ID in one or more of these fields, or leave them blank. You must enter your Org ID in at least one of the fields.</p>
Pool Number	Enter the Pool Number if that is part of your search criteria
Associated Member	<p>Click the down arrow to select specific associated member role, then click on the organization field to display an alphabetic list of Members in that line of business.</p> <p>Or leave Org ID blank to select all MINs that contain that type of Associated Member</p>
Information displayed in a Group search	<p>Below is the MIN information that is returned from a MIN Group search</p> <p><u>MIN Information</u></p> <ul style="list-style-type: none"> • MIN • MIN Status • MOM, Non-MOM, or iRegistration status • Lien Type • Registration Date • Note Amount • Note Date • Property address • Borrower Name(s) • Originating Organization <p>To view all of the details of a MIN, click the highlighted MIN.</p> <p>When you select a MIN on which your organization is a rights holder, the MIN Information menu will appear to allow you to select sections containing the specific information you want to view or update.</p>

**Information
displayed on
a MIN
Summary**


The following information is displayed on the MIN summary when your organization is a current rights holder on the MIN, or the most recent previous Servicer or Subservicer:

- MIN
- MIN Status (will be in bold red font if not in Active status)
- MOM, Non-MOM or iRegistration
- Registration Date
- Property address
- Lien Type
- Primary borrower name (even if search criteria matched co-borrower)
- Primary Borrower Social Security Number
(masked except for last four digits)
- Pool number
- Note amount
- Note date
- Servicer name
- Custodian name
- Investor name
- Loan number
- Subservicer name
- Interim funder name
- Originating Organization

For archived MINs, and MINs with which your organization is not associated, a modified MIN Summary page is displayed which contains only the following fields:

- MIN
- MIN Status (will be in bold red font if not in Active status)
- MOM (Y/N)
- Property address
- Primary borrower name (last name only for archived MINs)
- Servicer
- Investor (unless Investor has opted out of disclosing investor information in proprietary applications)
- Subservicer

The screen below shows the MIN Summary screen for a MIN in a pending TOS/TOB batch. Using the batch number hyperlink, you can instantly link to the batch summary page to confirm or reject the MIN for the batch.



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Process Loans, Not Paperwork™

UAT
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1005000

MIN Information
1005000-0000000012-8

[Loan](#)

[Borrower Details](#)

[Property](#)

[Legal Description](#)

[Assignment](#)

[Miscellaneous](#)

[Security Inst.](#)

[Milestones](#)

[Mod Agree](#)

[MIN Audit](#)

[MIN Transfer Audit](#)

[Summary](#)

[MIN Find](#)

[Back to Main Menu](#)

[Log-off](#)

MIN SUMMARY ?

Summary

1005000-0000000012-8		Active (Registered)	
134 SHADY GROVE		Non-MOM	
JACKSONVILLE, FL 32225		First Lien	
Reg Date	05/10/2005		
County	County Unknown		
Primary Borrower	SEASONED, JOHN	SSN	123-45-6800
Co-Borrower	SEASONED, JANE	SSN	987-65-4332
Pool Number	N/A	Investor Loan Number	123456789
Note Amount	\$150,000.00	Note Date	04/01/2004
Servicer	1005000 - MERS Master Mortgage - UAT		
Custodian	N/A		
Investor	1005000 - MERS Master Mortgage - UAT		
Subservicer	N/A		
Interim Funder	N/A		
Originating Organization	N/A		
Property Preservation Co.	N/A		


Pending Batches				
Batch Number	Transfer Type	Status	Transfer Date	Sale Date
54381	Transfer Seasoned Servicing Rights	Transfer Pending	09/11/2011	09/11/2011

Click on the batch number to confirm the selected batch.

Done
Internet | Protected Mode: On
100%

5

Click on the MIN you want to display
Summary information will be displayed.



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Training
1000001

MERSLink

Search by

MIN

SSN

Name

Corporation

Address

Certificate

OnLine Help

Knowledge Base

Back to Main Menu

Log-off

www.mersinc.org

E-Mail Help Desk

1000101-777777788-1

110 MAIN ST
RESTON, VA 20190

Active (Registered)
MOM
First Lien

Reg Date	07/29/2010
County	Fairfax
Primary Borrower	ABC CORPORATION
Note Amount	\$100,000.00
Note Date	07/27/2010
Servicer	1000266 - Principal Residential Mortgage Inc. Des Moines, IA 50310
Investor	1000266 - Principal Residential Mortgage Inc. Des Moines, IA 50310
SubServicer	1000150 - JP Morgan Chase Bank NA Indianapolis, IN 46277
Originating Organization	1000266 - Principal Residential Mortgage Inc.
Property Preservation Co.	N/A

SECURITY INSTRUMENT

Mortgagee/Beneficiary	N/A
Trustee	N/A
Security Type	None

Recording Details for Security

Date	Instrument/Doc Number	Book/Liber	Page/Folio	Type
N/A	N/A	N/A	N/A	N/A

ASSIGNMENT

Assign. Type	None
Assign. Sent Date	N/A

Assignee

Name	N/A
Address	N/A
City, State, Zip	N/A
Contact	N/A
Contact Phone	N/A
Contact Phone Ext.	N/A

Assignor

Name	N/A
Address	N/A
City, State, Zip	N/A

Recording Details for Assignment

Date	Instrument/Doc Number	Book/Liber	Page/Folio	Type
N/A	N/A	N/A	N/A	N/A

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Chapter 9: MIN Information Menu

Introduction

MINs are updated in two ways. One way is automatic, through transactions such as transfers of servicing or payoff. The other way is manually. You will, for example, manually update a MIN with the Lien Release Sent Date after a payoff, or recording information when you receive it back from the recorder's office. You might also need to correct borrower or property information.

To manually update information on the MERS® System, you use the MIN Information function. MIN Information is also used to view summary, milestone, and audit history information about a MIN.

Chapter contents

This chapter describes how to view and update information on a MIN, and explains when to check the Quality Review flag.

To view and update a particular MIN, follow these steps:

Step	Action
1	Click MIN Information from the main menu. The MIN Find page appears
2	Type a MIN in the MIN field.
3	Click Begin Search or press Enter. If you are a rights holder on the MIN, or a Property Preservation Company with a relationship with the Servicer or Subservicer, the MIN Information menu lists sections you can view or update.

To view general information or activity on a MIN, click on Milestones, MIN Audit, MIN Transfer Audit, or Summary.

- Milestones shows a record of significant events for a MIN such as registration, transfers or reversals.

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UAT
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1005500

MIN Information
1005000-111111111-8

MILESTONES

Description	Date	Initiating Organization / User	Milestone Information
MIN Information Update	11/02/2004	1005000 MERS Master Mortgage - UAT Tester2	MIN Status: Active (Registered) New Subservicer: 1000254 Aurora Servicing, Inc. - UAT Old Subservicer: None Quality Review: N
MIN Information Update	11/02/2004	1005000 MERS Master Mortgage - UAT Tester2	MIN Status: Active (Registered) New Interim Funder: 1000108 GMAC Interim Funder - UAT
Registration	11/01/2004	1005000 MERS Master Mortgage - UAT Tester2	MIN Status: Active (Registered) Servicer: 1005000 MERS Master Mortgage - UAT

- MIN Audit shows a history of field changes for the MIN.

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Process loans, not paperwork

UAT
1000001
functioning as
1005500

MIN Information
1005000-111111111-8

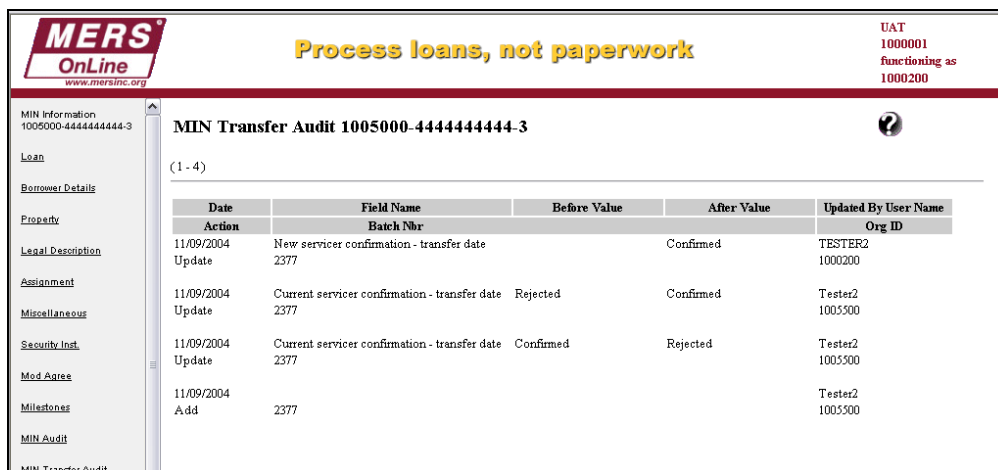
MIN Audit 1005000-111111111-8

(1 - 10)

Date	Action	Field Name	Before Value	After Value	Updated By User Name Org ID
11/02/2004	Update	Quality Control flag	No	Yes	Tester2 1005000
11/02/2004	Update	Quality Control flag	Yes	No	Tester2 1005000
11/02/2004	Update	Quality Control flag	No	Yes	Tester2 1005000
11/02/2004	Update	Quality Control flag	Yes	No	Tester2 1005000
11/02/2004	Update	Quality Control flag	No	Yes	Tester2 1005000
11/02/2004	Add			Original Recording - SIM - 123456, Book# - 123, Page# - 123, Recording Dt - 11/01/2004	Tester2 1005000
11/02/2004	Update	Agency number	123456	654321	Tester2 1005000
11/02/2004	Update	FHA_VA case nbr or MI Cert Nbr	123456	654321	Tester2 1005000
11/02/2004	Update	Investor loan number	123456	654321	Tester2 1005000
11/02/2004	Update	Investor pool number		654321	Tester2 1005000

1 2 3 4 5 6 7 Next

- MIN Transfer Audit shows a history of transfers performed on the MIN.



MERS OnLine Process loans, not paperwork UAT 1000001 functioning as 1000200

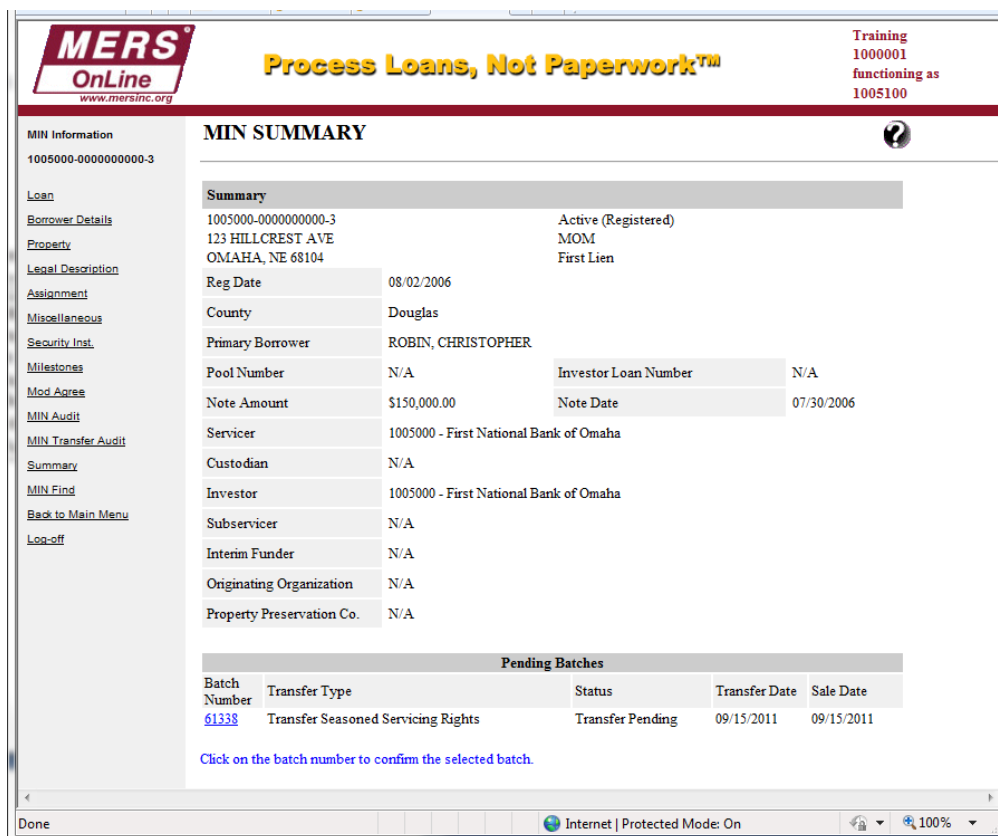
MIN Information 1005000-444444444-3

MIN Transfer Audit 1005000-444444444-3

(1 - 4)

Date	Field Name	Before Value	After Value	Updated By User Name
11/09/2004	New servicer confirmation - transfer date		Confirmed	TESTER2
Update	Batch Nbr 2377			1000200
11/09/2004	Current servicer confirmation - transfer date	Rejected	Confirmed	Tester2
Update	Batch Nbr 2377			1005500
11/09/2004	Current servicer confirmation - transfer date	Confirmed	Rejected	Tester2
Update	Batch Nbr 2377			1005500
11/09/2004	Add			Tester2
				1005500

- Summary shows high-level current information on a MIN



MERS OnLine Process Loans, Not Paperwork™ Training 1000001 functioning as 1005100

MIN Information 1005000-0000000000-3

MIN SUMMARY

Summary

1005000-0000000000-3 Active (Registered)
123 HILLCREST AVE MOM
OMAHA, NE 68104 First Lien

Reg Date 08/02/2006

County Douglas

Primary Borrower ROBIN, CHRISTOPHER

Pool Number N/A Investor Loan Number N/A

Note Amount \$150,000.00 Note Date 07/30/2006

Servicer 1005000 - First National Bank of Omaha

Custodian N/A

Investor 1005000 - First National Bank of Omaha

Subservicer N/A

Interim Funder N/A

Originating Organization N/A

Property Preservation Co. N/A

Pending Batches

Batch Number	Transfer Type	Status	Transfer Date	Sale Date
61338	Transfer Seasoned Servicing Rights	Transfer Pending	09/15/2011	09/15/2011

Click on the batch number to confirm the selected batch.

**Viewing,
Modifying, or
Adding MIN
Information**

The chart below provides information for using this function.

Transaction	Requirement
Data entry	<ul style="list-style-type: none"> • Type MINs with or without dashes. • When a MIN has a status of "Deactivated", you can only update the assignment information in the Assignment section. • When a MIN has a status of "Paid Off", you can only update the Lien Release Sent Date on the Security Instrument page. • Type dollar amounts without commas or decimal points. • Type Social Security Numbers without dashes.

Loan

- You can change, but not delete, Note Amount and Note Date
- You can add, change, or delete Funding Date
- You cannot change Servicer or Investor. This requires a Transfer of Servicing Rights or Transfer of Beneficial Rights.
- You can change or add a Custodian.
 - You can also change, add, or delete a Custodian when creating a TOS, TOB or TOS/TOB transaction.
- You can add, but not change or delete, an Interim Funder
 - Only the named interim funder, using the Interim Funder Interests Release menu option, can remove interim funder interests.
- You can add, change or delete Associated Members
- A Property Preservation Company can add or delete itself only if it has a Relationship with the Servicer or Subservicer on the MIN

Borrower Details

Select Borrower Details

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UAT 1000001 functioning as 1005500

MIN Information 1005500-1234567890-5

BORROWER

Type	Name	SSN	Orig
Primary	Corporate Borrower		<input type="checkbox"/>

Add

Select Borrower Details

Click the borrower name hyperlink to update borrower information

Checked for original borrower(s) after an assumption

Click Add to enter additional borrowers for this MIN

Add Borrower page:

MERS OnLine

UAT 1000001 functioning as 1005500

MIN Information 1005500-1234567890-5

ADD BORROWER

Borrower:

Type:

Corporate Name:

OR

Title:

First Name*:

Middle Name:

Last Name*:

Honorable:

Social Security Number:

*Indicates required fields

Social Security Number is required when the Borrower Type is Primary

Submit

Use Current unless you are correcting Original Borrower information after an assumption

Select Co-Borrower from the drop down

Enter Corporate Name or Individual Name as it appears on the Security Instrument

Enter Social Security Number if available

Click Submit

- Only one Primary Borrower is allowed for each loan. All other borrowers are Co-Borrowers
- Use Corporate Name for any non-person borrower, including trust or trustee

Update Borrower page:

MIN Information
1005300-44443333-5

BORROWER

Loan

Borrower Details

Property

Legal Description

Assignment

Miscellaneous

Security Inst.

Mod Agree

Milestones

MIN Audit

MIN Transfer Audit

Summary

MIN Find

Back to Main Menu

Log-off

Borrower:

Type:

Corporate Name:

- OR -

Title:

First Name*:

Middle Name:

Last Name*:

Honoric:

Social Security Number:

* indicates required fields

Social Security Number is required when the Borrower Type is Primary

Update Delete

Enter the changes for this Borrower and click Update

Click Delete to delete this Co-Borrower (cannot delete Primary Borrower)

You can change but not delete these fields:

- Primary Borrower Corporation Name.
- Primary Borrower First.
- Primary Borrower Last Name.
- Primary Borrower Social Security Number

You can change or delete Co-Borrowers

Property

MIN Information
1005300-1234567890-5

PROPERTY

Loan

Borrower Details

Property

Legal Description

Assignment

Miscellaneous

Security Inst.

Mod Agree

Milestones

MIN Audit

MIN Transfer Audit

Number

Name*

Designator

Direction

Street*

Unit

Unit Type

City*

State*

Zip*

* indicates required fields

Update

Select Property

Street designator (e.g. ST, RD, or AVE)

Street direction (e.g. S, NE)

Unit type (e.g. apartment, condo)

Enter the property changes and click Update

You can change but not delete these fields

- Street Name
- City
- State
- Zip

Legal Description

Callouts for LEGAL DESCRIPTION page:

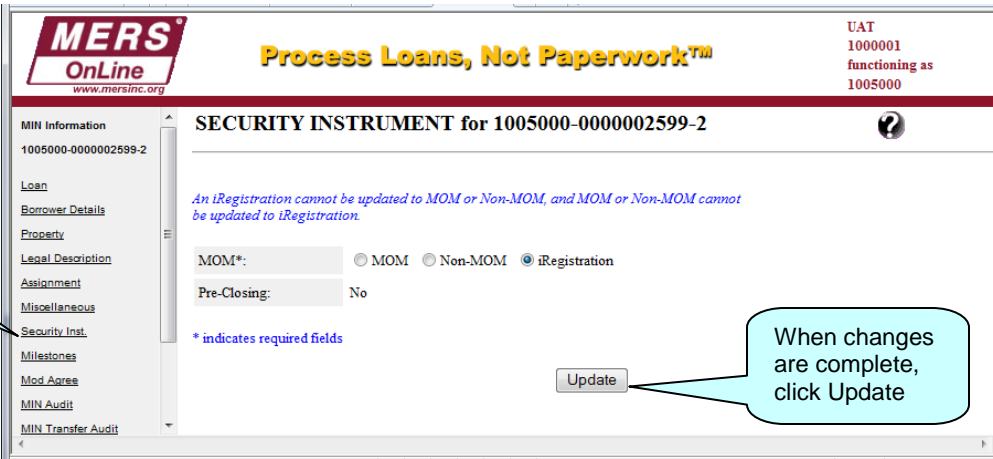
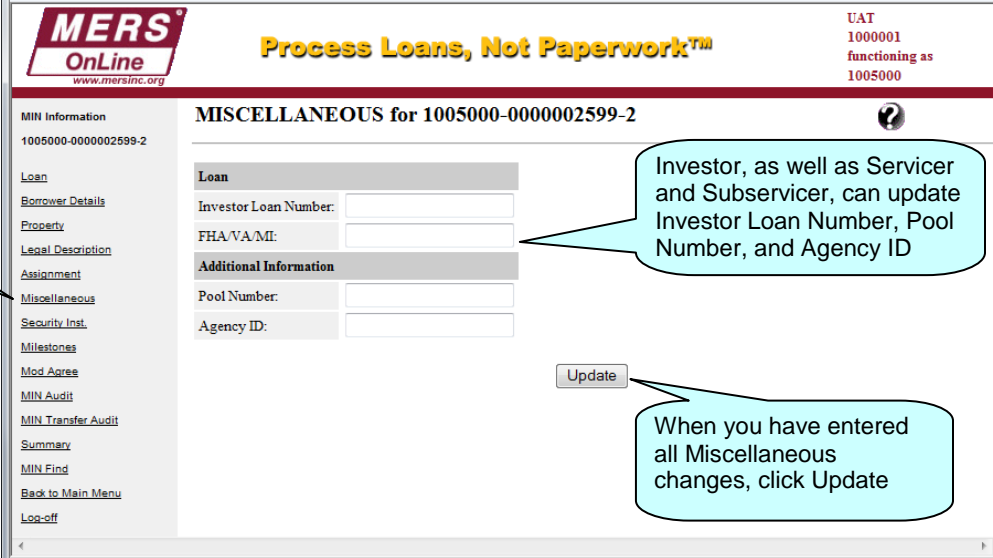
- Select Legal Description
- Select FIPS Code hyperlink to display the FIPS Code pop up window
- Enter corrected County Name or FIPS Code
- Click the Delete button next to a Legal Description to delete that Legal Description
- Click Add to enter an additional Legal Description
- Enter the Legal Description changes and click Update

Add Legal Description

Callouts for ADD LEGAL DESCRIPTION page:

- Enter the description (e.g. County Name)
- Choose the Legal Description Type from the drop down
- When you have entered the new legal description, click Submit

- You can delete or update legal descriptions, as long as at least one County description remains.
- You can add legal descriptions.

<p>Security Instrument</p> <p>Select Security Inst</p>	 <p>MERS OnLine Process Loans, Not Paperwork™</p> <p>UAT 1000001 functioning as 1005000</p> <p>MIN Information 1005000-0000002599-2</p> <p>SECURITY INSTRUMENT for 1005000-0000002599-2</p> <p><i>An iRegistration cannot be updated to MOM or Non-MOM, and MOM or Non-MOM cannot be updated to iRegistration.</i></p> <p>MOM*: <input type="radio"/> MOM <input type="radio"/> Non-MOM <input checked="" type="radio"/> iRegistration</p> <p>Pre-Closing: No</p> <p>* indicates required fields</p> <p>Update</p> <p>When changes are complete, click Update</p> <ul style="list-style-type: none"> • MOM indicator cannot be changed to iRegistration; this requires reversing the registration of the MIN and then re-registering it with the correct MOM indicator. • MOM indicator cannot be changed from iRegistration to MOM; this requires reversing the registration of the MIN and then re-registering it with the correct MOM indicator. • MOM indicator cannot be changed from iRegistration to Non-MOM; this requires a Conversion transaction.
<p>Miscellaneous</p> <p>Select Miscellaneous</p>	 <p>MERS OnLine Process Loans, Not Paperwork™</p> <p>UAT 1000001 functioning as 1005000</p> <p>MIN Information 1005000-0000002599-2</p> <p>MISCELLANEOUS for 1005000-0000002599-2</p> <p>Loan</p> <p>Investor Loan Number: <input type="text"/></p> <p>FHA/VA/MI: <input type="text"/></p> <p>Additional Information</p> <p>Pool Number: <input type="text"/></p> <p>Agency ID: <input type="text"/></p> <p>Update</p> <p>When you have entered all Miscellaneous changes, click Update</p> <p>Investor, as well as Servicer and Subservicer, can update Investor Loan Number, Pool Number, and Agency ID</p> <ul style="list-style-type: none"> • The FHA/VA/MI field value is no more than 20 alphanumeric characters in length. Dashes are allowed. • If you delete the Agency ID when the Investor requires it, the system will auto populate the field with the Agency ID defined in your Member Information. If not defined there, the system will display an error message that “Agency ID is required.” • The Investor on the MIN may update Investor Loan Number and Pool Number on this page.

Assignment

Select Assignment

Add Assignment page:

- The Assignee fields default to MERS' address and contact information when the assignment type is Registration. The default values are required for an assignment to Mortgage Electronic Registration Systems, Inc. (MERS).
- Assignee Name and Assignor Name are required.

Update Assignment page:

MERS OnLine Process Loans, not paperwork™

UAT 1000001 functioning as 1005000

MIN Information 1005000-0000002799-8

Loan Assignment Type: Registration

Assignee

Name*: Mortgage Electronic Registration Systems, Inc.

Address: PO Box 2026

City, State, Zip: Flint Michigan 48501 2026

Contact: [Empty]

Contact Phone: [Empty] Extension: [Empty]

Assignor

Name*: ABC Mortgage Company

Address: 123 High St Suite 1214

City, State, Zip: Reston Virginia 20190

Update Delete

- You can change but not delete the following fields:
 - Assignee Name
 - Assignor Name

Mod Agree

Select Mod Agree

MERS OnLine Process loans, not paperwork™

UAT 1000001 functioning as 1005500

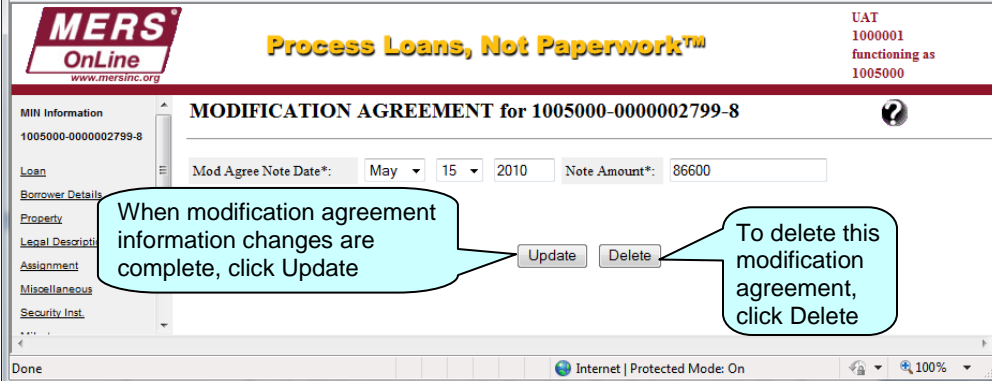
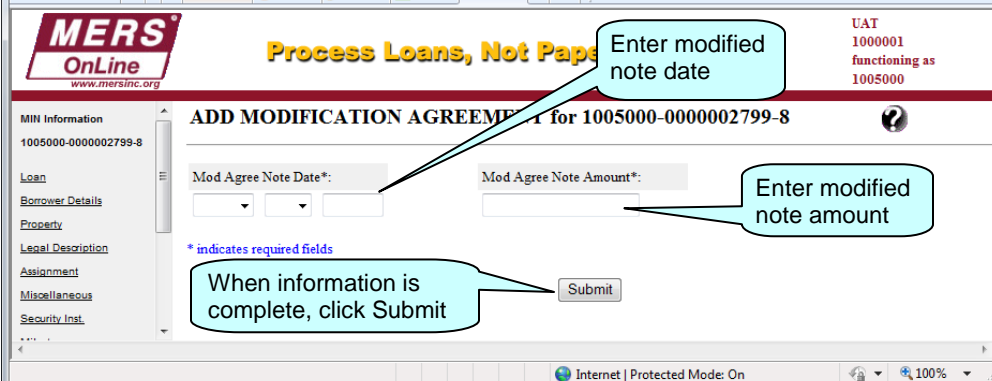
MIN Information 1005500-1234567890-5

MODIFICATION AGREEMENT

Mod Agree Note Date	Mod Agree Note Amount
11/10/2004	\$5000

Add

- You can update, delete, or add modifications agreements

	 <ul style="list-style-type: none"> • The following fields can be changed, but not deleted except by deleting the entire Modification Agreement: <ul style="list-style-type: none"> ◦ Modification Agreement Note Date ◦ Modification Agreement Note Amount
<p>Processing</p>	 <ul style="list-style-type: none"> • The following fields are required: <ul style="list-style-type: none"> ◦ Modification Agreement Note Date ◦ Modification Agreement Note Amount
	<ul style="list-style-type: none"> • The system will display a warning message if the lien type, primary borrower, and property address exactly match those fields on an existing registered loan. The warning message appears after the update is successfully processed. The original MIN appears in the Field Value field of the error message response page, if you have an association with the MIN. For example, if you are the Servicer, sub-Servicer, Investor, interim funder or custodian of the original MIN. If you are not associated with the original MIN, number signs (#####-#####-#) appear in the Field Value field. • The system will display a warning message if you update the MOM indicator to Y on a seasoned loan. • Incomplete MIN information updates are not processed or retained on the system

Chapter 10: Assumption of a Mortgage

Introduction An assumption of a mortgage debt consists of the following events:

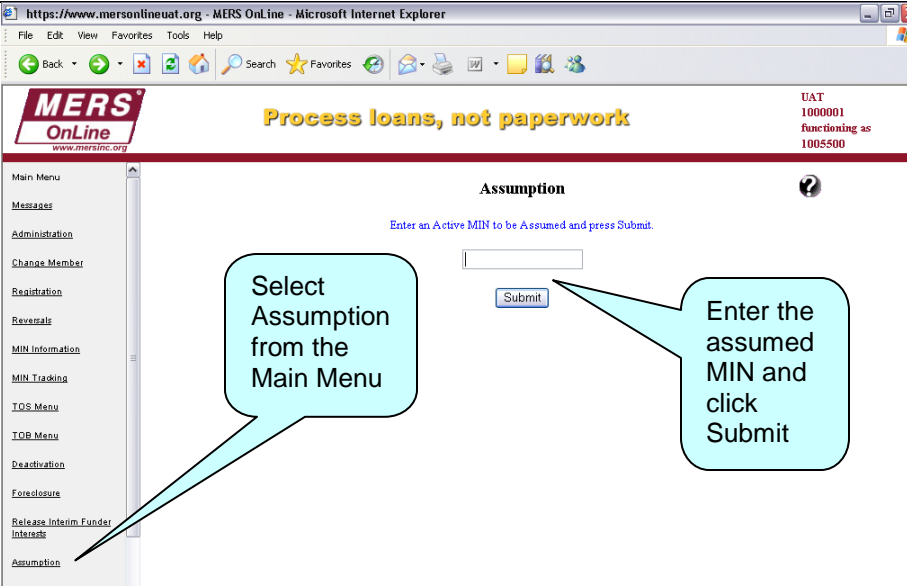
- A new borrower assumes the outstanding mortgage debt
- A borrower is removed from the existing loan obligation
- A new borrower is added to the existing loan obligation

The Servicer or Subservicer, if applicable, is responsible for entering the new borrower information on the MERS® System.

Because the original borrower(s) information is needed to execute a lien release, the original borrower and the current borrower names and Social Security Numbers (SSN) are retained on the MERS® System for the life of the loan. When a first assumption transaction is processed on the MERS® System, the current borrowers automatically become the original borrowers and the new borrowers are entered as current borrowers. In the case of multiple assumptions, interim borrower information is not maintained on the MERS® System.

Chapter contents

This chapter explains when to use the assumption process, how to describe the borrowers, and how to process and assumption on the MERS® System.

Step	Action
1	Click Assumption from the main menu.
	
2	Type a MIN in the MIN field and click Submit The Assumption page appears with the original borrower information.

3	Enter the new Primary Borrower information.
4	Enter the new Co-borrower information, if applicable.
5	Click Submit.

Assumption requirements

The assumption requirements are as follows:

Field	Notes
Data entry tips	<ul style="list-style-type: none"> Type MINs with or without dashes. Fields that appear with asterisk (*) are required. Fields that are not required should be completed if the information is available. Type Social Security Numbers without dashes.
MIN	<ul style="list-style-type: none"> Enter an active, registered, MIN
Borrowers	<ul style="list-style-type: none"> The current primary borrower is required. Only one current primary borrower and one original primary borrower are allowed. Only one current primary and one current co-borrower can be entered on this page. <ul style="list-style-type: none"> To enter additional co-borrowers, use the MIN Information Borrower page.
Processing	<ul style="list-style-type: none"> Correct errors that appear in the error message window Incomplete assumptions are not saved or retained on the system.

When to use the Assumption process

When the terms of a mortgage are assumed, you must update the MERS® System to indicate that the borrower has changed.

- ☐ You can add new borrower information using the Assumption option for a loan that is assumed after it is registered on the MERS® System.
- ☐ You can add, modify, delete or view current borrower information on the Registration or MIN Information menu for a loan that was assumed before it was registered.
- ☐ You can add, modify, delete or view original borrower information on the MIN Information menu for a loan that was assumed before it was registered.

Original versus Current Borrowers	<p>The original borrower(s) is the individual(s) indicated on the security instrument. The current borrower(s) is the individual responsible for the loan.</p> <ul style="list-style-type: none"> ☐ Specific security access is required in order to add, modify, delete or view original borrower information.
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Chapter 11: Beneficial Rights Transfer Creation

Introduction

The Transfer of Beneficial Rights (TOB) transaction reflects the transfer of the security under the mortgage or deed of trust. Two types of TOB transactions are provided by the MERS® System: Option 1 and Option 2. The Investor determines which option it will use; it cannot use both.

A MIN can be in an Option 1 and Option 2 TOB batch at the same time. When the Option 1 TOB transaction is completed, the duplicate MIN is deleted from the Option 2 TOB batch. The MINs deleted from the Option 2 TOB batch appear on a report. Non-duplicate MINs remain in the Option 2 transfer batch.

If your organization is both the current Investor and current Servicer on the MIN(s), and the new Investor will also be named as the new Servicer, you can create a combination Transfer of Servicing/Transfer of Beneficial Rights (Option 2) transaction. See [Chapter 13: Servicing Rights Transfer Creation](#) for instructions.

The Servicer or Subservicer can create an Option 2 TOB transaction. Option 1 Investors can create an Option 1 TOB transaction.

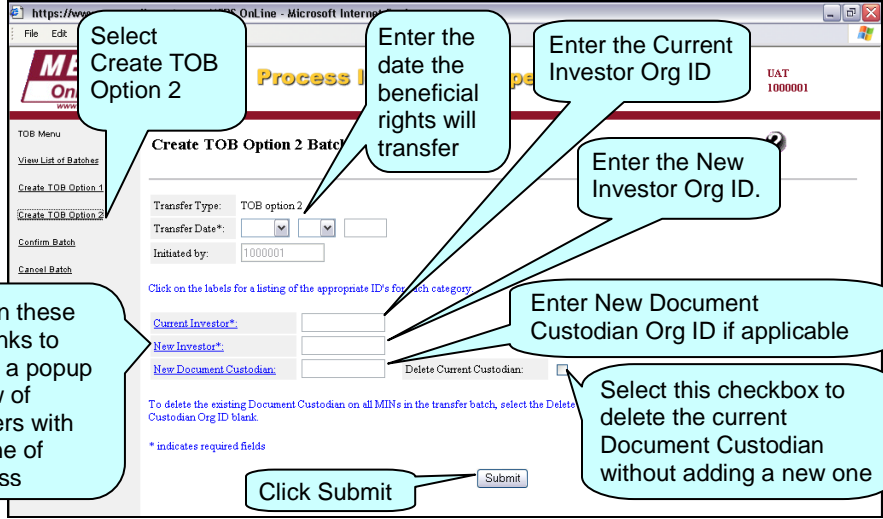
If the Document Custodian will also change as a result of the Transfer of Beneficial Rights, you can indicate this with the transfer transaction too.

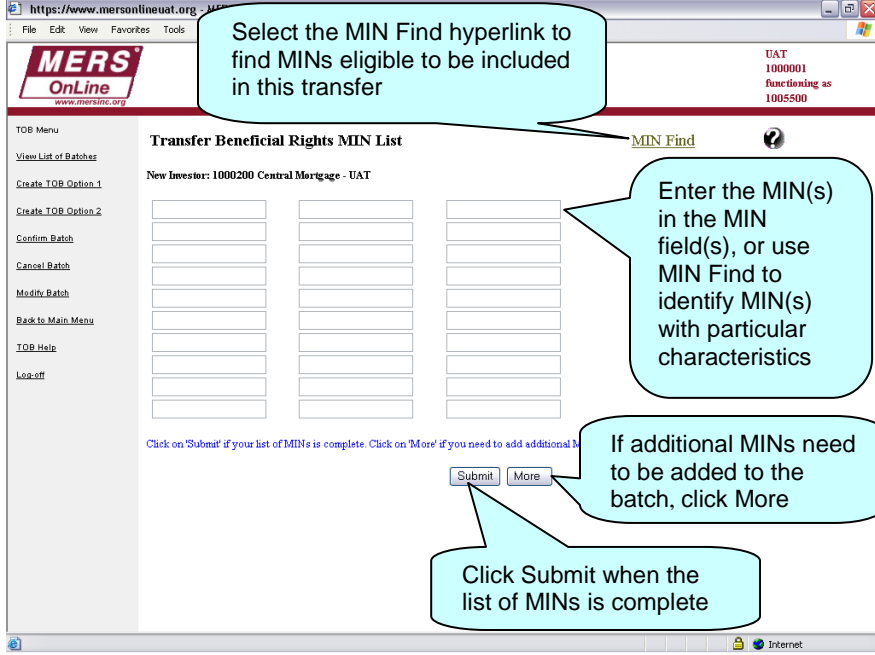
Chapter contents

This chapter explains how to create or cancel a Transfer of Beneficial Rights (TOB) transaction. It also provides information on completing the fields and determining which MINs are eligible for a TOB.

Create TOB Batch

To create an Option 2 TOB batch:

Step	Action
1	Select TOB Menu from the main menu. The TOB menu appears.
2	<p>Select <u>Create TOB Option 2</u></p>  <p>The screenshot shows the 'Create TOB Option 2 Batch' form. Callouts indicate the following actions and fields:</p> <ul style="list-style-type: none"> Select Create TOB Option 2: Points to the 'Create TOB Option 2' link in the left sidebar. Enter the date the beneficial rights will transfer: Points to the 'Transfer Date*' field. Enter the Current Investor Org ID: Points to the 'Current Investor*' field. Enter the New Investor Org ID: Points to the 'New Investor*' field. Enter New Document Custodian Org ID if applicable: Points to the 'New Document Custodian*' field. Select this checkbox to delete the current Document Custodian without adding a new one: Points to the 'Delete Current Custodian' checkbox. Click Submit: Points to the 'Submit' button. Click on these hyperlinks to display a popup window of Members with that Line of Business: Points to the 'Current Investor*', 'New Investor*', and 'New Document Custodian*' fields. <p>Below the form, a list of required actions is provided:</p> <ul style="list-style-type: none"> • Enter the Transfer Date. • Enter the Current Investor Org ID. • Enter the New Investor Org ID. • Enter the New Document Custodian Org ID, if applicable OR Check the “Delete Current Custodian” box, if applicable. • Click Submit

<p>3</p>	<p>Complete the MIN List page.</p>  <p>Use the MIN Find option to identify MINs with particular characteristics if MIN numbers are unknown.</p>
<p>4</p>	<p>Click Submit.</p> <ul style="list-style-type: none"> If the transfer transaction is accepted, a page will display showing all TOB batches created. If warning messages appear without any errors, the beneficial rights transfer batch is created successfully. If the transfer transaction is rejected, the TOB initiator must correct all errors that appear in the error message in order to complete the transaction. Incomplete beneficial rights transfer transactions are not saved or processed.

**Beneficial rights
transfer
transaction
requirements**

The TOB transaction requirements are as follows:

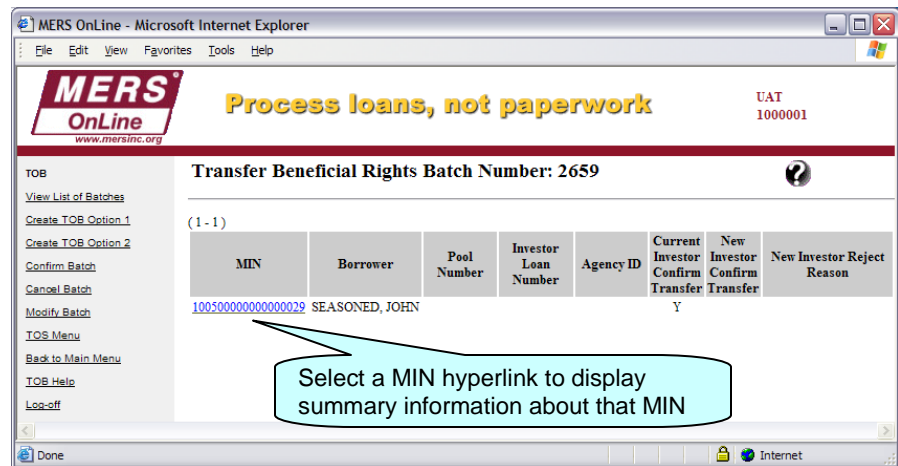
Field	Notes
Data entry tips	<ul style="list-style-type: none"> Fields that appear with an asterisk (*) are required. Fields that are not required should be completed if the information is available. Enter MINs with or without dashes.
Transfer Date	<ul style="list-style-type: none"> Transfer Date may be any valid date. For an Option 2 TOB, the Transfer Date cannot be more than 60 days before the transfer creation date.
Eligible MINs	<ul style="list-style-type: none"> MINs included in a TOB batch must have a status of “Active (Registered)”. A MIN can exist in an Option 1 and Option 2 TOB batch at the same time. A MIN cannot exist in two separate Option 1 TOB batches or two separate Option 2 TOB batches at the same time. A MIN can exist in an Option 1 TOB batch and a TOS batch at the same time. A MIN can exist in an Option 2 TOB batch and a flow TOS batch at the same time if the New Servicer and New Investor are the same entity.
Processing	<ul style="list-style-type: none"> Only the loan Servicer or Subservicer can create an Option 2 TOB batch. Only the <u>new</u> Investor can create an Option 1 TOB batch.

Cancel a Transfer Batch

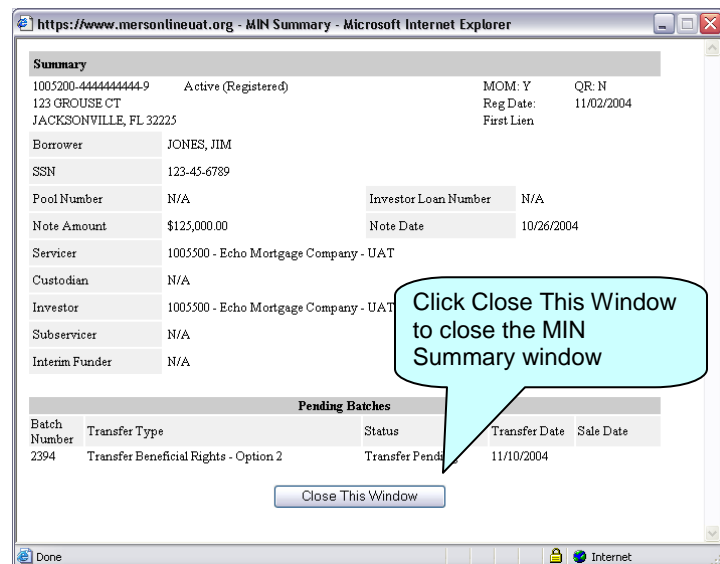
To cancel an Option 2 TOB batch:

Step	Action
1	<p>Click <u>TOB Menu</u> from the main menu.</p> <p> The TOB menu appears.</p>
2	<p>Select <u>Cancel Batch</u>.</p> <p> The Cancel TOB Batch list page appears.</p> <p>Select Cancel Batch from the TOB menu</p> <p>If you know the batch number, you can enter it here and click Go To to display that batch</p> <p>Click on the Org ID hyperlink to display a Member Summary for the Member that initiated the batch</p> <p>Click on the batch number to display that batch</p>
3	<p>Click on the Batch number to be cancelled, or type the batch number in the Batch Number field and click the Go To button.</p> <p> The Cancel TOB Batch page appears.</p> <p>Click Cancel Batch to cancel this batch</p> <p>Select the Total MINS hyperlink to display a list of MINS included in this batch</p> <p>If you are not the initiating Member, you will see the message: * You are not allowed to Cancel this batch. Only the Transfer Initiator can Cancel the Batch.*</p>

- Click on the Total MIN link to view the list of MINS in the batch



- Click on each MIN to display MIN Summary information.



4

Click on Cancel Batch to cancel the batch

Modify a Transfer Batch

If you create a transfer batch that has missing MINs, or MINs that shouldn't be included, use the Modify Batch option to correct it while the Batch is in pending or overdue status. This activity will produce a *Modified Batch – Transfer of Beneficial Rights Report*.


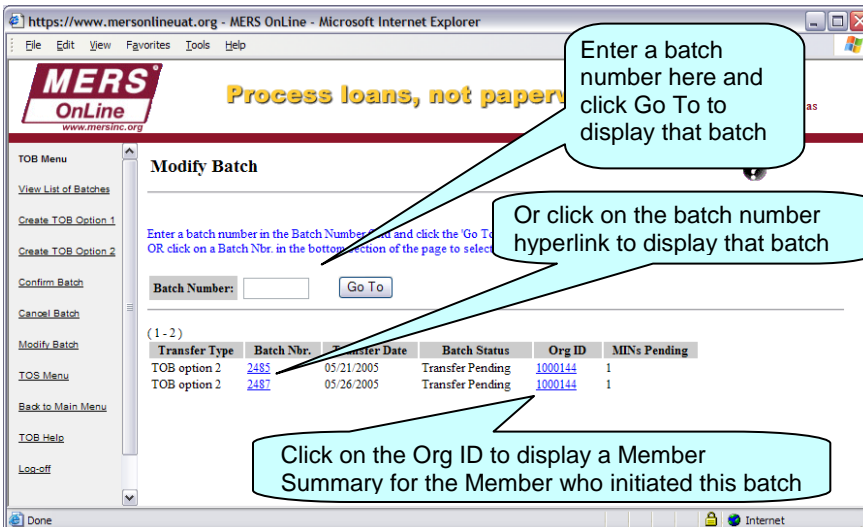
The initiator can make these changes to an Option 2 TOB batch:


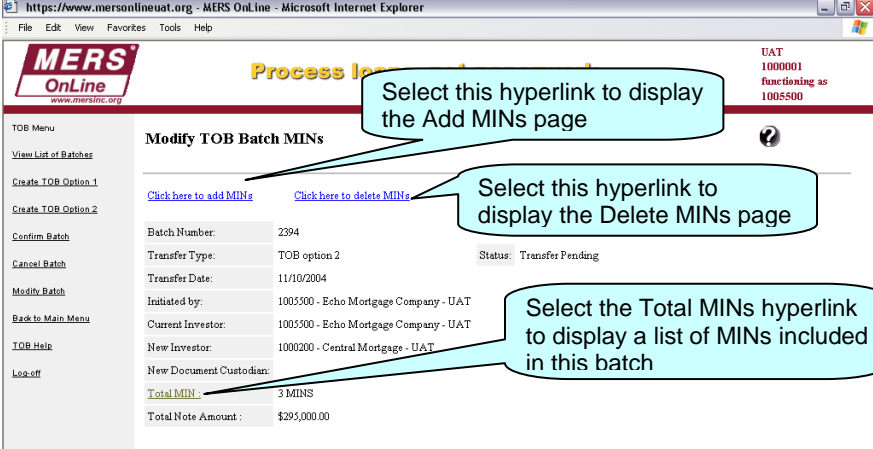




- Change the Transfer Date (any time before transfer completion)
- Cancel the beneficial rights transfer (anytime before transfer completion)

If the transfer was created naming an incorrect Document Custodian, the initiating Servicer or Subservicer must cancel and recreate the batch.

The new Investor can complete Pool and Investor Loan Number fields on the MIN List page, anytime before transfer completion

To add or delete MINs from an Option 2 TOB batch:

Step	Action																		
1	<p>Select <u>Modify Batch</u> from the TOB menu.</p> <p> The Modify Batch list page appears showing pending and overdue batches.</p>  <p>Enter a batch number here and click Go To to display that batch</p> <p>Or click on the batch number hyperlink to display that batch</p> <p>Click on the Org ID to display a Member Summary for the Member who initiated this batch</p> <table border="1"> <thead> <tr> <th>Transfer Type</th><th>Batch Nbr.</th><th>Transfer Date</th><th>Batch Status</th><th>Org ID</th><th>MINs Pending</th></tr> </thead> <tbody> <tr> <td>TOB option 2</td><td>2485</td><td>05/21/2005</td><td>Transfer Pending</td><td>1000144</td><td>1</td></tr> <tr> <td>TOB option 2</td><td>2487</td><td>05/26/2005</td><td>Transfer Pending</td><td>1000144</td><td>1</td></tr> </tbody> </table>	Transfer Type	Batch Nbr.	Transfer Date	Batch Status	Org ID	MINs Pending	TOB option 2	2485	05/21/2005	Transfer Pending	1000144	1	TOB option 2	2487	05/26/2005	Transfer Pending	1000144	1
Transfer Type	Batch Nbr.	Transfer Date	Batch Status	Org ID	MINs Pending														
TOB option 2	2485	05/21/2005	Transfer Pending	1000144	1														
TOB option 2	2487	05/26/2005	Transfer Pending	1000144	1														

2	<p>Click on the Batch Nbr hyperlink for the batch to be modified, or enter the batch number in the Batch Number field and click the Go To Button.</p> <p> The Modify TOB Batch MINs screen appears.</p> 
3	<p>To Add MINs:</p> <ul style="list-style-type: none"> • Click on the link to Add MINs.  You can add up to 30 MINs on the screen that appears. • Click Submit.  The message, “Transfer Beneficial Rights MINs Successfully added to Batch nnnn” displays
4	<p>To Delete MINs:</p> <ul style="list-style-type: none"> • Click on the link to Delete MINs. All MINs in the batch will display. • Check the box next to each MIN you want to delete.  If the checkbox is grayed out, this MIN has already been confirmed and cannot be deleted. • Click Submit.  The message, “Transfer Beneficial Rights MINs Successfully Deleted From Batch nnnn” appears.

View List of Pending Batches

To see the status of a pending batch that you created:

Step	Action																		
1	<p>Click <u>View List of Batches</u> from the TOB_menu.</p> <p> A list of all pending batches that you have created or need to confirm will display.</p> <p>Enter a batch number here and click Go To to display that batch</p> <p>Click on the batch number hyperlink to display that batch</p> <p>Click on an Org ID to display a Member Summary for the Member who initiated this batch</p> <p>Enter a batch number in the Batch Number field and click the 'Go To' button to view that batch. OR click on a Batch Nbr. in the bottom section of the page to view the selected batch.</p> <p>Batch Number: <input type="text"/> Go To</p> <table><tr><th>Transfer Type</th><th>Batch Nbr.</th><th>Transfer Date</th><th>Batch Status</th><th>Org ID</th><th>MINS Pending</th></tr><tr><td>TOB option 2</td><td>2485</td><td>05/21/2005</td><td>Transfer Pending</td><td>1000144</td><td>1</td></tr><tr><td>TOB option 2</td><td>2487</td><td>05/26/2005</td><td>Transfer Pending</td><td>1000144</td><td></td></tr></table> <p>(1 - 2)</p> <p>If more than 50 batches are listed, navigational aids help you scroll through the entire list.</p>	Transfer Type	Batch Nbr.	Transfer Date	Batch Status	Org ID	MINS Pending	TOB option 2	2485	05/21/2005	Transfer Pending	1000144	1	TOB option 2	2487	05/26/2005	Transfer Pending	1000144	
Transfer Type	Batch Nbr.	Transfer Date	Batch Status	Org ID	MINS Pending														
TOB option 2	2485	05/21/2005	Transfer Pending	1000144	1														
TOB option 2	2487	05/26/2005	Transfer Pending	1000144															
2	<p>Click on the batch to be viewed or enter the batch number in the Batch Number field and click the Go To button.</p>																		

Chapter 12: Beneficial Rights Transfer Confirmation


Introduction Beneficial rights transfer confirmation is the process by which the New and Current Investor for an Option 2 transfer approve the TOB transaction.

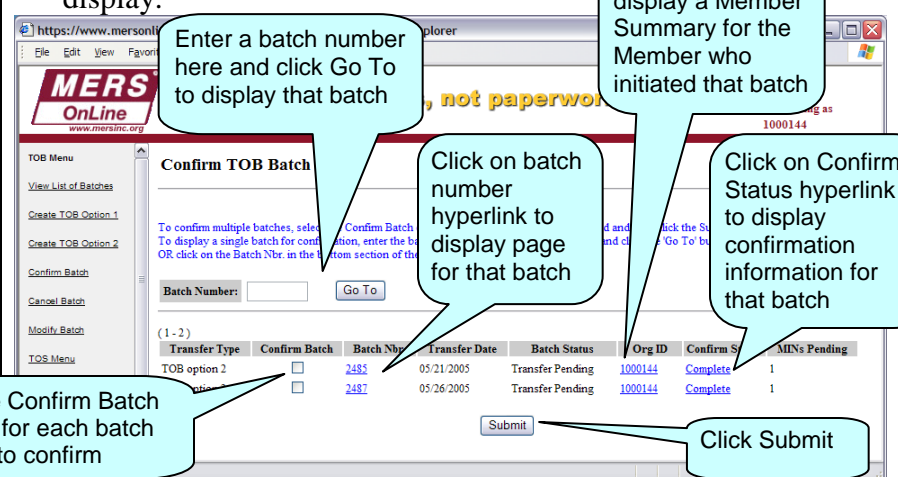
 No confirmations are required on Option 1 beneficial rights transfers.

Chapter contents This chapter explains how to confirm an Option 2 Transfer of Beneficial Rights (TOB) transaction.


Beneficial rights transfer confirmation methods Confirmation or rejection of MINs in a TOB batch can be done using one of the following methods:


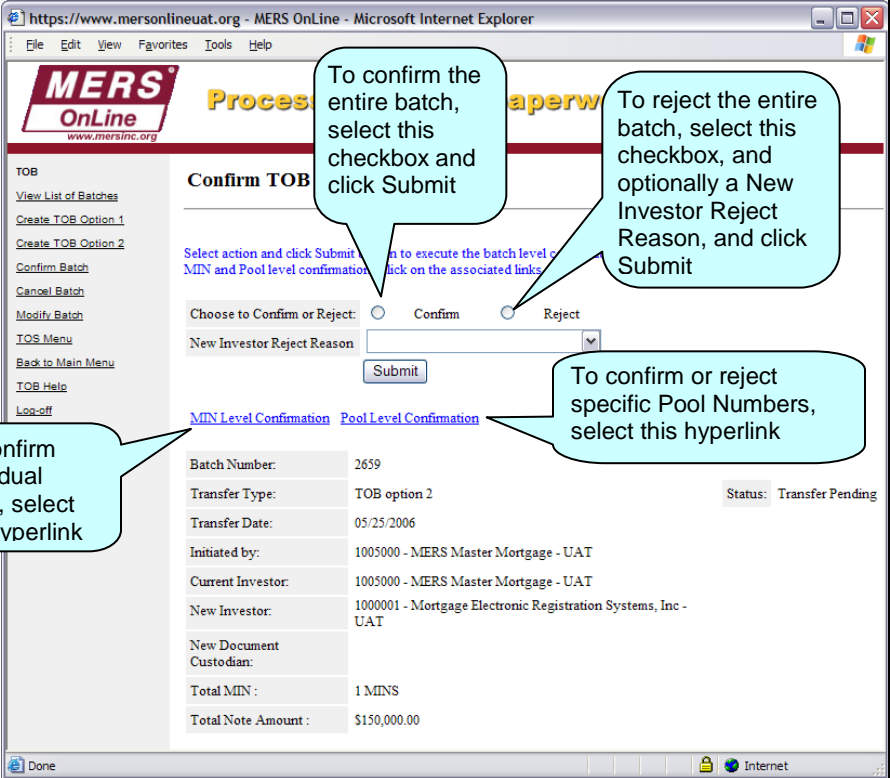






- MIN-level - Use to confirm or reject individual MINs in a batch.
- Pool-level - Use to confirm or reject MINs in a batch by pool.
- Batch-level – Use to confirm or reject the entire batch.

Step	Action
1	Click <u>TOB Menu</u> from Main Menu. The TOB Menu appears.
2	Click <u>Confirm Batch</u>  The page showing all TOB batches not yet display.


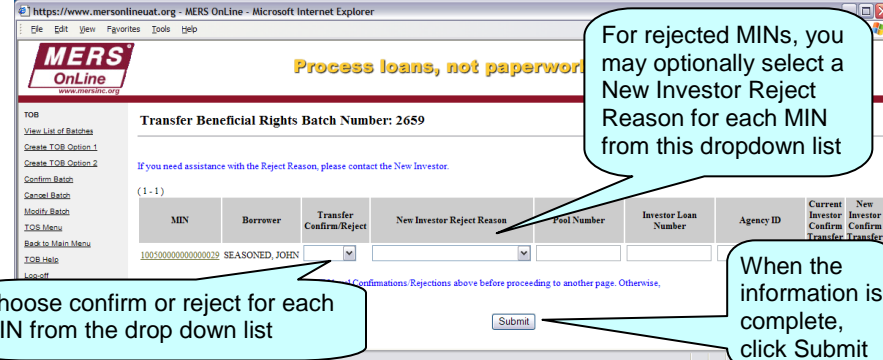



The screenshot shows the 'Confirm TOB Batch' page. Callouts include: 'Enter a batch number here and click Go To to display that batch' pointing to the 'Batch Number' field; 'Click on Org ID to display a Member Summary for the Member who initiated that batch' pointing to the 'Org ID' column; 'Click on batch number hyperlink to display page for that batch' pointing to a batch number in the table; 'Click on Confirm Status hyperlink to display confirmation information for that batch' pointing to the 'Confirm Status' column; 'Select the Confirm Batch checkbox for each batch you want to confirm' pointing to the 'Confirm Batch' column; and 'Click Submit' pointing to the 'Submit' button.


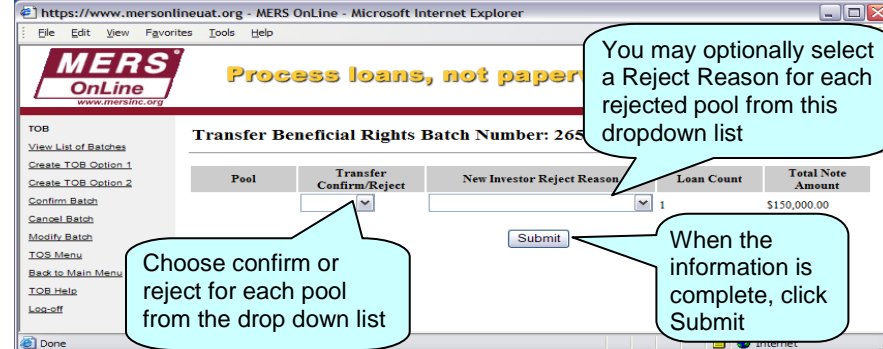

Step	Action
3	Click on the Org ID next to each batch to display summary information of the initiating Member.
4	Click on the Confirmed Status column to display a pop up window showing the number of confirmed and rejected MINs for the batch.
5	To confirm all MINs in multiple batches, select the Confirm Batch checkbox for each batch you wish to confirm, and click Submit.  A confirmation results page appears.

Step	Action
1	<p>To confirm or reject a single batch, or select MIN-level or Pool-level confirmation, click on the Batch number you want to confirm.</p> <p> The Confirm TOB Batch page appears.</p>  <p> To confirm the entire batch, select this checkbox and click Submit</p> <p> To reject the entire batch, select this checkbox, and optionally a New Investor Reject Reason, and click Submit</p> <p> To confirm individual MINs, select this hyperlink</p> <p> To confirm or reject specific Pool Numbers, select this hyperlink</p>
2	<p>To confirm the entire batch, select the Confirm checkbox and click Submit.</p> <p> A confirmation results page appears.</p>
3	<p>To reject the entire batch, select the Reject checkbox, optionally select a Reject Reason from the New Investor Reject Reason dropdown list, and click Submit.</p> <p> A confirmation results page appears.</p>

To confirm at the MIN level:

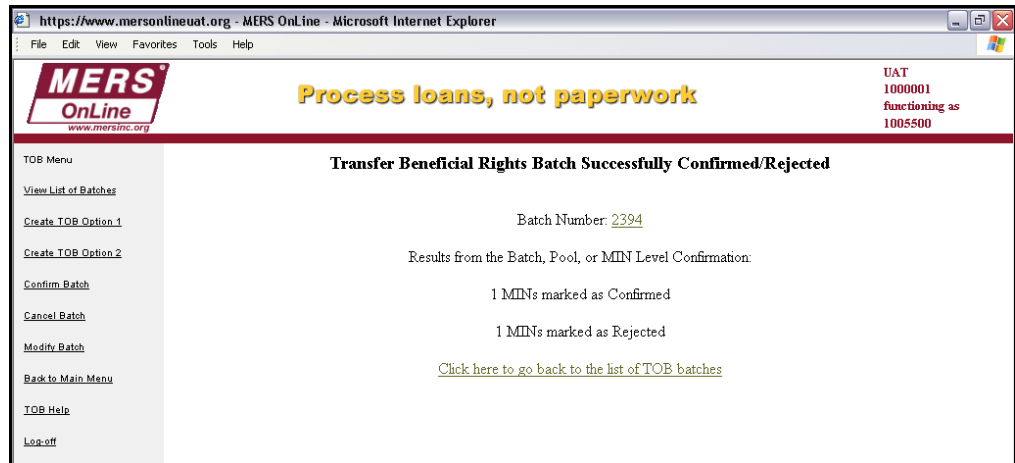
Step	Action
1	<p>Select the MIN Level Confirmation hyperlink from the Confirm TOB Batch page.</p> <p> The MIN Level Confirmation page will be displayed.</p> 
2	To display MIN summary information, select the MIN hyperlink.
3	<p>Select confirm or reject for each MIN on the page, optionally select a Reject Reason for each rejected MIN, and click Submit.</p> <p> A confirmation results page will be displayed.</p>
4	If multiple pages of MINs exist for this batch, repeat step 3 for each page of MINs.

To confirm at the Pool level:

Step	Action
1	<p>Select the Pool Level Confirmation hyperlink from the Confirm TOS Batch page.</p> <p> The Pool Level Confirmation page will be displayed.</p> 
2	<p>Select confirm or reject for each pool on the page, optionally select a Reject Reason for each rejected pool, and click Submit.</p> <p> A confirmation results page will be displayed.</p>
3	If multiple pages of Pools exist for this batch, repeat step 3 for each page of Pools.

Transfer Beneficial Rights Batch Confirmation Results Page

The page that displays after you've updated transfer confirmations shows the number of MINs confirmed/rejected during that particular transaction (not the overall total of confirmed/rejected MINs for the batch).



Chapter 13: Servicing Rights Transfer Creation

Introduction A Transfer of Servicing rights (TOS) transaction reflects the sale of servicing rights for a loan to a new Servicer. The New Servicer named can be the Current Subservicer, and likewise, the New Subservicer can be the Current Servicer.

A Combination Transfer of Servicing and Beneficial Rights (TOS/TOB) transaction reflects a whole loan sale. To use the TOS/TOB Combo, the Current Servicer and Current Investor on the MIN must be the same, and the New Servicer and New Investor named on the transaction must be the same.

On the MERS[®] System, the Current Servicer or Subservicer creates the transfer batch. The Current Servicer and the New Servicer (or New Subservicer if one is named) confirm or reject the transfer. The Investor might also confirm the transfer.

TOS batches can also be automatically created by the system. This occurs when some MINs exist in a seasoned or flow Transfer of Servicing batch and an Option 1 Transfer of Beneficial Rights batch simultaneously. The MINs will be deleted from the existing TOS batch and placed in a new automatically created TOS batch which will have to be processed separately. When this situation exists, you should notify the confirming organization that a new TOS batch requires their confirmation.

An Option 1 TOS transaction may be created by an Option 1 Investor to insert a different MERS[®] System Member Servicer on one or more of their own loans in case of servicer default. This transaction supersedes any TOS or TOB transaction created by the Servicer, and requires no confirmations.

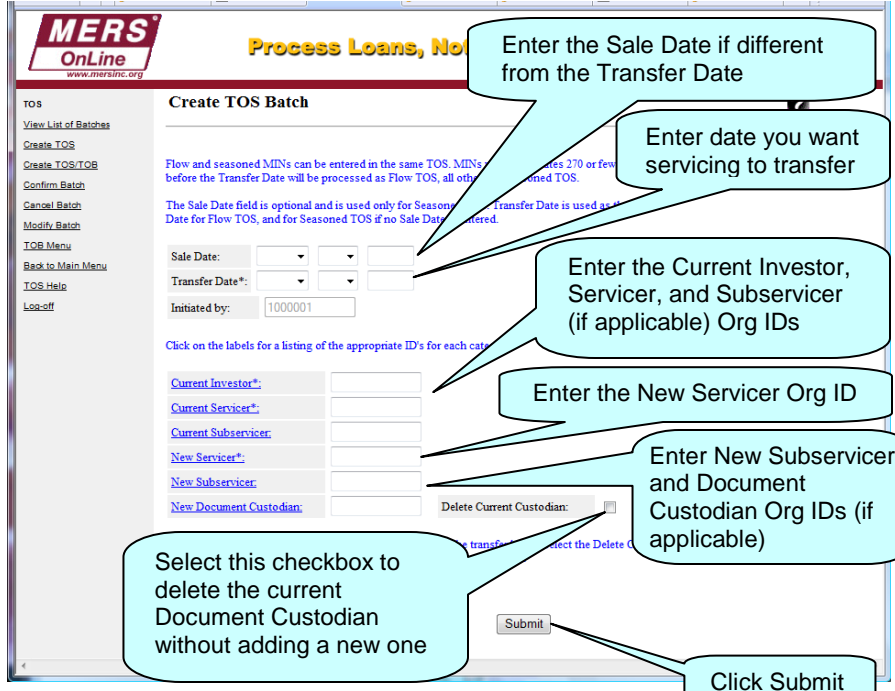
Chapter contents

This chapter describes how to create or cancel a TOS or TOS/TOB batch. It also provides the rules for the transaction, and tips on completing the fields.

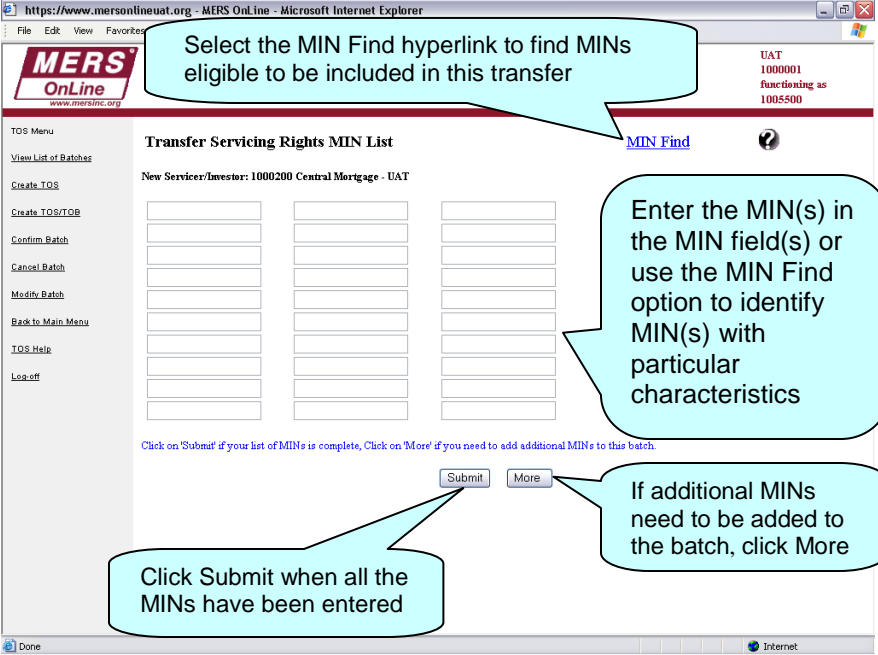
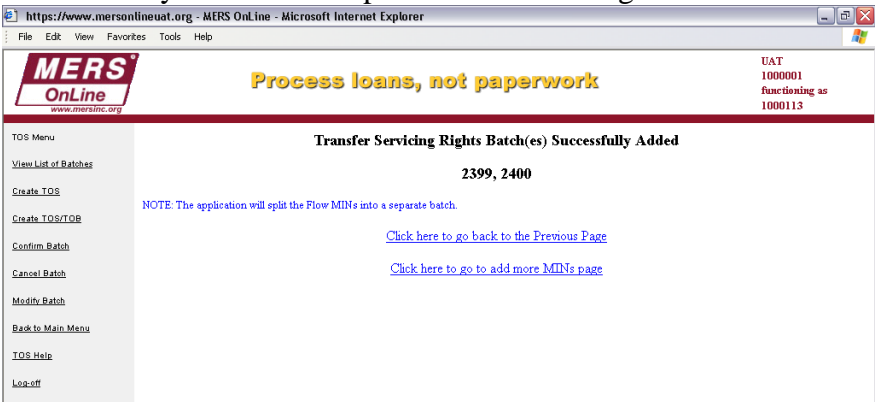
If the Document Custodian will also change as a result of the TOS, you can indicate this as part of the transaction.

To access the page to create a Transfer of Servicing (TOS) batch, follow these steps

Step	Action
1	Click <u>TOS Menu</u> on the main menu. The TOS menu appears on the left side of the screen.
2	Click <u>Create TOS</u> or <u>Create TOS/TOB</u> . The Create TOS Batch or Create TOS/TOB Batch page appears.

Step	Action
3	<p>For a TOS, enter:</p> <ul style="list-style-type: none"> ✓ Sale Date (optional – used only for Seasoned Transfer) ✓ Transfer Date ✓ Current Investor Org ID ✓ Current Servicer Org ID ✓ Current Subservicer Org ID, if named on MIN(s) ✓ New Servicer Org ID ✓ New Subservicer Org ID, if applicable ✓ New Document Custodian Org ID, if applicable <p>(OR check the “Delete Current Custodian” box, if applicable)</p> <p>Note that these fields can be pre-set to frequently used values. (See Chapter 3: Update Member Information for instruction)</p> <p>Create TOS Batch page:</p>  <p>The screenshot shows the 'Create TOS Batch' page in the MERS OnLine system. The page includes a sidebar with navigation links and a main content area with various input fields. Callouts provide instructions for each field:</p> <ul style="list-style-type: none"> Sale Date: Enter the Sale Date if different from the Transfer Date. Transfer Date*: Enter date you want servicing to transfer. Initiated by: 1000001 Current Investor*: Enter the Current Investor, Servicer, and Subservicer (if applicable) Org IDs. Current Servicer*: Enter the Current Investor, Servicer, and Subservicer (if applicable) Org IDs. Current Subservicer: Enter the Current Investor, Servicer, and Subservicer (if applicable) Org IDs. New Servicer*: Enter the New Servicer Org ID. New Subservicer: Enter New Subservicer and Document Custodian Org IDs (if applicable). New Document Custodian: Enter New Subservicer and Document Custodian Org IDs (if applicable). Delete Current Custodian: Select this checkbox to delete the current Document Custodian without adding a new one. Submit: Click Submit.

Step	Action
	<p>For a TOS/TOB, enter:</p> <ul style="list-style-type: none"> ✓ Sale Date (optional – used only for Seasoned Transfer) ✓ Transfer Date (for servicing transfer) ✓ Beneficial Rights Transfer Date ✓ Current Servicer/Investor Org ID ✓ Current Subservicer Org ID, if named on MIN(s) ✓ New Servicer/Investor Org ID ✓ New Subservicer Org ID, if applicable ✓ New Document Custodian Org ID, if applicable <p>(OR check the “Delete Current Custodian” box, if applicable)</p> <p>Note that these fields can be pre-set to frequently used values. (See Chapter 3: Update Member Information for instruction)</p> <p>Create TOS/TOB Batch page:</p> <p>The screenshot shows the 'Create TOS/TOB Batch' page in the MERS OnLine system. The page includes a sidebar with navigation links (TOS, View List of Batches, Create TOS, Create TOS/TOB, Confirm Batch, Cancel Batch, Modify Batch, TOB Menu, Back to Main Menu, TOS Help, Log-off) and a main content area. The main content area has a title 'Create TOS/TOB Batch' and a description: 'Flow and seasoned MINs can be entered in the same combo TOS/TOB. MINs entered fewer days before the Transfer Date will be processed as Flow TOS/TOB. MINs entered on or after the Transfer Date will be processed as Seasoned TOS/TOB. Servicing and Beneficial Rights must be owned by a single Member and transferred to a single Member. The Beneficial Rights Transfer Date must be on or before the Servicing Transfer Date. Sale Date field is optional and is used only for Seasoned TOS/TOB. Transfer Date is used for Flow TOS/TOB, and for Seasoned TOS/TOB if no Sale Date is entered.' Below this is a form with fields for 'Sale Date', 'Transfer Date*', 'Beneficial Rights Transfer Date*', 'Initiated by' (with value 1000001), and a section for 'Click on the labels for a listing of the appropriate ID's for each field'. This section includes links for 'Current Servicer/Investor*', 'Current Subservicer', 'New Servicer/Investor*', 'New Subservicer', and 'New Document Custodian'. There is also a 'Delete Current Custodian' checkbox. At the bottom is a 'Submit' button. Callouts provide instructions for each field: 'Enter the Sale Date if different from the Transfer Date' points to the Sale Date field; 'Enter date servicing will transfer' points to the Transfer Date field; 'Enter date beneficial rights will transfer' points to the Beneficial Rights Transfer Date field; 'Enter Current Servicer/Investor and Subservicer (if applicable) Org IDs' points to the Current Servicer/Investor and Current Subservicer fields; 'Enter New Servicer/Investor Org ID' points to the New Servicer/Investor field; 'Enter New Subservicer and Document Custodian Org IDs (if applicable)' points to the New Subservicer and New Document Custodian fields; 'Select this checkbox to delete the current Document Custodian without adding a new one' points to the Delete Current Custodian checkbox; and 'Click Submit' points to the Submit button.</p>

Step	Action
4	<p>Complete the MIN List page.</p>  <p>Use the MIN Find option to identify MINs with particular characteristics if MIN numbers are unknown.</p>
5	<p>Click Submit.</p> <p>The next page will show batches created, including batches created automatically from MINs separated from the original batch.</p> 

**Servicing rights
transfer
transaction
requirements**

Field	Notes
Data entry tips	<ul style="list-style-type: none"> • Fields with an asterisk (*) are required. Complete other fields if information is available. • Type MINs with or without dashes.
Sale/Transfer Dates	<ul style="list-style-type: none"> • For a Seasoned transfer, the Transfer Date must be equal to or greater than the Sale Date. • If the Sale Date is before the transfer creation date, the Transfer Date must be equal to or greater than the transfer creation date (instead of the Sale Date).
Selecting MINs	<ul style="list-style-type: none"> • MINs can be entered individually, or selected using the MIN Find option. • MINs included in a servicing rights transfer transaction must have status of “Active (Registered)”. • A MIN can only exist in one transfer of servicing rights transaction at a time, regardless of the type. • A MIN can exist in an Option 1 beneficial rights transfer transaction and a transfer of servicing transaction at the same time. • A MIN can exist in an Option 2 beneficial rights transfer transaction and a flow servicing rights transfer transaction simultaneously if the New Servicer and New Investor are the same entity. • A MIN cannot exist in an Option 2 beneficial rights transfer transaction and a seasoned servicing rights transfer transaction simultaneously.
Processing	<ul style="list-style-type: none"> • Only the current Servicer or Subservicer can create a servicing rights transfer transaction. If the loans have only a Servicer, then the Servicer creates the transaction. If the loan(s) have a Servicer and a Subservicer, then either the Servicer or Subservicer can create the transaction. • Any errors that appear in the error message window must be corrected before the transaction is completed successfully. If a warning message appears without any errors, the transaction is created successfully. • Incomplete servicing rights transfer transactions are not processed or retained on the MERS® System.

To access the page to create a TOS Option 1 (Default by Servicer) batch, follow these steps:

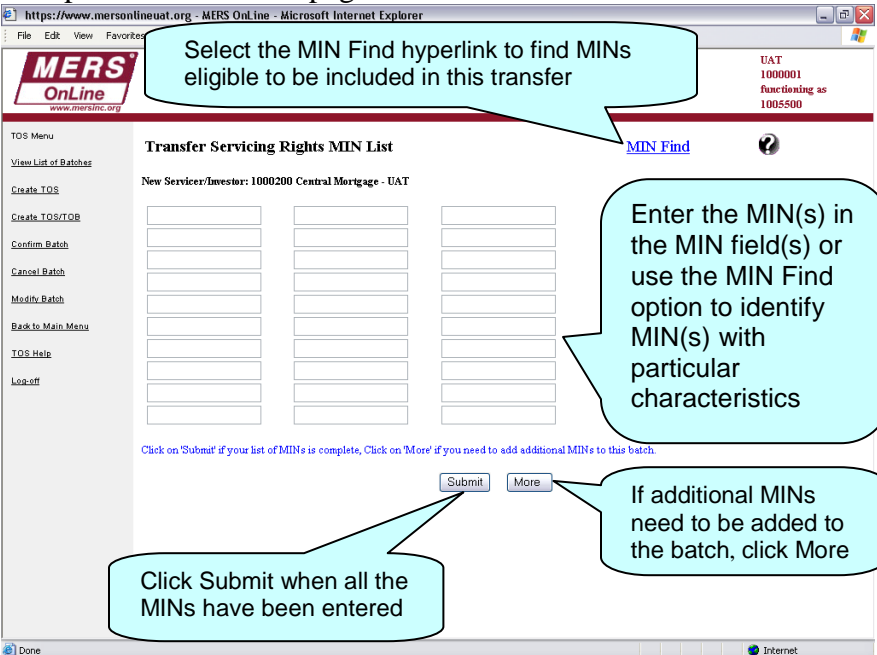
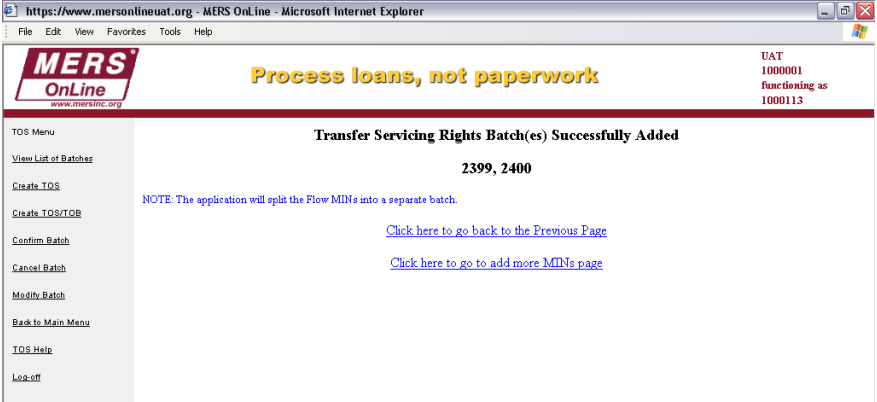
Step	Action
1	Click <u>TOS Menu</u> on the main menu. The TOS menu appears on the left side of the screen.
2	Click <u>Create Option 1 TOS (Default by Servicer)</u> . The Create Option 1 TOS page appears.
3	Enter: <ul style="list-style-type: none"> ✓ Sale Date (optional – used only for Seasoned Transfer) ✓ Transfer Date ✓ Current Servicer Org ID ✓ Current Subservicer Org ID, if named on MIN(s) ✓ New Servicer Org ID ✓ New Subservicer Org ID, if applicable ✓ New Document Custodian Org ID, if applicable (OR check the “Delete Current Custodian” box, if applicable)

Create Option 1 TOS (Default by Servicer) Batch page:

The screenshot shows the MERS OnLine interface for creating a TOS batch. The page title is "Create Option 1 TOS (Default by Servicer)". The left sidebar contains a menu with options: View List of Batches, Create TOS, Create TOS/TOB, Confirm Batch, Cancel Batch, Modify Batch, Create Option 1 TOS (Default by Servicer), TOS Menu, Back to Main Menu, TOS Help, and Log-off. The main content area includes the following fields and callouts:

- Sale Date:** A dropdown menu with a callout: "Enter the Sale Date if different from the Transfer Date".
- Transfer Date*:** A dropdown menu with a callout: "Enter date you want servicing to transfer".
- Initiated by:** A text field containing "1000001".
- Current Investor*:** A text field containing "1000001".
- Current Servicer*:** A text field with a callout: "Enter the Current Servicer (and Subservicer if applicable) Org IDs".
- Current Subservicer*:** A text field.
- New Servicer*:** A text field with a callout: "Enter the New Servicer Org ID".
- New Subservicer*:** A text field.
- New Document Custodian*:** A text field.
- Delete Current Custodian:** A checkbox with a callout: "Select this checkbox to delete the current Document Custodian without adding a new one".
- Submit:** A button with a callout: "Click Submit".

Additional text on the page includes: "Flow and seasoned MINs can be entered in the same batch. Flow MINs are used for Flow, all others as Seasoned MINs. The Sale Date field is optional and is used only for Seasoned MINs. Transfer Date is used for the Sale Date for Flow MINs, and for Seasoned MINs if no Sale Date is entered." and "Click on the labels for a listing of the appropriate ID's for each category:".

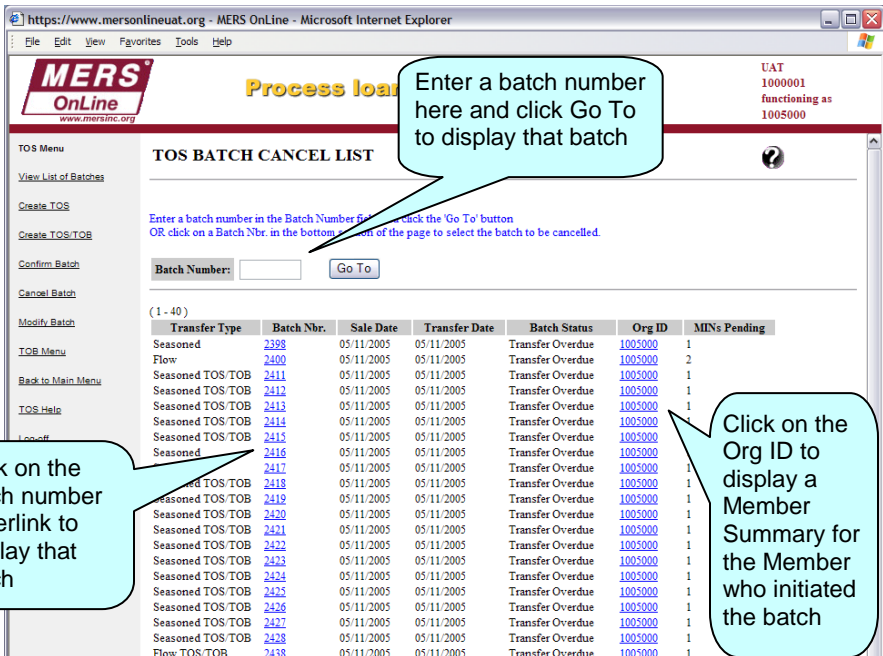
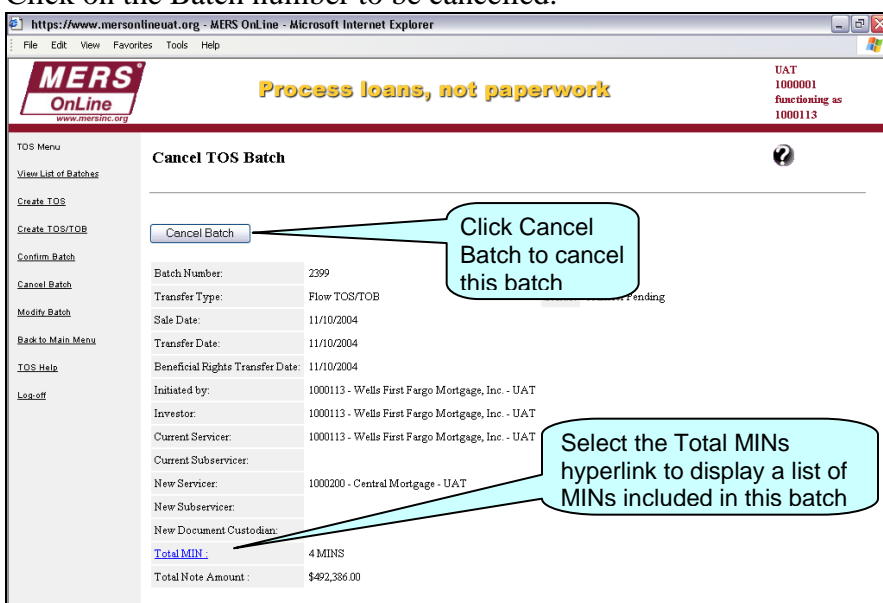
Step	Action
4	<p>Complete the MIN List page.</p>  <p>Use the MIN Find option to identify MINs with particular characteristics if MIN numbers are unknown.</p>
5	<p>Click Submit.</p> <p>The next page will show batches created, including batches created automatically from MINs separated from the original batch.</p> 

**Option 1 TOS
transaction
requirements**

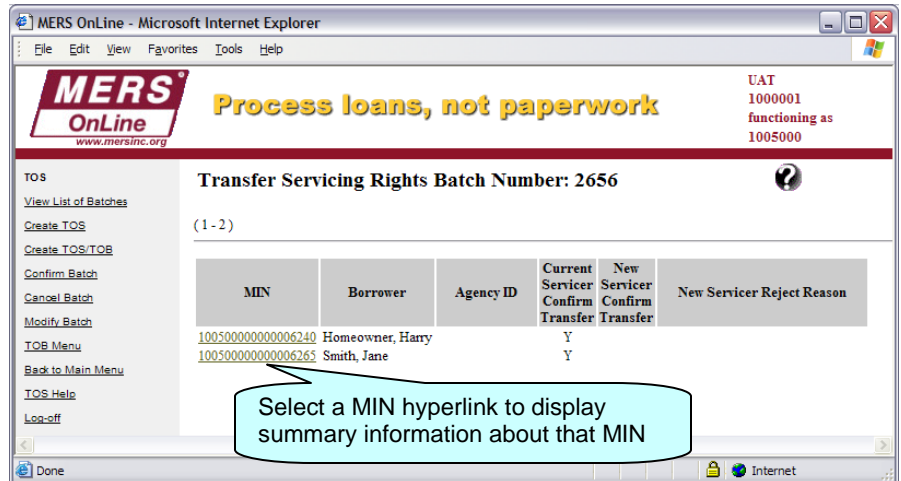
Field	Notes
Data entry tips	<ul style="list-style-type: none"> • Fields with an asterisk (*) are required. Complete other fields if information is available. • Type MINs with or without dashes.
Sale/Transfer Dates	<ul style="list-style-type: none"> • For a Seasoned transfer, the Transfer Date must be equal to or greater than the Sale Date. • If the Sale Date is before the transfer creation date, the Transfer Date must be equal to or greater than the transfer creation date (instead of the Sale Date).
Selecting MINs	<ul style="list-style-type: none"> • MINs can be entered individually, or selected using the MIN Find option. • MINs included in transaction must have status of “Active (Registered)”. • If the MIN is in a pending TOS or TOB batch initiated by the Servicer or Subservicer, it will be removed from that batch and placed in the new Option 1 TOS batch. • If the MIN is in a pending Option 1 beneficial rights transfer transaction, it will not be accepted.
Processing	<ul style="list-style-type: none"> • Only the current Investor can create an Option 1 TOS. • Any errors that appear in the error message window must be corrected before the transaction is completed successfully. If a warning message appears without any errors, the transaction is created successfully. • Incomplete transactions are not processed or retained on the MERS® System. • Option 1 TOS batches cannot be modified, but they may be canceled by the initiator if created in error. • Option 1 TOS batches require no confirmation; they are confirmed automatically and process on the Transfer Date.

Cancel Transfer of Servicing Batch

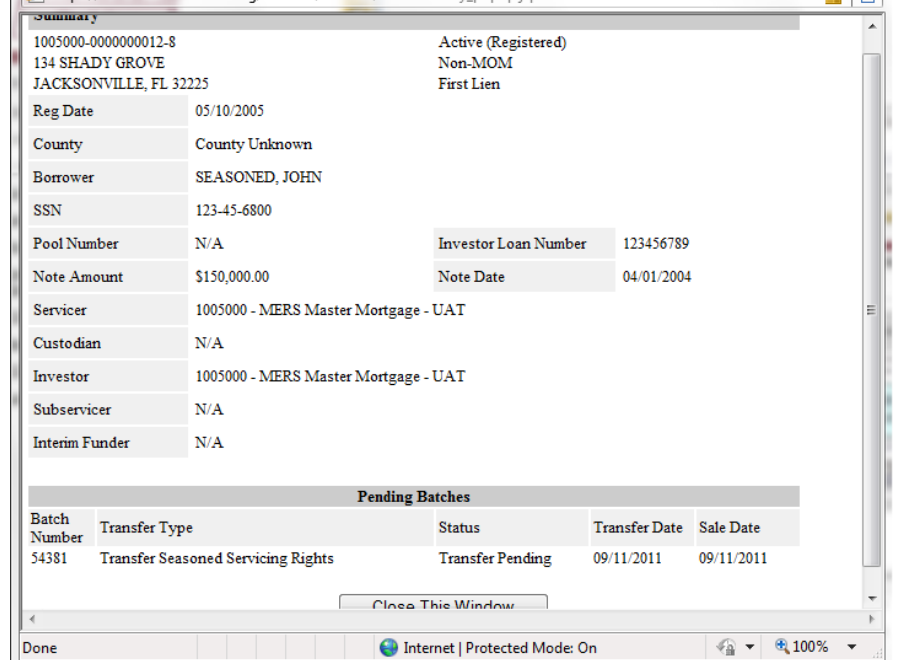
To cancel a TOS batch:

Step	Action
1	Click <u>TOS Menu</u> from the main menu. The TOS menu appears.
2	Click on Cancel Batch on the TOS menu 
3	Click on the Batch number to be cancelled.  <p>If you are not the initiating Member, you will see the message: * You are not allowed to Cancel this batch. Only the Transfer Initiator can Cancel the Batch.*</p>

- Click on the Total MIN link to view the list of MINS in the batch



- Click on each MIN to display MIN Summary information.




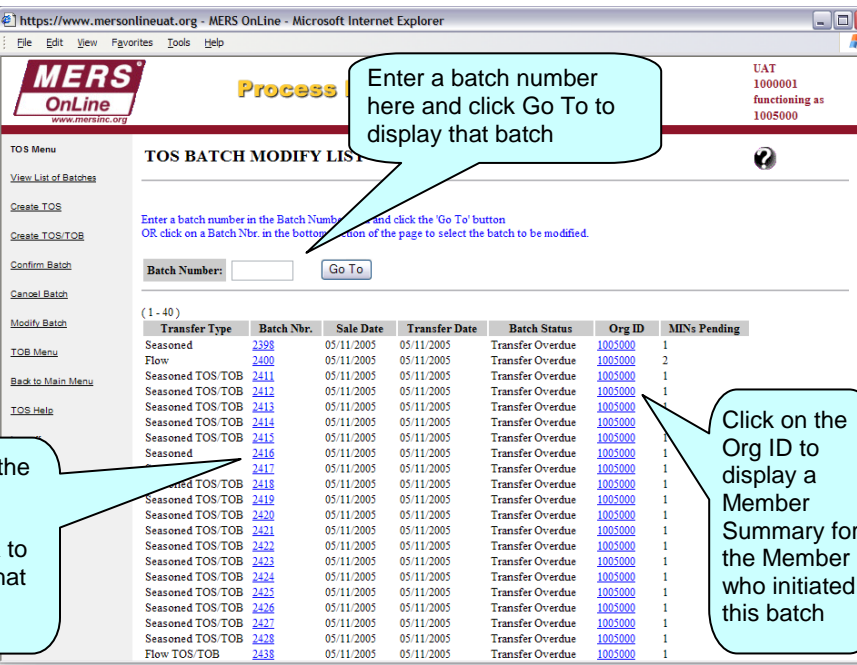
4 Click on Cancel Batch


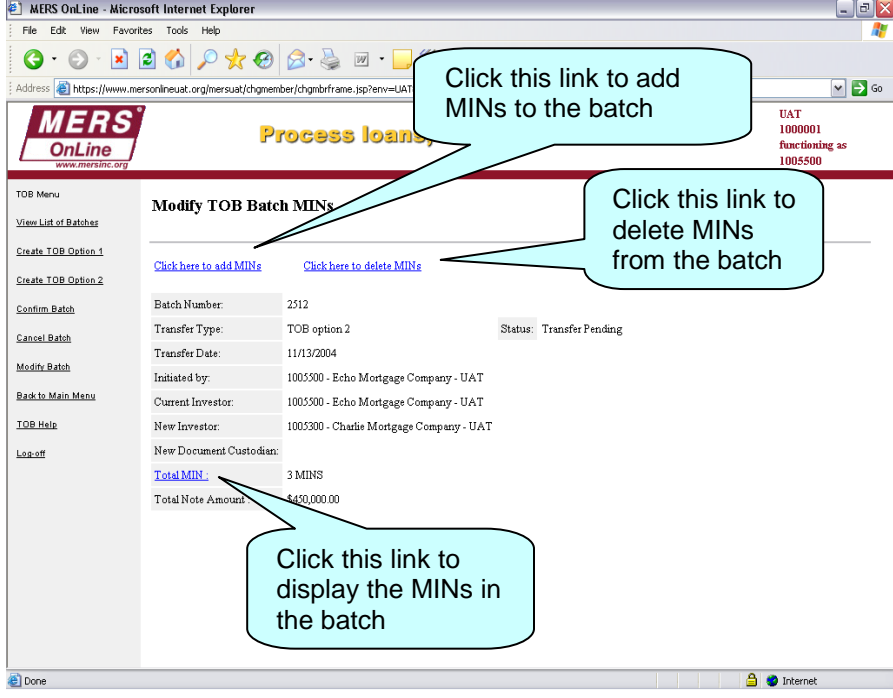




Modify a Transfer Batch

If you create a transfer batch that has missing MINs, or MINs that shouldn't be included, use the Modify Batch option to correct it while the Batch is in pending or overdue status. This activity will produce a *Modified Batch – Transfer of Servicing Rights Report*. Option 1 TOS (Default by Servicer) transfer batches cannot be modified, but they may be canceled by the initiator. The changes that can be made to a servicing rights transfer transaction are as follows:

- The Transfer Date may be changed by the Servicer or Subservicer who created the transfer anytime before transfer completion.
- The Sale Date may be changed by the initiating Servicer or Subservicer anytime before transfer completion.
- If the transaction was created naming an incorrect Servicer, Subservicer, or Document Custodian, the initiating Servicer or Subservicer must cancel and recreate the batch.
- The initiating Servicer or Subservicer can cancel the transfer anytime before transfer completion.
- MINs may be added to the batch by the Servicer or Subservicer who created the transfer anytime before transfer completion.
- MINs may be removed from the batch by the Servicer or Subservicer who created the transfer anytime before they are confirmed by the New Servicer.

To add or delete MINs from a TOS batch:

Step	Action
1	<p>Click Modify Batch from the TOS menu.</p> <p> The Modify Batch menu appears showing pending and overdue batches.</p> 

Step	Action
2	<p>Click on the batch to be modified.  The Modify TOS Batch MINs screen appears.</p> 
3	<p>To Add MINs:</p> <ul style="list-style-type: none"> Click on the link to Add MINs. You can add up to 30 MINs on the screen that appears. Click Submit.  The message, “Transfer Servicing Rights MINs Successfully added to Batch nnnn” appears <p>To Delete MINs:</p> <ul style="list-style-type: none"> Click on the link to Delete MINs.  All MINs in the batch will display. Check the box next to each MIN you want to delete.  If the checkbox is grayed out, this MIN has already been confirmed and cannot be deleted. Click Submit.  The message, “Transfer Servicing Rights MINs Successfully Deleted From Batch nnnn” appears.

Viewing List of Pending Batches

To see the status of pending batches to which your organization is a party:

Step	Action
1	<p>Click View List of Batches from the TOS menu.</p> <p> A list of all pending batches that you have created or need to confirm will display.</p> <p>If more than 50 batches are listed, there are navigational aids to help you scroll through the entire list.</p>
2	<p>Click on the batch to be viewed.</p>

Chapter 14: Servicing Rights Transfer Confirmation

Introduction Servicing rights transfer confirmation is the process by which the current Servicer, new Servicer or Subservicer, and current Investor (if required) approve the transaction reflecting the sale of servicing rights for a loan.



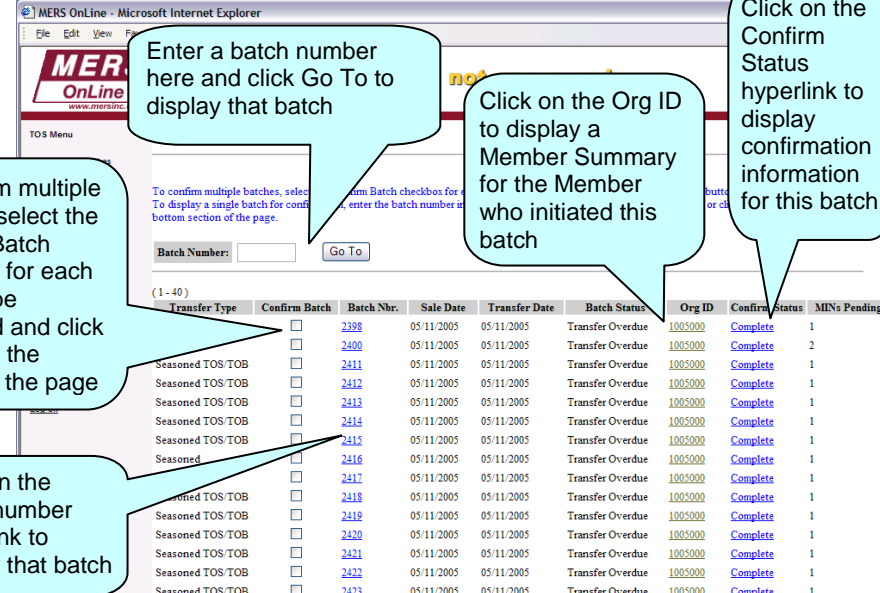
 No confirmation is required for Option 1 TOS (Default by Servicer) batches.



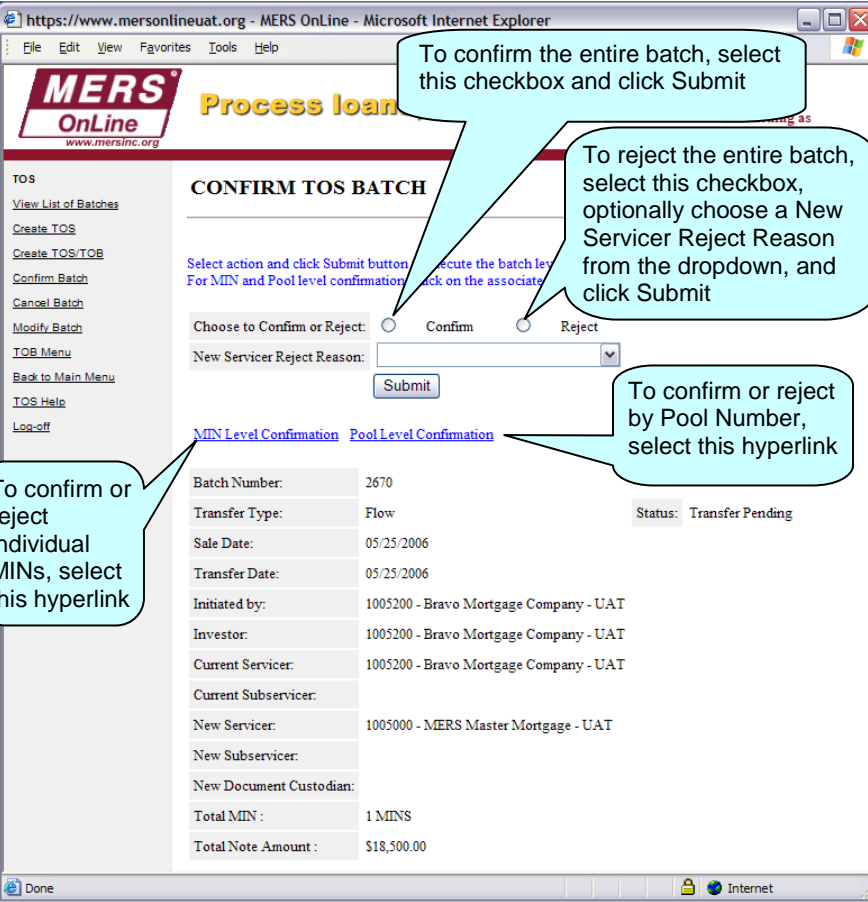


Chapter contents This chapter describes how to confirm or reject a servicing transfer batch. It also provides the rules for the transaction, and tips on completing the fields

Servicing rights transfer confirmation methods Confirmation or rejection of MINs in a servicing rights transfer transaction can be done using one of the following methods:


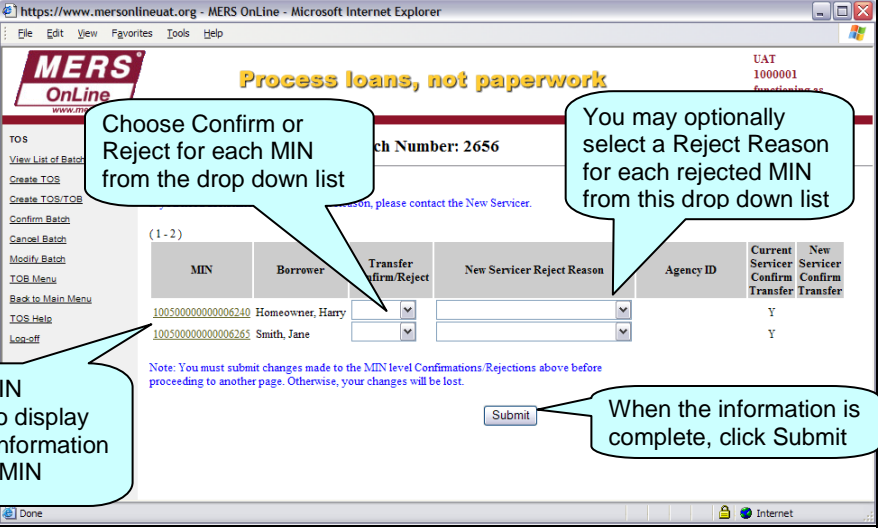

- Batch-level - Use to confirm or reject all MINs in a batch at one time.
- MIN-level - Use to confirm or reject MINs in a batch one by one.
- Pool-level - Use to confirm or reject MINs in a batch by Pool Number.

You can optionally choose from a list of Reject Reasons when rejecting a batch, pool, or MIN.

Step	Action																																																																																																																																																
1	Click <u>TOS Menu</u> on the main menu.  The TOS menu appears on the left side of the screen.																																																																																																																																																
2	Click Confirm Batch.  The Batch Confirmation page appears.																																																																																																																																																
	 <p>The screenshot shows the MERS OnLine Batch Confirmation page. Callouts include:</p> <ul style="list-style-type: none">"Enter a batch number here and click Go To to display that batch" pointing to the Batch Number input field."Click on the Org ID to display a Member Summary for the Member who initiated this batch" pointing to the Org ID column header."Click on the Confirm Status hyperlink to display confirmation information for this batch" pointing to the Confirm Status column header."To confirm multiple batches, select the Confirm Batch checkbox for each batch to be confirmed and click Submit at the bottom of the page" pointing to the Confirm Batch checkboxes in the table."Click on the batch number hyperlink to display that batch" pointing to a batch number in the table. <table><thead><tr><th>Transfer Type</th><th>Confirm Batch</th><th>Batch Nbr.</th><th>Sale Date</th><th>Transfer Date</th><th>Batch Status</th><th>Org ID</th><th>Confirm Status</th><th>MINs Pending</th></tr></thead><tbody><tr><td>Seasoned TOS/TOB</td><td><input type="checkbox"/></td><td>2398</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned TOS/TOB</td><td><input type="checkbox"/></td><td>2400</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>2</td></tr><tr><td>Seasoned TOS/TOB</td><td><input type="checkbox"/></td><td>2411</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned TOS/TOB</td><td><input type="checkbox"/></td><td>2412</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned TOS/TOB</td><td><input type="checkbox"/></td><td>2413</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned TOS/TOB</td><td><input type="checkbox"/></td><td>2414</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned TOS/TOB</td><td><input type="checkbox"/></td><td>2415</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2416</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2417</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2418</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2419</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2420</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2421</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2422</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr><tr><td>Seasoned</td><td><input type="checkbox"/></td><td>2423</td><td>05/11/2005</td><td>05/11/2005</td><td>Transfer Overdue</td><td>1005000</td><td>Complete</td><td>1</td></tr></tbody></table>	Transfer Type	Confirm Batch	Batch Nbr.	Sale Date	Transfer Date	Batch Status	Org ID	Confirm Status	MINs Pending	Seasoned TOS/TOB	<input type="checkbox"/>	2398	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned TOS/TOB	<input type="checkbox"/>	2400	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	2	Seasoned TOS/TOB	<input type="checkbox"/>	2411	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned TOS/TOB	<input type="checkbox"/>	2412	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned TOS/TOB	<input type="checkbox"/>	2413	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned TOS/TOB	<input type="checkbox"/>	2414	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned TOS/TOB	<input type="checkbox"/>	2415	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2416	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2417	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2418	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2419	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2420	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2421	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2422	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1	Seasoned	<input type="checkbox"/>	2423	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1
Transfer Type	Confirm Batch	Batch Nbr.	Sale Date	Transfer Date	Batch Status	Org ID	Confirm Status	MINs Pending																																																																																																																																									
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Seasoned TOS/TOB	<input type="checkbox"/>	2412	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned TOS/TOB	<input type="checkbox"/>	2413	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned TOS/TOB	<input type="checkbox"/>	2414	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned TOS/TOB	<input type="checkbox"/>	2415	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2416	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2417	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2418	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2419	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2420	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2421	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2422	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
Seasoned	<input type="checkbox"/>	2423	05/11/2005	05/11/2005	Transfer Overdue	1005000	Complete	1																																																																																																																																									
3	Click on the Org ID next to each batch to display summary information of the initiating Member.																																																																																																																																																
4	Click on the Confirmed Status column to display a pop up window showing the number of confirmed and rejected MINs for the batch.																																																																																																																																																

5	<p>To confirm all MINs in multiple batches, select the Confirm Batch checkbox for each batch you wish to confirm, and click Submit.</p> <p> A confirmation results page appears.</p>
6	<p>To confirm or reject a single batch, or select MIN-level or Pool-level confirmation, click on the Batch number you want to confirm.</p> <p> The Confirm TOS Batch page appears.</p>  <p>To confirm the entire batch, select this checkbox and click Submit</p> <p>To reject the entire batch, select this checkbox, optionally choose a New Servicer Reject Reason from the dropdown, and click Submit</p> <p>To confirm or reject by Pool Number, select this hyperlink</p> <p>To confirm or reject individual MINs, select this hyperlink</p>
7	<p>To confirm the entire batch, select the Confirm checkbox and click Submit.</p> <p> A confirmation results page appears.</p>
8	<p>To reject the entire batch, select the Reject checkbox, optionally choose a New Servicer Reject Reason from the dropdown, and click Submit.</p> <p> A confirmation results page appears.</p>

To confirm at the MIN level:

Step	Action
1	<p>Select the MIN Level Confirmation hyperlink from the Confirm TOS Batch page.</p> <p> The MIN Level Confirmation page will be displayed.</p>  <p>Choose Confirm or Reject for each MIN from the drop down list</p> <p>You may optionally select a Reject Reason for each rejected MIN from this drop down list</p> <p>Select a MIN hyperlink to display summary information about that MIN</p> <p>When the information is complete, click Submit</p>
2	To display MIN summary information, click on the hyperlink for that MIN.
3	<p>Select Confirm or Reject for each MIN on the page, and optionally a Reject Reason for each MIN you are rejecting, and click Submit.</p> <p> A confirmation results page will be displayed.</p>
4	If multiple pages of MINs exist for this batch, repeat step 3 for each page of MINs.

To confirm at the Pool level:

Step	Action
1	<p>Select the Pool Level Confirmation hyperlink from the Confirm TOS Batch page.</p> <p> The Pool Level Confirmation page will be displayed.</p>
2	<p>Select Confirm or Reject for each pool on the page, and optionally a Reject Reason for each pool you are rejecting, and click Submit.</p> <p> A confirmation results page will be displayed.</p>
3	<p>If multiple pages of Pools exist for this batch, repeat step 2 for each page of Pools.</p>

**Transfer
Servicing
Rights
Confirmation
Results Page**

The page that displays after you've updated transfer confirmations shows the number of MINs confirmed/rejected during that particular transaction (not the overall total of confirmed/rejected MINs for the batch).



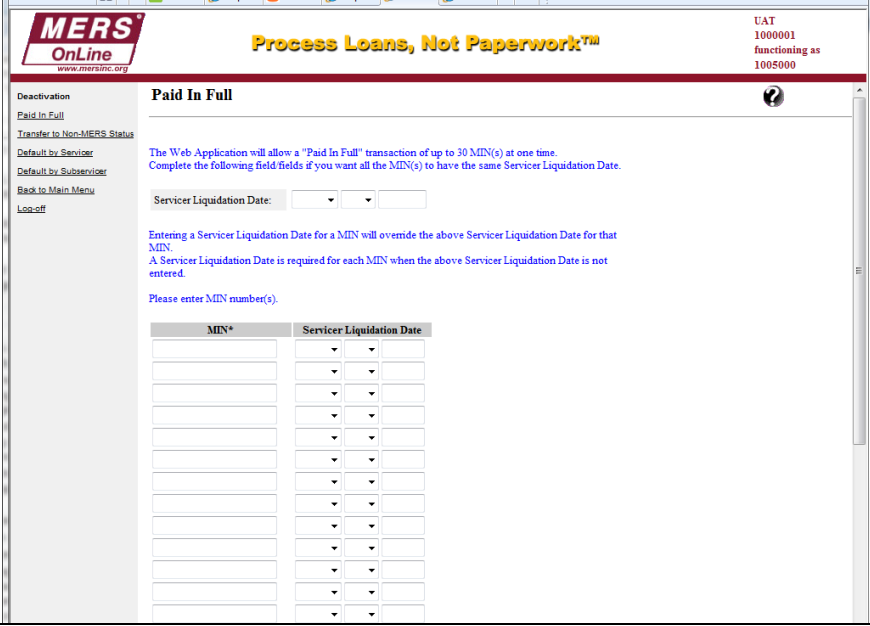
Chapter 15: MIN Deactivation

Introduction A MIN is deactivated when a loan is placed in an inactive status for the following reasons:

- Paid in Full
- Transfer to Non MERS Status
- Default By Servicer
- Default By Subservicer

The loan Servicer or Subservicer performs Paid In Full and Transfer to Non MERS Status transactions. MERSCORP performs a Default by Servicer deactivation at the request of the loan Investor. MERSCORP performs the Default by Subservicer deactivation transaction at the request of the loan Servicer or Investor.

Chapter contents This chapter describes how to deactivate a MIN on the MERS® System. See [Chapter 17](#) for instructions on reversing a deactivation.

Step	Action
1	Click <u>Deactivation</u> from the main menu.  The Deactivation menu appears.
2	Click the appropriate deactivation type.  The corresponding deactivation page appears. 
3	Complete the information and include the MINs to be deactivated. To deactivate more than 30 MINs, use more than one transaction.
4	Click Submit.

Types of deactivation processes

The types of deactivation processes are as follows:

- **Paid In Full:** use to deactivate MINs when loans are paid in full, or to reflect a short sale or deed in lieu.
- **Transfer to Non MERS Status:** use to deactivate MINs when the new Servicer or Subservicer is not a MERS[®] System Member, for MOM or Non-MOM loans when the Investor requires a recorded assignment out of Mortgage Electronic Registration Systems, Inc. (MERS) or when the loan is assigned from MERS to the Servicer, and for iRegistrations if they will no longer be tracked on the MERS[®] System.
- **Default By Servicer:** used by MERSCORP to deactivate MINs when an Investor pulls servicing from the current Servicer and places the servicing with a non-MERS member
- **Default By Subservicer:** used by MERS to deactivate MINs when a Servicer pulls servicing from the current Subservicer and places the sub-servicing with a non-MERS member

MIN deactivation transaction requirements

The MIN deactivation transaction requirements are as follows:

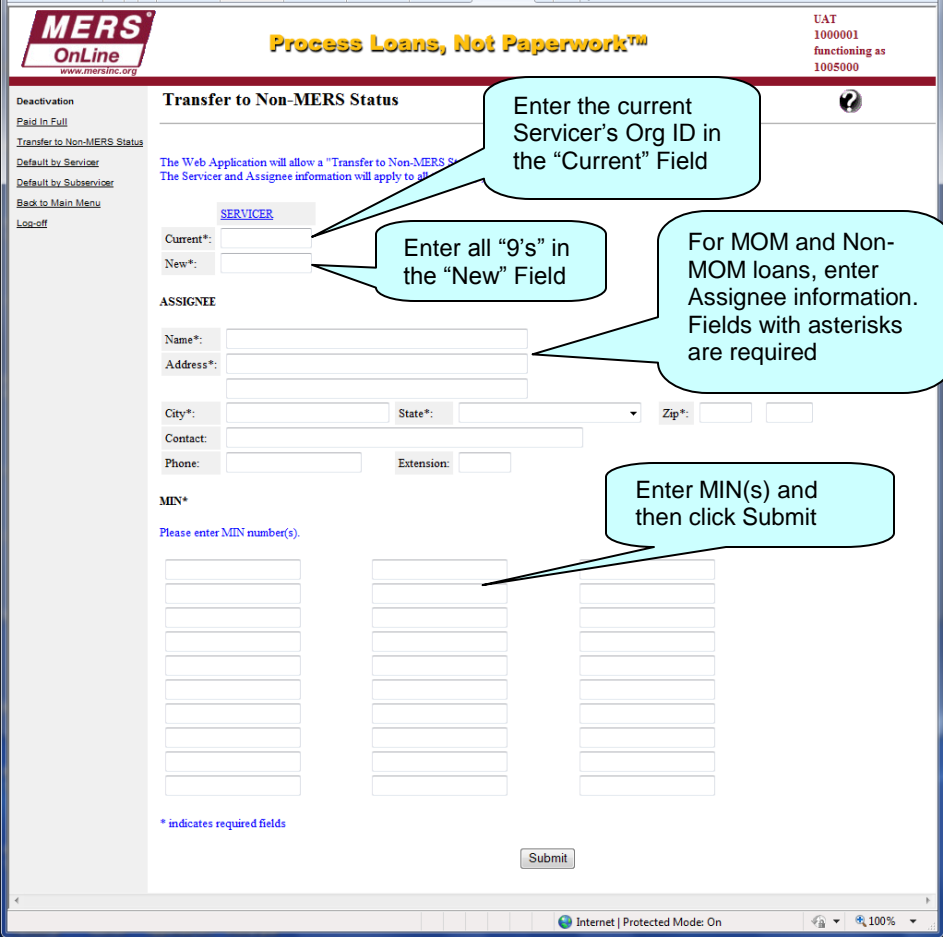
Field	Notes
Data entry tips	<ul style="list-style-type: none"> • Fields that appear with an asterisk (*) are required. Fields that are not required should be completed if the information is available. • Enter MINs with or without dashes.

Paid In Full

- The loan Servicer or Subservicer chooses Paid In Full from the Deactivation menu.

The screenshot displays the MERS OnLine interface for the 'Paid In Full' transaction. The sidebar menu on the left includes options such as 'Deactivation', 'Paid In Full', 'Transfer to Non-MERS Status', 'Default by Servicer', 'Default by Subservicer', 'Back to Main Menu', and 'Log-off'. The main content area is titled 'Paid In Full' and features the MERS OnLine logo and the slogan 'Process Loans, Not Paperwork™'. It includes a header with 'UAT 1000001 functioning as 1005000'. The main text explains that the application allows a 'Paid In Full' transaction for up to 30 MIN(s) at one time and provides instructions for entering the 'Servicer Liquidation Date' and 'MIN number(s)'. A table with columns 'MIN*' and 'Servicer Liquidation Date' is provided for data entry. Three callout boxes are present: one pointing to the table with the text 'Enter MIN(s) and click Submit', another pointing to the 'Servicer Liquidation Date' field with the text 'This field will be used for any MIN that doesn't have an individual Servicer Liquidation Date', and a third pointing to the table columns with the text 'If a MIN has a different Servicer Liquidation from the rest, enter in these fields'.

- A Servicer liquidation date is entered in the Group Servicer Liquidation Date if the date is the same for all MINs, or in the individual Servicer Liquidation Date fields if the dates are different for each MIN.

<p>Transfer to Non MERS Status</p>	<ul style="list-style-type: none"> The loan Servicer or Subservicer chooses <u>Transfer to Non MERS Status</u> from the Deactivation menu.  <ul style="list-style-type: none"> Enter New Servicer Org ID as 9999999. Assignee information is not allowed for iRegistration loans.
<p>Default By Servicer</p>	<ul style="list-style-type: none"> For use by MERSCORP only at Investor's request
<p>Default By Subservicer</p>	<ul style="list-style-type: none"> For use by MERSCORP only
<p>Processing</p>	<ul style="list-style-type: none"> Correct errors that appear in the error message window. Transfer to Non-MERS Status of a MOM or Non-MOM loan require a recorded assignment to a mortgagee of record other than Mortgage Electronic Registration Systems, Inc. (MERS).

Chapter 16: Loan Foreclosure

Introduction The Foreclosure transactions reflect the legal action that a Servicer or Subservicer initiates to obtain title to property in the name of the Servicer or Investor. When a loan you are servicing goes into foreclosure, you will update the MERS® System to show that the foreclosure is pending, then again to reflect when it has completed or been reinstated or modified.

Chapter contents This chapter describes how to report foreclosure activity to the MERS® System.

Step	Action
1	Click <u>Foreclosure</u> from the main menu. The Foreclosure menu appears.
2	Click a foreclosure process.
3	Enter the MIN (s) in the MIN field.
4	Click Submit.

Types of foreclosure processes

The types of foreclosure processes are as follows:

- **Foreclosure pending (option 1), assigned to Servicer:** use to submit a pending status for a MOM or Non-MOM loan. This requires a recorded assignment out of Mortgage Electronic Registration Systems, Inc. (MERS).

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1000001
functioning as
1005000

Foreclosure Pending (option 1), assigned to Servicer

The Web Application will allow a "Foreclosure Pending (option 1), assigned to Servicer" transaction of up to 12 MIN(s).

ASSIGNEE

Name*:
Address*:
City*: State*: Zip*:
Contact:
Phone: Extension:

MIN*

Please enter MIN number(s).

* indicates required fields

Submit

For MOM and Non-MOM loans, the Assignee Name and Address are required

List the MIN(s) included and click Submit

- **Foreclosure pending (option 3), iRegistration:** use to submit a pending status on a foreclosure being conducted on an iRegistration loan.

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functioning as
1005000

Foreclosure Pending (option 3), iRegistration

Up to 12 iRegistration MINs are allowed for a "Foreclosure Pending (option 3), iRegistration"

MIN*

Please enter MIN number(s).

* indicates required fields

Submit

Callout: List the MIN(s) to be included and click Submit

- **Reinstated or modified (option 1), assigned back to MERS:** use to reinstate an incomplete foreclosure after a MOM or Non-MOM loan is assigned back to Mortgage Electronic Registration Systems, Inc. (MERS)

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1000001
functioning as
1005000

Foreclosure Reinstated or Modified (option 1), assigned back to MERS

The Web Application will allow a "Foreclosure Reinstated or Modified (option 1), assigned back to MERS" transaction of up to 12 MIN(s).

MIN*

Please enter MIN number(s).

* indicates required fields

Submit

Callout: Enter MINs to be reinstated and click Submit

☰ This option is not allowed for iRegistration loans.

- **Reinstated or modified (option 1), not assigned back to MERS - Deactivate:** use to reinstate an incomplete foreclosure without assigning the loan back to MERS and make the MIN inactive.

☞ This option will deactivate the MIN with a status of “Reinstated or modified (option 1), not assigned back to MERS”

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Foreclosure Reinstated or Modified (option 1), not assigned back to MERS - Deactivate

The Web Application will allow a "Foreclosure Reinstated or Modified (option 1), not assigned back to MERS - Deactivate" transaction of up to 12 MIN(s).

MIN*

Please enter MIN number(s).

* indicates required fields

Submit

Enter the reinstated or modified MIN(s) to be deactivated and click Submit

- **Reinstated or modified (option 1), not assigned back to MERS - iRegistration:** use to reinstate an incomplete foreclosure without assigning the loan back to MERS and keep loan active as an iRegistration

☞ This option will change the MOM Indicator to iRegistration

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Process Loans, Not Paperwork™

UAT 1000001 functioning as 1005000

Foreclosure Reinstated or Modified (option 1), not assigned back to MERS - keep active as iRegistration

Up to 12 MINs are allowed for a "Foreclosure Reinstated or Modified (option 1), not assigned back to MERS - keep active as iRegistration". Once successfully submitted, the MINs will be Active iRegistration loans.

MIN*

Please enter MIN number(s).

* indicates required fields

Submit

Enter the reinstated or modified MIN(s) to be kept active as iRegistration loans and click Submit

- **Reinstated or modified (option 2):** use to reinstate an incomplete option 2 foreclosure

- **Foreclosure complete:** use to complete a pending foreclosure
 This option deactivates the MIN with a status of Foreclosure Complete

- **Foreclosure status reset:** use to reset the foreclosure status to None (Not in Foreclosure).
 - ☐ If “Foreclosure Complete” or “Reinstated or Modified (Option 1), not assigned back to MERS” has been reported to the MERS® System, this function cannot be used until you have reversed the deactivation (see [Deactivation Reversal](#)).

Foreclosure process

The foreclosure process is as follows:

Stage	Description	
1	The Servicer or Subservicer places the MIN in a foreclosure pending status.	
2	If the foreclosure is completed...	If the loan is reinstated or modified . . .
	. . . the Servicer or Subservicer will select the Foreclosure Complete option from the Foreclosure menu	. . . the Servicer or Subservicer will select the appropriate option from the Foreclosure menu ☐ The loan can be reinstated in MERS's name or the Servicer's name.

**Loan
foreclosure
transaction
requirements**

The loan foreclosure transaction requirements are as follows:

Field	Notes
Data entry tips	<ul style="list-style-type: none"> • Fields that appear with an asterisk (*) are required. Fields that are not required should be completed if the information is available. • Type MINs with or without dashes.
Rules	<ul style="list-style-type: none"> • Multiple MINs may be processed in a foreclosure transaction. • You must correct errors that appear in the error message. • Incomplete foreclosure transactions are not retained on the system • Inactive MINs cannot be processed on the Foreclosure pages. • A "Foreclosure pending (option 1), assigned to Servicer" transaction will be rejected for a MOM or Non-MOM loan if the required assignment from Mortgage Electronic Registration Systems, Inc. (MERS) to the Servicer was not reported to the MERS[®] System. Assignment information is not allowed for an iRegistration. • Each Investor establishes Investor confirmation requirements.

A foreclosure status of...	May be modified to...
Foreclosure pending (option 1), assigned to Servicer	<ul style="list-style-type: none"> • Foreclosure status reset • Reinstated or modified (option 1), assigned back to MERS • Reinstated or modified (option 1), not assigned back to MERS – Deactivate • Reinstated or modified (option 1), not assigned back to MERS - iRegistration • Foreclosure complete
Foreclosure pending (option 2), retained on MERS	<ul style="list-style-type: none"> • Foreclosure status reset • Foreclosure pending (option 1), assigned to Servicer • Reinstated or modified (option 2) • Foreclosure complete
Foreclosure pending (option 3), iRegistration	<ul style="list-style-type: none"> • Foreclosure status reset • Reinstated or modified (option 3) • Foreclosure complete
Reinstated or modified (option 1), assigned back to MERS	<ul style="list-style-type: none"> • Foreclosure status reset • Foreclosure pending (option 1), assigned to Servicer
Reinstated or modified (option 1), not assigned back to MERS - iRegistration	<ul style="list-style-type: none"> • Foreclosure status reset • Foreclosure pending (option 3), iRegistration
Reinstated or modified (option 1), not assigned back to MERS - Deactivate	<ul style="list-style-type: none"> • Can only be modified by reversing the deactivation (see Deactivation Reversal)
Reinstated or modified (option 2)	<ul style="list-style-type: none"> • Foreclosure status reset • Foreclosure pending (option 1), assigned to Servicer
Reinstated or modified (option 3)	<ul style="list-style-type: none"> • Foreclosure status reset • Foreclosure pending (option 3), iRegistration
Foreclosure Complete	<ul style="list-style-type: none"> • Can only be modified by reversing the Foreclosure Complete deactivation (see Deactivation Reversal)

Chapter 17: Reversal (Registration and Deactivation)

Introduction

The reversal process is used when a loan has been registered or deactivated in error, or when a loan is registered with incorrect information that cannot be changed using the MIN Information option.

When a loan is registered with incorrect MIN information, the [MIN Information](#) option can be used to correct most information. However, if a loan with Mortgage Electronic Registration Systems, Inc. (MERS) as mortgagee in the land records is registered as an iRegistration, or if a loan with a mortgagee other than MERS is registered as a MOM or Non-MOM, the registration must be reversed and the MIN re-registered with the correct MOM indicator. Similarly, if a loan is registered with an incorrect Servicer, Investor, or Interim Funder, the registration can be reversed and the MIN re-registered with the correct rights holders.

For a loan that was correctly deactivated because it was assigned to a Non-MERS Member (status of Transfer to Non-MERS Status, Reinstated or modified option 1, not assigned back to MERS, or Default by Servicer or Subservicer), and is now being assigned back to MERS or registered as an iRegistration, use the [Registration](#) function.

If a deactivation was cascaded from the MERS[®] eRegistry, it can only be reversed on the MERS[®] System by reversing the deactivation on the MERS[®] eRegistry and cascading the transaction.

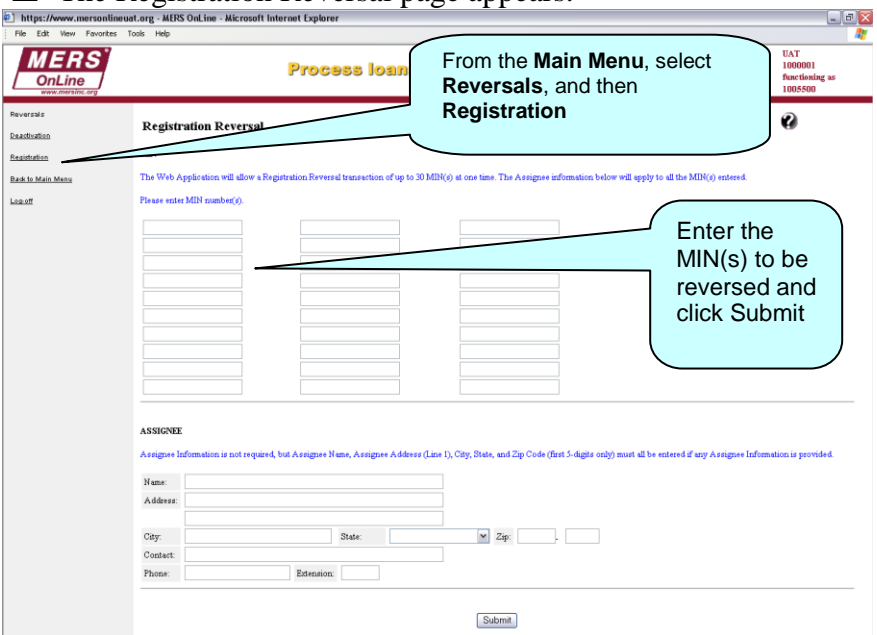
Chapter contents

This chapter describes how to reverse a registration or deactivation.

Registration Reversal

The original registering Member, Servicer, Subservicer or Investor may process a registration reversal. The information for that MIN may be updated, and the loan may be re-registered, anytime after the reversal.

- ☞ If the Member who registered the MIN is not the current Servicer, Subservicer, or Investor, the registering Member can update most MIN Information for seven calendar days following registration using the [MIN Information](#) option. This might be preferable to reversing the registration because of a small error and then paying another registration fee to re-register it.

Step	Action
1	Click Reversal from the main menu. ☞ The Reversals menu appears
2	Select Registration from the Reversals menu. ☞ The Registration Reversal page appears. 
3	Enter the MINs to be reversed. ☞ Up to 30 MINs may be entered. To reverse the registration of more than 30 MINs, perform an additional reversal transaction.
4	Input new Assignee information if the reversal reason requires the loan to be assigned out of Mortgage Electronic Registration Systems, Inc. (MERS). ☞ Assignee information is not allowed for iRegistrations.
5	Click Submit.



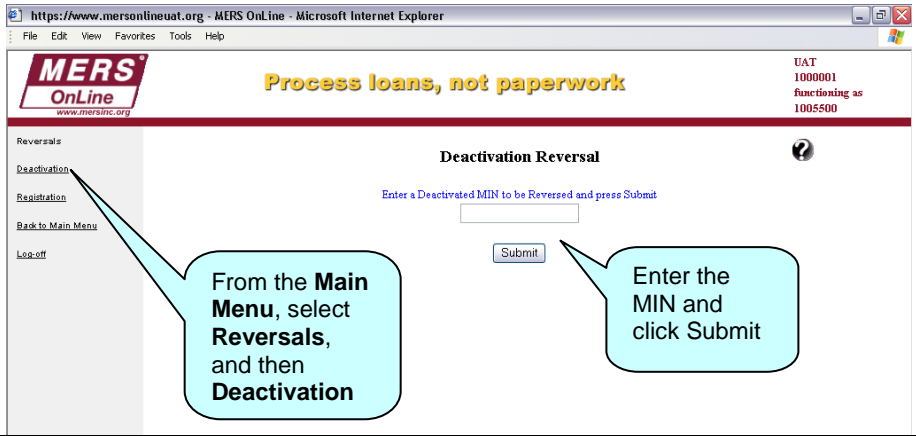
Deactivation Reversal


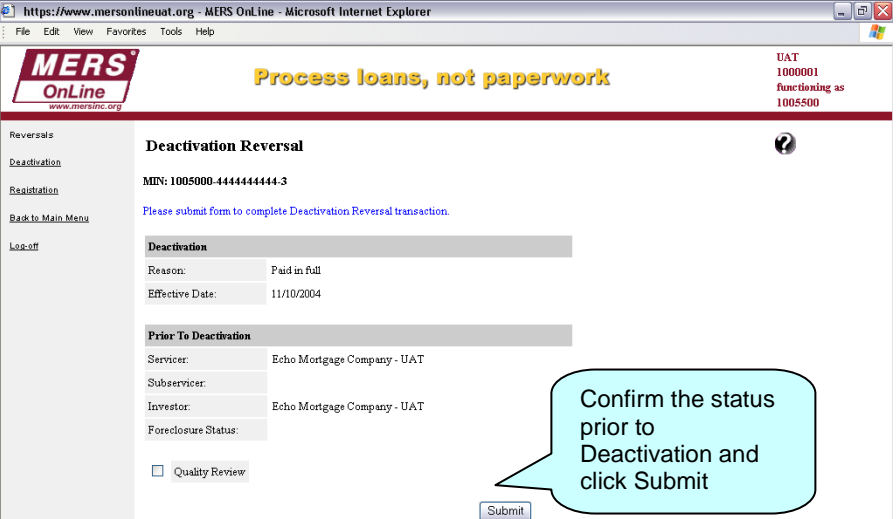

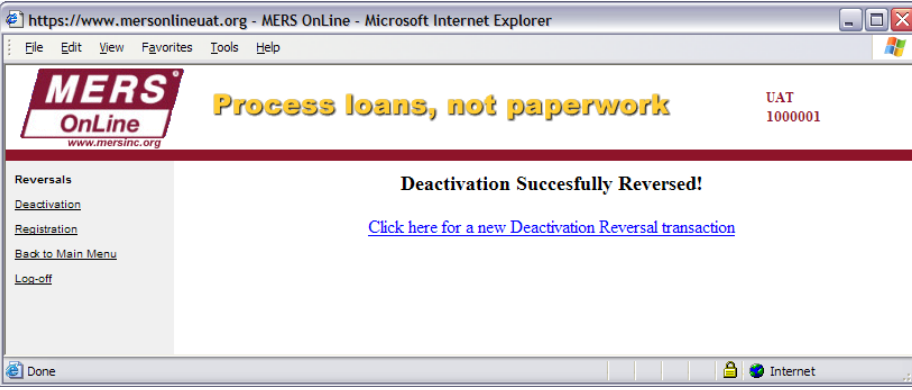
The Servicer or Subservicer that processed the deactivation must process the deactivation reversal. If a deactivation was cascaded from the MERS® eRegistry, it can only be reversed on the MERS® System by reversing the deactivation on the MERS® eRegistry and cascading the transaction.

Use this option only if the loan was deactivated in error. For a loan that was correctly deactivated because it was assigned to a Non-MERS® System Member (status of Transfer to Non-MERS® System Member, Reinstated or modified option 1, not assigned back to MERS, or Default by Servicer or Subservicer), and is now being assigned back into Mortgage Electronic Registration Systems, Inc. (MERS) or registered as an iRegistration, use the [Registration](#) function.

MINs with the following inactive statuses can be reversed if deactivated in error:

- Paid In Full
(if the “Lien Release Sent Date” had been entered for the MIN, it will be automatically cleared.)
- Transfer To Non MERS Status
- Default By Servicer
- Default By Subservicer
- Reinstated or modified (option 1), not assigned back to MERS
- Foreclosure complete

Step	Action
1	Click <u>Reversals</u> on the main menu.  The Reversals menu appears.
2	Click <u>Deactivation</u> on the sub-menu.  The Deactivation Reversal page appears. 
3	Enter the MIN for which you want to reverse the deactivation.

<p>4</p>	<p>Click Submit.</p> <p> A Deactivation Summary page displays</p> 
<p>5</p>	<p>Look at the Deactivation Summary page to make sure this is the correct MIN, then click Submit to complete the transaction.</p> <p> A Deactivation Successfully Reversed page displays</p> 

Chapter 18: Reports

Introduction The MERS® System provides monthly reconciliation reports and daily activity-based exception and confirmation reports. The daily reports reflect the previous day's processing and are not real time ad hoc reports.

Some of the reports indicate if a batch transaction processed successfully on the MERS® System or rejected for specific reasons. Other reports indicate events that took place on the previous processing day such as transactions reflecting a transfer of beneficial rights or a sale of servicing rights.

Each report should be reviewed on a daily basis to verify activity from the previous day. If transactions rejected because of errors, you can either correct the error through MERS® OnLine or contact your service provider, if you use one, to correct the error and have them resubmit the transaction for processing in the next cycle. You are responsible for reconciling the MERS® System reports to your other systems on a daily basis.

Some reports are mandatory, while others are optional. By default, you will receive all mandatory and optional reports. For information on choosing which optional reports you wish to receive and whether you receive text and/or pdf versions of each report, see the Reports option under Member Information.

A recap of all reports is also generated every day for each Member. The *List of Reports Produced* lists all reports generated for your Org ID, and a record count for each. This is especially useful to Members receiving large reports that might get truncated in transmission. The *List of Reports Produced* can be used to verify that each report is complete.

The reports will include the User ID that initiated the transaction if the transaction was done through MERS® OnLine.

Reports remain available online for thirty days. After six processing days, the reports are available only in ZIP formats.



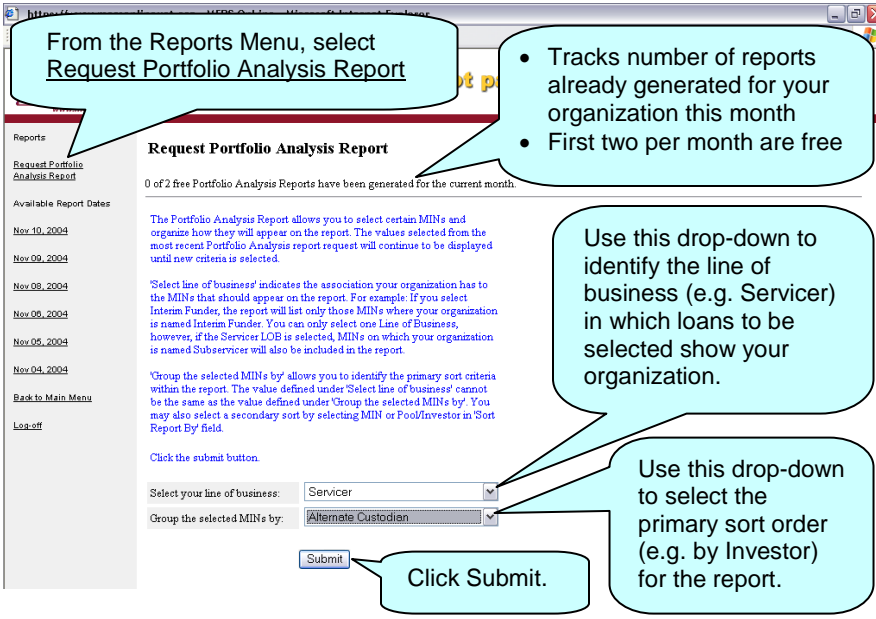
Chapter contents This chapter explains how to retrieve, view, print or save your daily reports, and how to request a Portfolio Analysis Report.

Reports can be downloaded using MERS® OnLine or an FTP solution, and may be viewed in the Adobe Acrobat PDF format.

Portfolio Analysis Report

The Portfolio Analysis report is an on-demand, customizable report that provides you the means of identifying your association with a MIN. You request and schedule this report through MERS® OnLine.

You can request this report twice per month free of charge. When requesting a third or subsequent report, the system will display a message stating that you will be charged for the report.

Step	Action
1	Click <u>Reports</u> from the main menu.
2	<p>Click Request Portfolio Analysis Report.</p> <p> The request page appears.</p> <p> Use this page to select your LOB on the MINs selected, and the primary sort order for the report. These selections cannot be identical.</p>  <p>The screenshot shows the 'Request Portfolio Analysis Report' page. A callout points to the 'Request Portfolio Analysis Report' link in the left menu: 'From the Reports Menu, select Request Portfolio Analysis Report'. Another callout points to the status message: '0 of 2 free Portfolio Analysis Reports have been generated for the current month.' and lists: 'Tracks number of reports already generated for your organization this month' and 'First two per month are free'. A third callout points to the 'Select your line of business' dropdown (set to 'Servicer') and says: 'Use this drop-down to identify the line of business (e.g. Servicer) in which loans to be selected show your organization.' A fourth callout points to the 'Group the selected MINs by' dropdown (set to 'Alternate Custodian') and says: 'Use this drop-down to select the primary sort order (e.g. by Investor) for the report.' A fifth callout points to the 'Submit' button and says: 'Click Submit.'</p>

Step	Action
3	<p>MERS OnLine Process Loans, Not Paperwork™ Training 1000001</p> <p>Request Portfolio Analysis Report</p> <p>* indicates required fields</p> <p>Request Format:</p> <p>Would you like to schedule this report to run* On Request</p> <p>Create date cannot be a date in the past, or greater than 60 days from the current date.</p> <p>Date this report to be created: Oct 18 2010</p> <p>Report format*: <input checked="" type="checkbox"/> Report <input checked="" type="checkbox"/> Data</p> <p>Report to show*: <input checked="" type="radio"/> Detail <input type="radio"/> Summary</p> <p>Clicking a report field will select it and deselect all other report fields. To select consecutive report fields, click the first report field in the range, then hold down the Shift key and click the last report field in the range. To select or deselect non-consecutive report fields, hold down the CTRL key and click the report field(s) you want to toggle.</p> <p>Note that the MIN, Borrower, MOM Indicator, Quality Review Indicator, and Report Date fields are always included in the Detail Portfolio Analysis Report.</p> <p>Report Fields (Detail Only):</p> <ul style="list-style-type: none"> Agency ID Borrower SSN County Name Custodian Name Custodian Org ID Deactivation Date FHA/VA/MI Number Foreclosure Status Code [Data Only] Foreclosure Status Desc Interim Funder Name Interim Funder Org ID <p>The value selected in the following 'Sort report by' field is only valid when Report to show Detail is selected.</p> <p>Sort report by*: MIN</p> <p>Selection Criteria:</p> <p>Note date from: [] [] [] [] [] []</p> <p>Note date through: [] [] [] [] [] []</p> <p>Note From/To Day: [] (Quarter-End / Month-End Only)</p> <p>Registration date from: [] [] [] [] [] []</p> <p>Registration date through: [] [] [] [] [] []</p> <p>Registration From/To Day: [] (Quarter-End / Month-End Only)</p> <p>Select MINs with a MOM value of*: Any</p> <p>Select at least one MIN status to report on*:</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> All MIN Statuses (If this option is selected, all other choices will be invalid) <input type="checkbox"/> Active (Registered) <input type="checkbox"/> Pre-Closing <input type="checkbox"/> Foreclosure Complete <input type="checkbox"/> Paid in Full <input type="checkbox"/> Default by Servicer Deactivation <input type="checkbox"/> Default by Subservicer Deactivation <input type="checkbox"/> Transfer to Non-MERS Status <input type="checkbox"/> Reinstated or Modified (Option 1), not assigned back to MERS <input type="checkbox"/> Reassignment from MERS <input type="checkbox"/> Registration Reversal <p>The selected line of business' and 'group the selected MINs by' are the values entered on the first page of the portfolio request.</p> <p>Selected line of business: Servicer</p> <p>Group the selected MINs by: Investor</p> <p>You may choose all or up to 10 Organizations that have an association with the MIN for the line of business found in 'Group the selected MINs by'. Hold down the CTRL key, and then click on the specific Organizations you want. To select a range of Organizations, hold down the Shift key, and then click the first and last Organizations in the range.</p> <p>Select up to 10 Organizations*:</p> <ul style="list-style-type: none"> All Organizations 1006291 - #1 Lending LLC 1006609 - 1 Wave Mortgage, LLC 1001110 - 1000-East-West Mortgage Co., Inc. 1006654 - 123 Mortgage LLC 1003080 - 123 Loan LLC 1007088 - 1952 LLC dba First Mortgage America 1007453 - 1G & Associates International Inc. 1006238 - 1Priceloon.com, LLC 1000494 - 1st Home Mortgage Corporation 1002986 - 1st 2nd Mortgage Co. of NJ, Inc. <p>Submit</p>

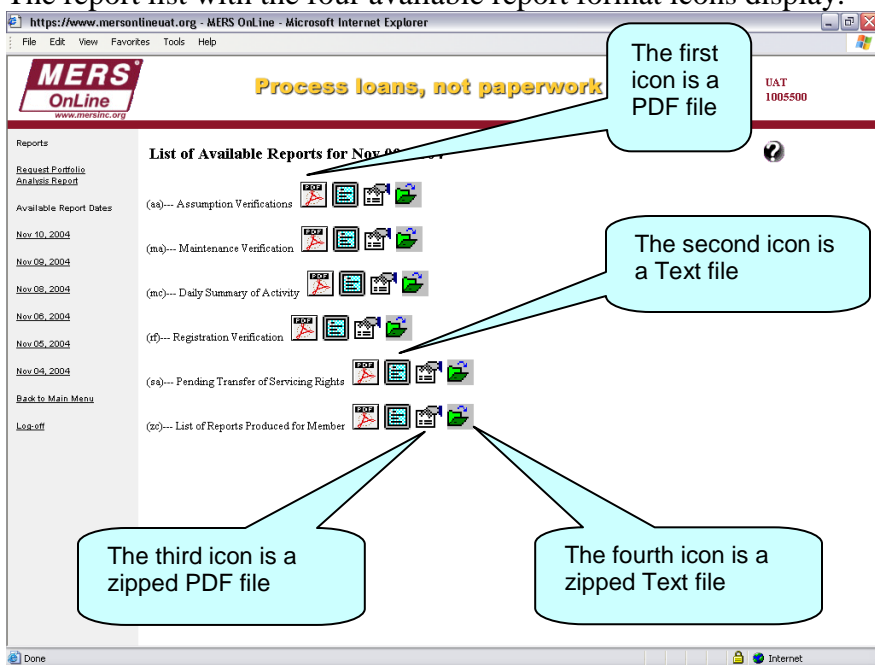
Report formats

There are four report formats available from the report window of MERS® OnLine depending on the options you have chosen.

Reports with more than approximately 75,000 records will not be available as a printable version.

The format options are:

- PDF Format: requires Adobe Acrobat to view, print and search for a string within a report (available for six processing days)
- TXT Format: a tab-delimited version (available for six processing days)
- ZIP PDF Format: a compressed version of the PDF format using WinZip to open (available for thirty days)
- ZIP TXT Format: a compressed version of the data file using WinZip to open (available for thirty days)

Step	Action
1	Click <u>Reports</u> from the main menu.
2	<p>Click the date of the reports you would like to view. The report list with the four available report format icons display.</p> 
3	Click on the format for each report you want. The ZIP formats are the two icons on the right. Your selected report will appear
4	Print the report or perform a File, Save As from the browser window.

Glossary

<i>Acquisition Date</i>	The date of acquisition recognized in the books and records of the Purchaser.
<i>Agency ID</i>	A number assigned by a government agency to uniquely identify a mortgage company.
<i>Assignment</i>	A transfer to another of any property, real or personal, or of any rights or estates in said property.
<i>Associated Member</i>	A MERS Member that has been granted inquiry only access to loan information by the Servicer /Subservicer of a mortgage registered on MERS.
<i>Assumption</i>	Taking over by one party of an obligation that was originally incurred by another. In MERS® System, this results in replacement of the Primary Borrower and all Co-Borrowers.
<i>Batch</i>	A group of one or more MINs identified to be included in a Transfer of Beneficial or Servicing Rights transaction.
<i>Batch File</i>	A system-to system transaction used to update the MERS® System.
<i>Batch Inquiry</i>	Transaction used to look up information on loans matching search criteria entered using a flat file format.
<i>Beneficial Rights Transfer</i>	A transfer of the security interest under the mortgage or deed of trust. These transfers are tracked for MERS Members on the MERS® System.
<i>BIR</i>	Business Integration Resource. The MERS employee who assists you in incorporating the MERS® System into your business processes.
<i>Bulk Transfer</i>	The process of transferring the servicing rights of multiple loans on the MERS® System in a one-time transaction.
<i>CEMA</i>	Consolidation, Extension, and Modification Agreement. Also known as MECA
<i>Check digit</i>	The final digit of the 18-digit Mortgage Identification Number (MIN), which is calculated using the MOD 10 Weight 2 algorithm.
<i>Co-Borrower</i>	The first borrower listed on the Security Instrument is the Primary Borrower for that loan on the MERS® System. Each additional borrower listed on the Security Instrument is a Co-Borrower for that loan on the MERS® System. Names listed on the Security Instrument but not the Note should be entered as Co-Borrowers on the MERS® System. Names listed on the Note but not the Security Instrument should not be entered on the MERS® System.
<i>Confirmation</i>	The transaction used by an Investor, Servicer, or Subservicer to indicate if a pending transfer transaction should be accepted or rejected.

Contact Types	<ul style="list-style-type: none"> • Accounts Billing (mandatory) Person from the Member's organization designated to receive MERSCORP monthly invoices. IMPORTANT: There can only be one individual designated for this contact type. Any discrepancies should be directed to the MERSCORP Accounting Department at billing@mersinc.org. • Compliance Officer An Officer, who is responsible for regulatory internal requirements for MERS® System Member. • Customer Service Primary (mandatory) Contact from the Member's organization for handling public requests for MERS® System Members • Customer Service Secondary Back-up for Customer Service Primary contact. • eRegistry (mandatory for eRegistry Members) Person who is a contact for MERS® eRegistry questions. • Executive Sponsor (mandatory) The senior executive within the Member's organization under whose management the MERS® System operation falls. • Legal (mandatory) Designated individual at Member's organization responsible for coordinating communication between the MERSCORP Law Department and the Member's internal law department regarding litigation and other legal issues. • Mail Room Contact responsible for handling MERS® System mail for Member. • Operational (mandatory) Person(s) from the Member's organization responsible for overseeing or conducting the day-to-day MERS® System functions. This contact-type appears on Member Search on the corporate website at www.mersinc.org, and in the Member Summary on MERS® OnLine, and MERS® Link. • Property Preservation Contact for handling property preservation for MERS® System Members. This contact-type appears on Member Summary in MERS® OnLine and MERS® Link. • Quality Assurance Officer (mandatory) Officer from the Member's organization responsible for MERS® System Quality Assurance. • System Administrator Primary (mandatory) Person from the Member's organization responsible for setting up unique User ID(s) for each person at your company needing access to MERS® OnLine. This person maintains your organization's User IDs and Roles, including password resets, and keeps your Member Information current. • System Administrator Secondary Back-up for System Administrator Primary. • Technical (mandatory for Members using System to System connectivity) Person from the Member's organization responsible for providing technical support to ensure system compatibility with the MERS® System.
Conversion	The process by which an iRegistration loan is converted to a Non-MOM loan if it is assigned to MERS. Uses the Registration transaction.

<i>Deactivation</i>	When a loan becomes inactive on the MERS® System for one of the following reasons: <ul style="list-style-type: none"> • Paid in Full (includes payoff, deed in lieu, short sale, etc.) • Transfer to non-MERS Status • Involuntary transfer/default by Servicer • Involuntary transfer/default by Subservicer • Foreclosure Complete • Reinstated or modified (option 1), not assigned back to MERS EFFECTIVE FEBRUARY 27, 2012: <ul style="list-style-type: none"> • Deactivated - Assigned to Servicer for Default
<i>Deactivation Reversal</i>	The process for reactivating a MIN that was deactivated in error.
<i>DTD</i>	Document Type Definition. A file that defines the “markup language” that will be used to describe the data. It defines and names the elements that can be used in the document, the order in which the elements can appear, the element attributes that can be used, and other document features.
<i>EDI</i>	Electronic Data Interchange. The system-to-system exchange of business transactions between one or more business partners in a standard format.
<i>eNote</i>	A Transferable Record as defined by E-SIGN or UETA, whichever is applicable.
<i>ESIGN</i>	Electronic Signatures in Global and National Commerce Act. A federal statute that establishes the legal validity and enforceability of electronic signatures, contracts, and other records in interstate and foreign commerce transactions, if not superseded by certain state laws otherwise authorizing such activities.
<i>ETA</i>	Electronic Tracking Agreement. An agreement that is used when a mortgage originator pledges mortgages to a warehouse lender as collateral through a line of credit or other financing arrangement.
<i>FIPS Code</i>	The code assigned by the Federal Information Processing Standards (FIPS) Publications issued by the National Institute of Standards and Technology (NIST) to represent a county or other entity treated as an equivalent legal and/or statistical subdivision of the 50 states, District of Columbia, and the possessions and freely associated areas of the United States.
<i>Flat File Format</i>	This is the optional proprietary format for system-to-system input to the MERS® System. Members that are not X12 capable can use this format.
<i>Flow Loan Registration</i>	A loan registered on the MERS® System 270 days or less after the note date.
<i>Flow Transfer</i>	MERS defines flow as a Transfer Date 270 days or less after the Note Date. There is no fee for this transaction nor limitations to the number of times a MIN can be included in Flow Transactions.
<i>Foreclosure Status</i>	The field reflecting the current status of a MIN in foreclosure on the MERS® System. “Foreclosure Complete” and “Reinstated or modified (option 1), not assigned back to MERS-deactivate” statuses deactivate the MIN. The following is a list of MERS foreclosure statuses: <ul style="list-style-type: none"> • Foreclosure pending (option 1), assigned to Servicer • Foreclosure pending (option 2), retained on the MERS® System* • Foreclosure pending (option 3), iRegistration • Reinstated or modified (option 1), assigned back to MERS • Reinstated or modified (option 1), not assigned back to MERS-deactivation • Reinstated or modified (option 1), not assigned back to MERS- iRegistration • Reinstated or modified (option 2)** • Reinstated or modified (option 3) • Foreclosure complete • Foreclosure status reset * This option is no longer available. **This option is only available as an update to a loan in pending (option 2) status.
<i>FTP</i>	File Transfer Protocol
<i>Funding Date</i>	Funding Date is defined as the date the borrower becomes obligated for the debt and interest starts to accrue. In some states, this may be different from the date the borrower signs the note, or the date the note is drawn.

<i>General Public</i>	Refers to any non-MERS Member who requests information. Only selected information will be accessible through an automated servicer identification system and the customer must provide required information to activate and release requested information.
<i>Integration</i>	The process by which a Member completes procedural changes, training, and system testing of transactions prior to being live in the MERS® System.
<i>Interim Funder</i>	Organization with an interim financial interest on a loan prior to the sale of the loan to the permanent Investor, who has chosen to have their secured interest in each loan represented in a way that only they can release on the MERS® System.
<i>Interim Funder Interest</i>	The financial interest on a loan that an organization has prior to the sale of the loan to the permanent Investor. Examples of organizations are warehouse lenders, Wall Street firms, and other parties that extend interim funding to originators.
<i>Investor</i>	The owner of the beneficial interest in a loan.
<i>iRegistration</i>	Loan registered on the MERS® System for information only, where MERS is not the mortgagee. iRegistration loans may be included in transactions (e.g. TOS, TOB, deactivation, foreclosure), but assignment information is optional.
<i>Lender</i>	The payee on the note.
<i>Lien Release</i>	An instrument releasing the security interest recorded in the county land records (also discharge, satisfaction, reconveyance).
<i>Line of Business (LOB)</i>	The types of business in which a Member is active on the MERS® System. These are listed in the Member's Member Profile.
<i>Member</i>	Refers to all organizations whose signed MERS Membership Application has been submitted and approved, and whose fees are current.
<i>Member Profile</i>	MERS-specific information about a MERS Member that is required at the time of initial setup. The member profile indicates the Member's MERS business process preferences, billing, and other information.
<i>MERS</i>	MERSCORP, Inc., which owns and operates the MERS® System, the MERS® eRegistry, and MERS® eDelivery; and Mortgage Electronic Registration Systems, Inc., its wholly owned subsidiary, which acts as the mortgagee of record in the public land records and as nominee for the lender and its successors and assigns.
<i>MERS® 1-2-3</i>	A complete online solution to achieve MERS® Ready status for Lenders that sell loans servicing-released. Through interfaces with approved document preparation companies, it generates a MIN to be presented on a MOM security instrument or assignment. It also warehouses data to pre-populate the fields on the MERS Registration page, thereby eliminating approximately 80% of the required data entry.
<i>MERS actual Transfer Date</i>	The date servicing of the loans is transferred in the MERS database. This date will be the same as the servicing Transfer Date unless the buyer does not confirm the transfer on time.
<i>MERS® eDelivery</i>	A secure method for distributing eMortgage packages from one MERS® eRegistry Member to another, using the existing MERS® eRegistry infrastructure and transaction security requirements.
<i>MERS® eRegistry</i>	An electronic note registry that serves as the system of record to identify the current controller and location of the authoritative copy of an electronic note.
<i>MERS Help Desk</i>	Provides support of MERS systems and procedures, via telephone and email, to MERS Members.
<i>MERS® InvestorID</i>	An initiative to provide more transparency regarding residential mortgage loans. Uses information entered on the MERS® System to generate a Notice of New Creditor required by the Helping Families Save Their Homes Act of 2009 when a TOB is completed for a MOM or Non-MOM loan. Investors who have developed their own notification process can opt out of MERS® InvestorID.
<i>MERS® Link</i>	Browser-based access to the MERS® System to retrieve information about the current Servicer of a mortgage registered on the MERS® System. If supported by the Servicer, it may have a "hot link" to the Servicer's website for Customer Service information. MERS® Link also can be accessed via the American Land Title Association web site or through a subscription to the service.

<i>MERS® Lite Member</i>	A lender that has signed a MERS Member Agreement solely so that it can sell loans with MERS as the nominee for the lender on the security instrument to other MERS Members. This type of Member sells servicing-released within 30 days of loan closing.
<i>MERS® OnLine</i>	Browser-based access to the MERS® System, found at www.mersonline.org .
<i>MERS® Servicer ID</i>	Browser-based access to servicer contact information for loans registered on the MERS® System. Available to the public at www.mers-servicerid.org .
<i>MERS® System</i>	An electronic registry that tracks changes in loans servicing and beneficial ownership rights. Member companies update the registry via MERS® OnLine (the browser-based interface) or through batch file or XML interfaces.
<i>MIN</i>	Mortgage Identification Number. The MIN is an 18-digit number composed of the 7-digit Organization ID, the 10-digit sequence number, and the check digit.
<i>MIN Archival</i>	The process that removes MINs that have been deactivated on the MERS® System. Limited information is still available on the MIN.
<i>MIN Status</i>	The field reflecting the reason for current status of a loan on the MERS® System.
<i>MOM</i>	MERS as the Original Mortgagee. Language written into security instruments that establishes MERS as the Original Mortgagee and nominee for the Lender, its successors and assigns.
<i>Mortgage Loan Transfer Notice</i>	A Notice of New Creditor required by the Helping Families Save Their Homes Act of 2009. Generated automatically when a TOB is completed for a MOM or Non-MOM loan, using the information entered on the MERS® System, unless the New Investor has opted out of MERS® InvestorID.
<i>My MERS</i>	The MERS® OnLine functionality that allows Members to create a list of frequently used Org IDs.
<i>Non-MOM</i>	A loan for which MERS is the mortgagee through an assignment.
<i>Note Date</i>	Note Date is the date on the Note. In some states, the date the borrower signs the note, or the date the note is drawn, may or may not be the actual date on which interest begins to accrue (see Funding Date).
<i>Option 1 (beneficial rights)</i>	The lender/seller of the beneficial interest initiates the transfer of beneficial rights outside of MERS (e.g., using MIDANET or MORNET). The Investor sends confirmation of the transfer to MERS through an X12 transaction. Once the X12 file is submitted, it cannot be canceled. Interim funding interests are released automatically when the X12 transaction is processed by the MERS® System.
<i>Option 1 MIN Cycling</i>	The automated transaction that reprocesses MINs that have been rejected due to reason of non-registration, when delivery has been attempted to an Option 1 Investor. The cycle and reprocess occurs for 10 calendar days from the effective Transfer Date.
<i>Option 1TOS (Default by Servicer)</i>	An Option 1 Investor may use this transaction to reflect a transfer of servicing on that Investor's loans to another MERS Member Servicer due to default by the previous MERS Servicer. This transaction is billed to the Investor, and leaves the loan active on the MERS® System.
<i>Option 2 (beneficial rights)</i>	In the Option 2 process, the current Investor, Servicer, or Subservicer creates a beneficial rights transfer transaction. Then the new Investor confirms the transfer. Interim funding interests must be released separately.
<i>Optional EDI Format</i>	See Flat File format.
<i>Organization Identification Number (Org ID)</i>	A MERS assigned seven-digit number uniquely identifying a Member of MERS. The seven digits of the Org ID comprise the first seven digits of the 18-digit MIN.
<i>Original Borrower</i>	The entity listed as the borrower on the original note. May be different from the current borrower on a loan if the loan has been assumed.
<i>Original Note Holder</i>	The loan originator, if not a MERS Member. Displayed as Originating Organization.
<i>Originating Org ID</i>	The Org ID of the loan originator. This organization's Org ID and Name are displayed as Originating Organization.

<i>Originating Organization</i>	The originator of the loan. If the originator is a MERS Member, that Member's Org ID is entered in the Originating Org ID field, and its Org ID and Name are displayed for Originating Organization. If the originator is not a MERS Member, the originator's name is entered in the Original Note Holder field and displayed for Originating Organization.
<i>Parent/Child Relationship</i>	Relationship established by MERS on the MERS® System for Members who execute a Parent/Child Agreement. Only the parent Org ID is billed Membership fees, and transactions reflecting seasoned servicing transfers between the Org IDs named in the relationship are billed as Intracompany Transfer rather than Seasoned Servicing Transfer fees.
<i>Passive Investor</i>	An Option 2 Investor that is a Member of MERS but does not actively confirm transfers to or from it on the MERS® System.
<i>Pool Number</i>	The number assigned to a grouping of loans by the Investor; required for securitization.
<i>Pre-Closing</i>	Loan registered on the MERS® System before the note date with a status of Pre-Closing (not active). May be registered as an active iRegistration, MOM, or Non-MOM when the loan closes, but a Pre-Closing may not be updated or included in any other transaction except Registration Reversal.
<i>Post-Closing</i>	Transaction used to activate a loan previously registered as a Pre-Closing on the MERS® System when the loan closes.
<i>Primary Borrower</i>	The first borrower listed on the Security Instrument is the Primary Borrower for that loan on the MERS® System. Each additional borrower listed on the Security Instrument is a Co-Borrower for that loan on the MERS® System.
<i>Property Preservation Company</i>	MERS Member with which a Servicer or Subservicer contracts to maintain a property.
<i>Property Preservation Contact</i>	Contact for inquiries about maintenance of properties.
<i>Reactivation</i>	The process of activating a previously deactivated MIN for the same borrower, property, and lien type. MINs deactivated by Paid in Full or Foreclosure Complete cannot be reactivated.
<i>Recordation</i>	The act of recording the loan assignment and/or security instrument in the public land records.
<i>Registrar</i>	A company to whom a Member has contracted business activities such that the Registrar would be the initiator of the business activity that triggers a transaction to the MERS® System.
<i>Registration</i>	The process of entering required information into the MERS® System to report to MERS that a loan exists with MERS as the Mortgagee, or to reflect an iRegistration.
<i>Registration Reversal</i>	The process of reversing a loan that was registered in error.
<i>Sale Date (servicing rights)</i>	In a servicing transfer, the date the contractual servicing rights are transferred from seller to buyer. This date is stipulated in the Purchase and Sale Agreement.
<i>Seasoned Loan Registration</i>	A loan registered on the MERS® System more than 270 days after the note date.
<i>Seasoned Transfer</i>	MERS defines "seasoned" as Transfer Date more than 270 days after the note date. A seasoned loan transfer fee is charged to the seller for seasoned servicing transfers.
<i>Security Instrument (SI)</i>	A formal legal document securing repayment of a debt (e.g. mortgage or deed of trust).
<i>Sequence Number</i>	The 10-digit number assigned by the MERS Member to uniquely identify a loan. The 10 digits of the sequence number comprise the 8th through 17th digits of the 18-digit MIN.
<i>Servicer</i>	The entity that has the contractual right to service a loan and responsibility for the servicing of the loan for the Investor. In some cases the Servicer contracts with a Subservicer. If so, both the Servicer and the Subservicer must be MERS Members to register the loans on the MERS® System.

<i>Servicer Identification System (SIS)</i>	Telephone-based access to the MERS® System. It allows anyone to query the system to obtain information on the current servicer on a MERS-registered loan. This system was previously named the Voice Response Unit (VRU). Also the name of the browser-based system available to the public (MERS® Servicer ID).
<i>Servicing Rights</i>	The ownership rights of the current Servicer for servicing loans.
<i>Servicing Rights Transfer</i>	The sale of servicing rights from the current Servicer to a new Servicer. These transfers are tracked for MERS Members on the MERS® System.
<i>SIS Number</i>	Servicer Identification System number: 888-679-MERS(6377)
<i>Standard EDI Format</i>	Accredited Standards Committee X12 standard.
<i>Subservicer</i>	The entity with whom the Servicer has contracted to service its loans. The Subservicer is not the legal owner of servicing rights.
<i>System to System</i>	An alternative to using MERS® OnLine, it's a method of transmitting information directly from a Member or vendor system to the MERS® System. This includes flat files and EDI X12 transmissions.
<i>TOB</i>	Transaction used to reflect a Transfer of Beneficial rights on the MERS® System. See Beneficial Rights Transfer.
<i>TOS</i>	Transaction used to reflect a Transfer of Servicing rights on the MERS® System. See Servicing Rights Transfer.
<i>TOS Option 1 (default by servicer)</i>	Transaction used by an Option 1 Investor to reflect a Transfer of Servicing Rights on the MERS® System due to default by servicer.
<i>TOS/TOB Combo</i>	Transaction used to reflect a simultaneous transfer of beneficial rights and servicing rights to an Option 2 Investor. Both flow and seasoned loans may be included in this transfer.
<i>Transfer Cancellation Date</i>	The date the transfer transaction is canceled on the MERS® System if all MIN confirmations and rejections are not received.
<i>Transfer Creation Date</i>	The date that the transfer transaction is initiated on the MERS® System.
<i>Transfer Date (beneficial rights)</i>	The date beneficial ownership of a loan is transferred from one Investor to another. In most cases this will be concurrent with the funding date by the new Investor.
<i>Transfer Date (servicing rights)</i>	According to the Purchase and Sale Agreement between the buyer and the seller, the date the responsibility for servicing the loans passes from seller to buyer.
<i>Transfer to Non-MERS Status</i>	Transaction used to deactivate a loan on the MERS® System when it is assigned out of MERS, transferred to a Non-MERS Member, and/or the Member no longer wishes to track it as an iRegistration on the MERS® System.
<i>UETA</i>	Uniform Electronic Transaction Act. A uniform form of statute that various states have enacted to establish the legal validity and enforceability of electronic signatures, contracts, and other records within the enforcing state; when enacted by a state, it may take the place of the provisions of ESIGN.
<i>Update</i>	A change to information outside of a previously defined business process (corrections, updates to previously null fields, etc.)
<i>Vendor</i>	A MERS Member who performs various transactions on the MERS® System on behalf of another Member under a contractual agreement.
<i>Warehouse/Gestation Lender</i>	Associated Member with an interim financial interest on a loan prior to the sale of the loan to the permanent Investor. Their interest in each loan is released automatically when servicing is transferred. The Warehouse/Gestation Lender has view only access to the loan on the MERS® System.
<i>X12 Format</i>	A predefined non-proprietary layout at a transaction set level. This is the recommended format for system-to-system transmissions to the MERS® System.
<i>XML</i>	Extensible Markup Language. XML is a markup language designed specifically for delivering information over the World Wide Web. In creating an XML document, the user creates and assigns the element names.
<i>XML Inquiry</i>	Transaction used to look up information on loans matching search criteria entered using an XML request.



Loan Lookup

The Fannie Mae Loan Lookup enables mortgage borrowers to quickly determine if Fannie Mae owns their loan by providing a street address, unit, city, state, and ZIP code.

Street Address *

223 High Point Drive

Unit

City

MURPHY

State

TX

Zip Code *

75094

☐ * I confirm that I am the owner of this property, or have the consent of the owner to look up this information.

* Required Fields



Get Results

Match Found.

Based on the property information entered, it appears Fannie Mae owns a loan at this address.

A "Match Found" status does not guarantee or imply that you will qualify for a Making Home Affordable refinance or modification.

If you're interested in a refinance, please contact your mortgage lender or servicer (the organization to whom you make your monthly mortgage payments) to confirm these results and ask about the Home Affordable Refinance Plus program.

You can find more information at MakingHomeAffordable.gov.

View [Frequently Asked Questions](#) for this Loan Lookup tool.

Thank you for contacting Fannie Mae.

The Fannie Mae Loan Lookup is provided as a convenience for borrowers. Fannie Mae makes no representation, warranty, or guarantee regarding the accuracy or completeness of the results. A search that results in a "Match Found" status does not guarantee or imply that you will qualify for a Making Home Affordable refinance or modification. Information that does not match our records exactly may return inaccurate results. You should contact your mortgage lender to verify these results.

For information about the use of our site and our privacy policy, [see Legal Information](#). [Click here for FAQs](#).

Know Your Options - Refinance Options



Learn more about refinance options available even if the value of your home has decreased.

Visit: [Refinance Options](#) on KnowYourOptions.com

888-995-HOPE
Homeowner's HOPE™ Hotline
888-995-HOPE (4673)
877-304-9709 TTY

If you have questions about the program that your servicer cannot answer or need further counseling, you can call the Homeowner's HOPE™ Hotline at 1-888-995-HOPE (4673) or via a TTY at 877-304-9709. The Hotline can help with questions about the program and offers free HUD-certified counseling services in English, Spanish, and other languages.

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Summary of Telephone Conversation with Help desk at Fannie Mae

Date: December 5, 2011
Time: 3:39p.m. PDT
Duration: 7 minutes and 46 seconds
Telephone number used to make call: (510) 689-9420

In keeping with the instructions in document FannieMae012.pdf, I, Glenn Gregory, called 1 800 7FANNIE, (800-732-6443);
After going through the automated voice system at Fannie Mae, a was presented with a female worker at the call center;
She stated neither her name nor a badge number;
The worker introduced the center as the Fannie Mae Loan Lookup;
The operator asked if I was an investor, servicer, home owner or renter;
I responded that I was the home owner;
I was then asked my name to which I responded Gregory Morse;
I was then asked for the address of the home for which the inquiry was being made;
I responded with 223 Hugh Point Drive,. I stated that High Point is two separate words. And added that the property is in Murphy Texas with a zip code 0f 75094;
The operator after a few moments responded that Fannie Mae is an investor in a mortgage at the address given;
I then asked the operator when was the mortgage sold and who sold the mortgage to Fannie Mae;
The operator told me that Fannie Mae brought the mortgage on April 1, 2008;
The operator then told me that they do not have any information on who sold the mortgage to them;
I then told her that according to President Obama's Affordable Housing Program, Fannie Mae is supposed to supply information on the home loan;
I then asked her how did Fannie Mae track the mortgage? I followed with another question in rapid session, does Fannie Mae have a number, pooling id , CUSID or contract number?
She responded that Fannie Mae only tracks the loans by street address only;
She then added, in an perturbed tone, that if I needed information that I should call the servicer of the loan;
I finally asked her what I should do as the servicer would not return any calls and had not responded the any qualified requests submitted to them and the lender of record in the county records had gone out of business;
She reiterated again in a stern voice that I needed to keep calling the servicer, the person I pay the mortgage to, until they answered the telephone;
At this point I ended the telephone call.

BUSINESS AND COMMERCE CODE

TITLE 1. UNIFORM COMMERCIAL CODE

CHAPTER 3. NEGOTIABLE INSTRUMENTS

SUBCHAPTER A. GENERAL PROVISIONS AND DEFINITIONS

Sec. 3.101. SHORT TITLE. This chapter may be cited as Uniform Commercial Code-Negotiable Instruments.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.102. SUBJECT MATTER. (a) This chapter applies to negotiable instruments. It does not apply to money, to payment orders governed by Chapter 4A, or to securities governed by Chapter 8.

(b) If there is conflict between this chapter and Chapter 4 or 9, Chapters 4 and 9 govern.

(c) Regulations of the Board of Governors of the Federal Reserve System and operating circulars of the Federal Reserve Banks supersede any inconsistent provision of this chapter to the extent of the inconsistency.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.103. DEFINITIONS. (a) In this chapter:

(1) "Acceptor" means a drawee who has accepted a draft.

(2) Reserved.

(3) "Consumer transaction" means a transaction in which an individual incurs an obligation primarily for personal, family, or household purposes.

(4) "Drawee" means a person ordered in a draft to make payment.

(5) "Drawer" means a person who signs or is identified in a draft as a person ordering payment.

(6) Reserved.

(7) "Maker" means a person who signs or is identified in a note as a person undertaking to pay.

(8) "Order" means a written instruction to pay money

signed by the person giving the instruction. The instruction may be addressed to any person, including the person giving the instruction, or to one or more persons jointly or in the alternative but not in succession. An authorization to pay is not an order unless the person authorized to pay is also instructed to pay.

(9) "Ordinary care" in the case of a person engaged in business means observance of reasonable commercial standards, prevailing in the area in which the person is located, with respect to the business in which the person is engaged. In the case of a bank that takes an instrument for processing for collection or payment by automated means, reasonable commercial standards do not require the bank to examine the instrument if the failure to examine does not violate the bank's prescribed procedures and the bank's procedures do not vary unreasonably from general banking usage not disapproved by this chapter or Chapter 4.

(10) "Party" means a party to an instrument.

(11) "Principal obligor," with respect to an instrument, means the accommodated party or any other party to the instrument against whom a secondary obligor has recourse under this chapter.

(12) "Promise" means a written undertaking to pay money signed by the person undertaking to pay. An acknowledgment of an obligation by the obligor is not a promise unless the obligor also undertakes to pay the obligation.

(13) "Prove" with respect to a fact means to meet the burden of establishing the fact (Section 1.201(b)(8)).

(14) Reserved.

(15) "Remitter" means a person who purchases an instrument from its issuer if the instrument is payable to an identified person other than the purchaser.

(16) "Remotely-created item" means an item that is created by a third party, other than the payor bank, under the purported authority of the drawer of the item for the purpose of charging the drawer's account with a bank and that does not bear a handwritten signature purporting to be the signature of the drawer.

(17) "Secondary obligor," with respect to an instrument, means (A) an indorser or an accommodation party, (B) a

drawer having the obligation described in Section 3.414(d), or (C) any other party to the instrument that has recourse against another party to the instrument pursuant to Section 3.116(b).

(b) Other definitions applying to this chapter and the sections in which they appear are:

"Acceptance"	Section 3.409.
"Accommodated party"	Section 3.419.
"Accommodation party"	Section 3.419.
"Account"	Section 4.104.
"Alteration"	Section 3.407.
"Anomalous indorsement"	Section 3.205.
"Blank indorsement"	Section 3.205.
"Cashier's check"	Section 3.104.
"Certificate of deposit"	Section 3.104.
"Certified check"	Section 3.409.
"Check"	Section 3.104.
"Consideration"	Section 3.303.
"Draft"	Section 3.104.
"Holder in due course"	Section 3.302.
"Incomplete instrument"	Section 3.115.
"Indorsement"	Section 3.204.
"Indorser"	Section 3.204.
"Instrument"	Section 3.104.
"Issue"	Section 3.105.
"Issuer"	Section 3.105.
"Negotiable instrument"	Section 3.104.
"Negotiation"	Section 3.201.
"Note"	Section 3.104.
"Payable at a definite time"	Section 3.108.
"Payable on demand"	Section 3.108.
"Payable to bearer"	Section 3.109.
"Payable to order"	Section 3.109.
"Payment"	Section 3.602.
"Person entitled to enforce"	Section 3.301.
"Presentment"	Section 3.501.
"Reacquisition"	Section 3.207.

"Special indorsement"	Section 3.205.
"Teller's check"	Section 3.104.
"Transfer of instrument"	Section 3.203.
"Traveler's check"	Section 3.104.
"Value"	Section 3.303.

(c) The following definitions in other chapters apply to this chapter:

"Banking day"	Section 4.104.
"Clearing house"	Section 4.104.
"Collecting bank"	Section 4.105.
"Depository bank"	Section 4.105.
"Documentary draft"	Section 4.104.
"Intermediary bank"	Section 4.105.
"Item"	Section 4.104.
"Payor bank"	Section 4.105.
"Suspends payments"	Section 4.104.

(d) In addition, Chapter 1 contains general definitions and principles of construction and interpretation applicable throughout this chapter.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996; Acts 1997, 75th Leg., ch. 131, Sec. 1, eff. Sept. 1, 1997; Acts 2003, 78th Leg., ch. 542, Sec. 10, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 1, eff. September 1, 2005.

Acts 2005, 79th Leg., Ch. [95](#), Sec. 2, eff. September 1, 2005.

Acts 2007, 80th Leg., R.S., Ch. [427](#), Sec. 1, eff. September 1, 2007.

Acts 2007, 80th Leg., R.S., Ch. [427](#), Sec. 2, eff. September 1, 2007.

Sec. 3.104. NEGOTIABLE INSTRUMENT. (a) Except as provided in Subsections (c) and (d), "negotiable instrument" means an unconditional promise or order to pay a fixed amount of money, with or without interest or other charges described in the promise or order, if it:

(1) is payable to bearer or to order at the time it is

issued or first comes into possession of a holder;

(2) is payable on demand or at a definite time; and

(3) does not state any other undertaking or instruction by the person promising or ordering payment to do any act in addition to the payment of money, but the promise or order may contain:

(A) an undertaking or power to give, maintain, or protect collateral to secure payment;

(B) an authorization or power to the holder to confess judgment or realize on or dispose of collateral; or

(C) a waiver of the benefit of any law intended for the advantage or protection of an obligor.

(b) "Instrument" means a negotiable instrument.

(c) An order that meets all of the requirements of Subsection (a), except Subdivision (1), and otherwise falls within the definition of "check" in Subsection (f) is a negotiable instrument and a check.

(d) A promise or order other than a check is not an instrument if, at the time it is issued or first comes into possession of a holder, it contains a conspicuous statement, however expressed, to the effect that the promise or order is not negotiable or is not an instrument governed by this chapter.

(e) An instrument is a "note" if it is a promise and is a "draft" if it is an order. If an instrument falls within the definition of both "note" and "draft," a person entitled to enforce the instrument may treat it as either.

(f) "Check" means (i) a draft, other than a documentary draft, payable on demand and drawn on a bank or (ii) a cashier's check or teller's check. An instrument may be a check even though it is described on its face by another term, such as "money order."

(g) "Cashier's check" means a draft with respect to which the drawer and drawee are the same bank or branches of the same bank.

(h) "Teller's check" means a draft drawn by a bank:

(1) on another bank; or

(2) payable at or through a bank.

(i) "Traveler's check" means an instrument that:

- (1) is payable on demand;
- (2) is drawn on or payable at or through a bank;
- (3) is designated by the term "traveler's check" or by a substantially similar term; and
- (4) requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the instrument.

(j) "Certificate of deposit" means an instrument containing an acknowledgment by a bank that a sum of money has been received by the bank and a promise by the bank to repay the sum of money. A certificate of deposit is a note of the bank.

(k) Repealed by Acts 2007, 80th Leg., R.S., Ch. 427, Sec. 4, eff. September 1, 2007.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996; Acts 1997, 75th Leg., ch. 131, Sec. 2, eff. Sept. 1, 1997.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [427](#), Sec. 4, eff. September 1, 2007.

Sec. 3.105. ISSUE OF INSTRUMENT. (a) "Issue" means the first delivery of an instrument by the maker or drawer, whether to a holder or nonholder, for the purpose of giving rights on the instrument to any person.

(b) An unissued instrument, or an unissued incomplete instrument that is completed, is binding on the maker or drawer, but nonissuance is a defense. An instrument that is conditionally issued or is issued for a special purpose is binding on the maker or drawer, but failure of the condition or special purpose to be fulfilled is a defense.

(c) "Issuer" applies to issued and unissued instruments and means a maker or drawer of an instrument.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.106. UNCONDITIONAL PROMISE OR ORDER. (a) Except as provided in this section, for the purposes of Section 3.104(a), a promise or order is unconditional unless it states (i) an express condition to payment, (ii) that the promise or order is subject to

or governed by another record, or (iii) that rights or obligations with respect to the promise or order are stated in another record. A reference to another record does not of itself make the promise or order conditional.

(b) A promise or order is not made conditional (i) by a reference to another record for a statement of rights with respect to collateral, prepayment, or acceleration, or (ii) because payment is limited to resort to a particular fund or source.

(c) If a promise or order requires, as a condition to payment, a countersignature by a person whose specimen signature appears on the promise or order, the condition does not make the promise or order conditional for the purposes of Section 3.104(a). If the person whose specimen signature appears on an instrument fails to countersign the instrument, the failure to countersign is a defense to the obligation of the issuer, but the failure does not prevent a transferee of the instrument from becoming a holder of the instrument.

(d) If a promise or order at the time it is issued or first comes into possession of a holder contains a statement, required by applicable statutory or administrative law, to the effect that the rights of a holder or transferee are subject to claims or defenses that the issuer could assert against the original payee, the promise or order is not thereby made conditional for the purposes of Section 3.104(a); but if the promise or order is an instrument, there cannot be a holder in due course of the instrument.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 3, eff. September 1, 2005.

Sec. 3.107. INSTRUMENT PAYABLE IN FOREIGN MONEY. Unless the instrument otherwise provides, an instrument that states the amount payable in foreign money may be paid in the foreign money or in an equivalent amount in dollars calculated by using the current bank-offered spot rate at the place of payment for the purchase of dollars on the day on which the instrument is paid.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.108. PAYABLE ON DEMAND OR AT DEFINITE TIME. (a) A promise or order is "payable on demand" if it:

(1) states that it is payable on demand or at sight, or otherwise indicates that it is payable at the will of the holder; or

(2) does not state any time of payment.

(b) A promise or order is "payable at a definite time" if it is payable on elapse of a definite period of time after sight or acceptance or at a fixed date or dates or at a time or times readily ascertainable at the time the promise or order is issued, subject to rights of:

(1) prepayment;

(2) acceleration;

(3) extension at the option of the holder; or

(4) extension to a further definite time at the option of the maker or acceptor or automatically on or after a specified act or event.

(c) If an instrument, payable at a fixed date, is also payable on demand made before the fixed date, the instrument is payable on demand until the fixed date and, if demand for payment is not made before that date, becomes payable at a definite time on the fixed date.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.109. PAYABLE TO BEARER OR TO ORDER. (a) A promise or order is payable to bearer if it:

(1) states that it is payable to bearer or to the order of bearer or otherwise indicates that the person in possession of the promise or order is entitled to payment;

(2) does not state a payee; or

(3) states that it is payable to or to the order of cash or otherwise indicates that it is not payable to an identified person.

(b) A promise or order that is not payable to bearer is payable to order if it is payable (i) to the order of an identified person, or (ii) to an identified person or order. A promise or order that is payable to order is payable to the identified person.

(c) An instrument payable to bearer may become payable to an identified person if it is specially indorsed pursuant to Section 3.205(a). An instrument payable to an identified person may become payable to bearer if it is indorsed in blank pursuant to Section 3.205(b).

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.110. IDENTIFICATION OF PERSON TO WHOM INSTRUMENT IS PAYABLE. (a) The person to whom an instrument is initially payable is determined by the intent of the person, whether or not authorized, signing as, or in the name or behalf of, the issuer of the instrument. The instrument is payable to the person intended by the signer even if that person is identified in the instrument by a name or other identification that is not that of the intended person. If more than one person signs in the name or behalf of the issuer of an instrument and all the signers do not intend the same person as payee, the instrument is payable to any person intended by one or more of the signers.

(b) If the signature of the issuer of an instrument is made by automated means, such as a check-writing machine, the payee of the instrument is determined by the intent of the person who supplied the name or identification of the payee, whether or not authorized to do so.

(c) A person to whom an instrument is payable may be identified in any way, including by name, identifying number, office, or account number. For the purpose of determining the holder of an instrument, the following rules apply:

(1) If an instrument is payable to an account and the account is identified only by number, the instrument is payable to the person to whom the account is payable. If an instrument is payable to an account identified by number and by the name of a person, the instrument is payable to the named person, whether or not that person is the owner of the account identified by number.

(2) If an instrument is payable to:

(A) a trust, an estate, or a person described as trustee or representative of a trust or estate, the instrument is payable to the trustee, the representative, or a successor of

either, whether or not the beneficiary or estate is also named;

(B) a person described as agent or similar representative of a named or identified person, the instrument is payable to the represented person, the representative, or a successor of the representative;

(C) a fund or organization that is not a legal entity, the instrument is payable to a representative of the members of the fund or organization; or

(D) an office or to a person described as holding an office, the instrument is payable to the named person, the incumbent of the office, or a successor to the incumbent.

(d) If an instrument is payable to two or more persons alternatively, it is payable to any of them and may be negotiated, discharged, or enforced by any or all of them in possession of the instrument. If an instrument is payable to two or more persons not alternatively, it is payable to all of them and may be negotiated, discharged, or enforced only by all of them. If an instrument payable to two or more persons is ambiguous as to whether it is payable to the persons alternatively, the instrument is payable to the persons alternatively.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.111. PLACE OF PAYMENT. Except as otherwise provided for items in Chapter 4, an instrument is payable at the place of payment stated in the instrument. If no place of payment is stated, an instrument is payable at the address of the drawee or maker stated in the instrument. If no address is stated, the place of payment is the place of business of the drawee or maker. If a drawee or maker has more than one place of business, the place of payment is any place of business of the drawee or maker chosen by the person entitled to enforce the instrument. If the drawee or maker has no place of business, the place of payment is the residence of the drawee or maker.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.112. INTEREST. (a) Unless otherwise provided in the instrument:

(1) an instrument is not payable with interest; and

(2) interest on an interest-bearing instrument is payable from the date of the instrument.

(b) Interest may be stated in an instrument as a fixed or variable amount of money or it may be expressed as a fixed or variable rate or rates. The amount or rate of interest may be stated or described in the instrument in any manner and may require reference to information not contained in the instrument. If an instrument provides for interest, but the amount of interest payable cannot be ascertained from the description, interest is payable at the judgment rate in effect at the place of payment of the instrument and at the time interest first accrues, and the instrument shall not by virtue of this sentence be considered to violate the provisions of Title 4, Finance Code.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996; Acts 1999, 76th Leg., ch. 62, Sec. 7.45, eff. Sept. 1, 1999.

Sec. 3.113. DATE OF INSTRUMENT. (a) An instrument may be antedated or postdated. The date stated determines the time of payment if the instrument is payable at a fixed period after date. Except as provided in Section 4.401(c), an instrument payable on demand is not payable before the date of the instrument.

(b) If an instrument is undated, its date is the date of its issue or, in the case of an unissued instrument, the date it first comes into possession of a holder.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.114. CONTRADICTORY TERMS OF INSTRUMENT. If an instrument contains contradictory terms, typewritten terms prevail over printed terms, handwritten terms prevail over both, and words prevail over numbers.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.115. INCOMPLETE INSTRUMENT. (a) "Incomplete instrument" means a signed writing, whether or not issued by the signer, the contents of which show at the time of signing that it is incomplete but that the signer intended it to be completed by the

addition of words or numbers.

(b) Subject to Subsection (c), if an incomplete instrument is an instrument under Section 3.104, it may be enforced according to its terms if it is not completed, or according to its terms as augmented by completion. If an incomplete instrument is not an instrument under Section 3.104, but, after completion, the requirements of Section 3.104 are met, the instrument may be enforced according to its terms as augmented by completion.

(c) If words or numbers are added to an incomplete instrument without authority of the signer, there is an alteration of the incomplete instrument under Section 3.407.

(d) The burden of establishing that words or numbers were added to an incomplete instrument without authority of the signer is on the person asserting the lack of authority.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.116. JOINT AND SEVERAL LIABILITY; CONTRIBUTION.

(a) Except as otherwise provided in the instrument, two or more persons who have the same liability on an instrument as makers, drawers, acceptors, indorsers who indorse as joint payees, or anomalous indorsers are jointly and severally liable in the capacity in which they sign.

(b) Except as provided in Section 3.419(e) or by agreement of the affected parties, a party having joint and several liability who pays the instrument is entitled to receive from any party having the same joint and several liability contribution in accordance with applicable law.

(c) Repealed by Acts 2005, 79th Leg., Ch. 95, Sec. 21, eff. September 1, 2005.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 21, eff. September 1, 2005.

Sec. 3.117. OTHER AGREEMENTS AFFECTING INSTRUMENT. Subject to applicable law regarding exclusion of proof of contemporaneous or previous agreements, the obligation of a party to an instrument to pay the instrument may be modified, supplemented, or nullified

by a separate agreement of the obligor and a person entitled to enforce the instrument, if the instrument is issued or the obligation is incurred in reliance on the agreement or as part of the same transaction giving rise to the agreement. To the extent an obligation is modified, supplemented, or nullified by an agreement under this section, the agreement is a defense to the obligation. Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.118. STATUTE OF LIMITATIONS. (a) Except as provided in Subsection (e), an action to enforce the obligation of a party to pay a note payable at a definite time must be commenced within six years after the due date or dates stated in the note or, if a due date is accelerated, within six years after the accelerated due date.

(b) Except as provided in Subsection (d) or (e), if demand for payment is made to the maker of a note payable on demand, an action to enforce the obligation of a party to pay the note must be commenced within six years after the demand. If no demand for payment is made to the maker, an action to enforce the note is barred if neither principal nor interest on the note has been paid for a continuous period of 10 years.

(c) Except as provided in Subsection (d), an action to enforce the obligation of a party to an unaccepted draft to pay the draft must be commenced within three years after dishonor of the draft or 10 years after the date of the draft, whichever period expires first.

(d) An action to enforce the obligation of the acceptor of a certified check or the issuer of a teller's check, cashier's check, or traveler's check must be commenced within three years after demand for payment is made to the acceptor or issuer, as the case may be.

(e) An action to enforce the obligation of a party to a certificate of deposit to pay the instrument must be commenced within six years after demand for payment is made to the maker, but if the instrument states a due date and the maker is not required to pay before that date, the six-year period begins when a demand for payment is in effect and the due date has passed.

(f) An action to enforce the obligation of a party to pay an accepted draft, other than a certified check, must be commenced:

(1) within six years after the due date or dates stated in the draft or acceptance if the obligation of the acceptor is payable at a definite time; or

(2) within six years after the date of the acceptance if the obligation of the acceptor is payable on demand.

(g) Unless governed by other law regarding claims for indemnity or contribution, the following actions must be commenced within three years after the cause of action accrues:

(1) an action for conversion of an instrument, an action for money had and received, or like action based on conversion;

(2) an action for breach of warranty; or

(3) an action to enforce an obligation, duty, or right arising under this chapter and not governed by this section.

(h) This section does not apply to an action involving a real property lien covered by Section 16.035 or 16.036, Civil Practice and Remedies Code.

(i) A right of action of a public institution of higher education or the Texas Higher Education Coordinating Board is not barred by this section.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996; Acts 1997, 75th Leg., ch. 219, Sec. 4, eff. May 23, 1997; Acts 2001, 77th Leg., ch. 279, Sec. 1, eff. May 22, 2001.

Sec. 3.119. NOTICE OF RIGHT TO DEFEND ACTION. In an action for breach of an obligation for which a third person is answerable over pursuant to this chapter or Chapter 4, the defendant may give the third person notice of the litigation in a record, and the person notified may then give similar notice to any other person who is answerable over. If the notice states (i) that the person notified may come in and defend, and (ii) that failure to do so will bind the person notified in an action later brought by the person giving the notice as to any determination of fact common to the two litigations, the person notified is so bound unless after seasonable receipt of the notice the person notified does come in

and defend.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 4, eff. September 1, 2005.

SUBCHAPTER B. NEGOTIATION, TRANSFER, AND INDORSEMENT

Sec. 3.201. NEGOTIATION. (a) "Negotiation" means a transfer of possession, whether voluntary or involuntary, of an instrument by a person other than the issuer to a person who thereby becomes its holder.

(b) Except for negotiation by a remitter, if an instrument is payable to an identified person, negotiation requires transfer of possession of the instrument and its indorsement by the holder. If an instrument is payable to bearer, it may be negotiated by transfer of possession alone.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.202. NEGOTIATION SUBJECT TO RESCISSION. (a) Negotiation is effective even if obtained:

(1) from an infant, a corporation exceeding its powers, or a person without capacity;

(2) by fraud, duress, or mistake; or

(3) in breach of duty or as part of an illegal transaction.

(b) To the extent permitted by other law, negotiation may be rescinded or may be subject to other remedies, but those remedies may not be asserted against a subsequent holder in due course or a person paying the instrument in good faith and without knowledge of facts that are a basis for rescission or other remedy.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.203. TRANSFER OF INSTRUMENT; RIGHTS ACQUIRED BY TRANSFER. (a) An instrument is transferred when it is delivered by a person other than its issuer for the purpose of giving to the person receiving delivery the right to enforce the instrument.

(b) Transfer of an instrument, whether or not the transfer

is a negotiation, vests in the transferee any right of the transferor to enforce the instrument, including any right as a holder in due course. The transferee cannot acquire rights of a holder in due course by a transfer, directly or indirectly, from a holder in due course if the transferee engaged in fraud or illegality affecting the instrument.

(c) Unless otherwise agreed, if an instrument is transferred for value and the transferee does not become a holder because of lack of indorsement by the transferor, the transferee has a specifically enforceable right to the unqualified indorsement of the transferor, but negotiation of the instrument does not occur until the indorsement is made.

(d) If a transferor purports to transfer less than the entire instrument, negotiation of the instrument does not occur. The transferee obtains no rights under this chapter and has only the rights of a partial assignee.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.204. INDORSEMENT. (a) "Indorsement" means a signature, other than that of a signer as maker, drawer, or acceptor, that alone or accompanied by other words is made on an instrument for the purpose of (i) negotiating the instrument, (ii) restricting payment of the instrument, or (iii) incurring indorser's liability on the instrument, but regardless of the intent of the signer, a signature and its accompanying words is an indorsement unless the accompanying words, terms of the instrument, place of the signature, or other circumstances unambiguously indicate that the signature was made for a purpose other than indorsement. For the purpose of determining whether a signature is made on an instrument, a paper affixed to the instrument is a part of the instrument.

(b) "Indorser" means a person who makes an indorsement.

(c) For the purpose of determining whether the transferee of an instrument is a holder, an indorsement that transfers a security interest in the instrument is effective as an unqualified indorsement of the instrument.

(d) If an instrument is payable to a holder under a name that

is not the name of the holder, indorsement may be made by the holder in the name stated in the instrument or in the holder's name or both, but signature in both names may be required by a person paying or taking the instrument for value or collection.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.205. SPECIAL INDORSEMENT; BLANK INDORSEMENT; ANOMALOUS INDORSEMENT. (a) If an indorsement is made by the holder of an instrument, whether payable to an identified person or payable to bearer, and the indorsement identifies a person to whom it makes the instrument payable, it is a "special indorsement." When specially indorsed, an instrument becomes payable to the identified person and may be negotiated only by the indorsement of that person. The principles stated in Section 3.110 apply to special indorsements.

(b) If an indorsement is made by the holder of an instrument and it is not a special indorsement, it is a "blank indorsement." When indorsed in blank, an instrument becomes payable to bearer and may be negotiated by transfer of possession alone until specially indorsed.

(c) The holder may convert a blank indorsement that consists only of a signature into a special indorsement by writing, above the signature of the indorser, words identifying the person to whom the instrument is made payable.

(d) "Anomalous indorsement" means an indorsement made by a person who is not the holder of the instrument. An anomalous indorsement does not affect the manner in which the instrument may be negotiated.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.206. RESTRICTIVE INDORSEMENT. (a) An indorsement limiting payment to a particular person or otherwise prohibiting further transfer or negotiation of the instrument is not effective to prevent further transfer or negotiation of the instrument.

(b) An indorsement stating a condition to the right of the indorsee to receive payment does not affect the right of the indorsee to enforce the instrument. A person paying the instrument

or taking it for value or collection may disregard the condition, and the rights and liabilities of that person are not affected by whether the condition has been fulfilled.

(c) If an instrument bears an indorsement (i) described in Section 4.201(b), or (ii) in blank or to a particular bank using the words "for deposit" or "for collection," or other words indicating a purpose of having the instrument collected by a bank for the indorser or for a particular account, the following rules apply:

(1) a person, other than a bank, who purchases the instrument when so indorsed converts the instrument unless the amount paid for the instrument is received by the indorser or applied consistently with the indorsement;

(2) a depositary bank that purchases the instrument or takes it for collection when so indorsed converts the instrument unless the amount paid by the bank with respect to the instrument is received by the indorser or applied consistently with the indorsement;

(3) a payor bank that is also the depositary bank or that takes the instrument for immediate payment over the counter from a person other than a collecting bank converts the instrument unless the proceeds of the instrument are received by the indorser or applied consistently with the indorsement; and

(4) except as otherwise provided in Subdivision (3), a payor bank or intermediary bank may disregard the indorsement and is not liable if the proceeds of the instrument are not received by the indorser or applied consistently with the indorsement.

(d) Except for an indorsement covered by Subsection (c), if an instrument bears an indorsement using words to the effect that payment is to be made to the indorsee as agent, trustee, or other fiduciary for the benefit of the indorser or another person, the following rules apply:

(1) unless there is notice of breach of fiduciary duty as provided in Section 3.307, a person who purchases the instrument from the indorsee or takes the instrument from the indorsee for collection or payment may pay the proceeds of payment or the value given for the instrument to the indorsee without regard to whether the indorsee violates a fiduciary duty to the indorser; and

(2) a subsequent transferee of the instrument or person who pays the instrument is neither given notice nor otherwise affected by the restriction in the indorsement unless the transferee or payor knows that the fiduciary dealt with the instrument or its proceeds in breach of fiduciary duty.

(e) The presence on an instrument of an indorsement to which this section applies does not prevent a purchaser of the instrument from becoming a holder in due course of the instrument unless the purchaser is a converter under Subsection (c) or has notice or knowledge of breach of fiduciary duty as stated in Subsection (d).

(f) In an action to enforce the obligation of a party to pay the instrument, the obligor has a defense if payment would violate an indorsement to which this section applies and the payment is not permitted by this section.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.207. REACQUISITION. Reacquisition of an instrument occurs if it is transferred to a former holder, by negotiation or otherwise. A former holder who reacquires the instrument may cancel indorsements made after the reacquirer first became a holder of the instrument. If the cancellation causes the instrument to be payable to the reacquirer or to bearer, the reacquirer may negotiate the instrument. An indorser whose indorsement is canceled is discharged, and the discharge is effective against any subsequent holder.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

SUBCHAPTER C. ENFORCEMENT OF INSTRUMENTS

Sec. 3.301. PERSON ENTITLED TO ENFORCE INSTRUMENT. "Person entitled to enforce" an instrument means (i) the holder of the instrument, (ii) a nonholder in possession of the instrument who has the rights of a holder, or (iii) a person not in possession of the instrument who is entitled to enforce the instrument pursuant to Section 3.309 or 3.418(d). A person may be a person entitled to enforce the instrument even though the person is not the owner of the instrument or is in wrongful possession of the instrument.

Sec. 3.302. HOLDER IN DUE COURSE. (a) Subject to Subsection (c) and Section 3.106(d), "holder in due course" means the holder of an instrument if:

(1) the instrument when issued or negotiated to the holder does not bear such apparent evidence of forgery or alteration or is not otherwise so irregular or incomplete as to call into question its authenticity; and

(2) the holder took the instrument:

(A) for value;

(B) in good faith;

(C) without notice that the instrument is overdue or has been dishonored or that there is an uncured default with respect to payment of another instrument issued as part of the same series;

(D) without notice that the instrument contains an unauthorized signature or has been altered;

(E) without notice of any claim to the instrument described in Section 3.306; and

(F) without notice that any party has a defense or claim in recoupment described in Section 3.305(a).

(b) Notice of discharge of a party, other than discharge in an insolvency proceeding, is not notice of a defense under Subsection (a), but discharge is effective against a person who became a holder in due course with notice of the discharge. Public filing or recording of a document does not of itself constitute notice of a defense, claim in recoupment, or claim to the instrument.

(c) Except to the extent a transferor or predecessor in interest has rights as a holder in due course, a person does not acquire rights of a holder in due course of an instrument taken:

(1) by legal process or by purchase in an execution, bankruptcy, or creditor's sale or similar proceeding;

(2) by purchase as part of a bulk transaction not in ordinary course of business of the transferor; or

(3) as the successor in interest to an estate or other

organization.

(d) If, under Section 3.303(a)(1), the promise of performance that is the consideration for an instrument has been partially performed, the holder may assert rights as a holder in due course of the instrument only to the fraction of the amount payable under the instrument equal to the value of the partial performance divided by the value of the promised performance.

(e) If (i) the person entitled to enforce an instrument has only a security interest in the instrument, and (ii) the person obliged to pay the instrument has a defense, claim in recoupment, or claim to the instrument that may be asserted against the person who granted the security interest, the person entitled to enforce the instrument may assert rights as a holder in due course only to an amount payable under the instrument that, at the time of enforcement of the instrument, does not exceed the amount of the unpaid obligation secured.

(f) To be effective, notice must be received at a time and in a manner that gives a reasonable opportunity to act on it.

(g) This section is subject to any law limiting status as a holder in due course in particular classes of transactions.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.303. VALUE AND CONSIDERATION. (a) An instrument is issued or transferred for value if:

(1) the instrument is issued or transferred for a promise of performance, to the extent the promise has been performed;

(2) the transferee acquires a security interest or other lien in the instrument other than a lien obtained by judicial proceeding;

(3) the instrument is issued or transferred as payment of, or as security for, an antecedent claim against any person, whether or not the claim is due;

(4) the instrument is issued or transferred in exchange for a negotiable instrument; or

(5) the instrument is issued or transferred in exchange for the incurring of an irrevocable obligation to a third

party by the person taking the instrument.

(b) "Consideration" means any consideration sufficient to support a simple contract. The drawer or maker of an instrument has a defense if the instrument is issued without consideration. If an instrument is issued for a promise of performance, the issuer has a defense to the extent performance of the promise is due and the promise has not been performed. If an instrument is issued for value as stated in Subsection (a), the instrument is also issued for consideration.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.304. OVERDUE INSTRUMENT. (a) An instrument payable on demand becomes overdue at the earliest of the following times:

(1) on the day after the day demand for payment is duly made;

(2) if the instrument is a check, 90 days after its date; or

(3) if the instrument is not a check, when the instrument has been outstanding for a period of time after its date that is unreasonably long under the circumstances of the particular case in light of the nature of the instrument and usage of the trade.

(b) With respect to an instrument payable at a definite time the following rules apply:

(1) if the principal is payable in installments and a due date has not been accelerated, the instrument becomes overdue on default under the instrument for nonpayment of an installment, and the instrument remains overdue until the default is cured;

(2) if the principal is not payable in installments and the due date has not been accelerated, the instrument becomes overdue on the day after the due date; and

(3) if a due date with respect to principal has been accelerated, the instrument becomes overdue on the day after the accelerated due date.

(c) Unless the due date of principal has been accelerated, an instrument does not become overdue if there is default in payment of interest but no default in payment of principal.

Sec. 3.305. DEFENSES AND CLAIMS IN RECOUPMENT. (a) Except as otherwise provided in this section, the right to enforce the obligation of a party to pay an instrument is subject to the following:

(1) a defense of the obligor based on:

(A) infancy of the obligor to the extent it is a defense to a simple contract;

(B) duress, lack of legal capacity, or illegality of the transaction that, under other law, nullifies the obligation of the obligor;

(C) fraud that induced the obligor to sign the instrument with neither knowledge nor reasonable opportunity to learn of its character or its essential terms; or

(D) discharge of the obligor in insolvency proceedings;

(2) a defense of the obligor stated in another section of this chapter or a defense of the obligor that would be available if the person entitled to enforce the instrument were enforcing a right to payment under a simple contract; and

(3) a claim in recoupment of the obligor against the original payee of the instrument if the claim arose from the transaction that gave rise to the instrument; but the claim of the obligor may be asserted against a transferee of the instrument only to reduce the amount owing on the instrument at the time the action is brought.

(b) The right of a holder in due course to enforce the obligation of a party to pay the instrument is subject to defenses of the obligor stated in Subsection (a)(1), but is not subject to defenses of the obligor stated in Subsection (a)(2) or claims in recoupment stated in Subsection (a)(3) against a person other than the holder.

(c) Except as provided in Subsection (d), in an action to enforce the obligation of a party to pay the instrument, the obligor may not assert against the person entitled to enforce the instrument a defense, claim in recoupment, or claim to the

instrument (Section 3.306) of another person, but the other person's claim to the instrument may be asserted by the obligor if the other person is joined in the action and personally asserts the claim against the person entitled to enforce the instrument. An obligor is not obliged to pay the instrument if the person seeking enforcement of the instrument does not have rights of a holder in due course and the obligor proves that the instrument is a lost or stolen instrument.

(d) In an action to enforce the obligation of an accommodation party to pay an instrument, the accommodation party may assert against the person entitled to enforce the instrument any defense or claim in recoupment under Subsection (a) that the accommodated party could assert against the person entitled to enforce the instrument, except the defenses of discharge in insolvency proceedings, infancy, and lack of legal capacity.

(e) In a consumer transaction, if law other than this chapter requires that an instrument include a statement to the effect that the rights of a holder or transferee are subject to a claim or defense that the issuer could assert against the original payee, and the instrument does not include such a statement:

(1) the instrument has the same effect as if the instrument included such a statement;

(2) the issuer may assert against the holder or transferee all claims and defenses that would have been available if the instrument included such a statement; and

(3) the extent to which claims may be asserted against the holder or transferee is determined as if the instrument included such a statement.

If an instrument includes or is deemed to include a statement under this subsection, a holder or transferee who is liable under the statement to the issuer, but who is not the seller of the goods or services, shall be entitled to full indemnity from the seller for any liability under the statement incurred by the holder or transferee that results from the issuer's claims or defenses against the seller, plus reasonable attorney's fees. The provision in this section for express indemnity does not affect any right of indemnity, subrogation, or recovery to which a holder or

transferee may be entitled under any rule, written contract, judicial decision, or other statute. This section is not intended to provide a holder or transferee indemnity from the seller with respect to the holder or transferee's direct liability to the issuer for the holder or transferee's own actionable misconduct unrelated to derivative liability under the statement.

(f) This section is subject to law other than this chapter that establishes a different rule for consumer transactions.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 5, eff. September 1, 2005.

Sec. 3.306. CLAIMS TO AN INSTRUMENT. A person taking an instrument, other than a person having rights of a holder in due course, is subject to a claim of a property or possessory right in the instrument or its proceeds, including a claim to rescind a negotiation and to recover the instrument or its proceeds. A person having rights of a holder in due course takes free of the claim to the instrument.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.307. NOTICE OF BREACH OF FIDUCIARY DUTY. (a) In this section:

(1) "Fiduciary" means an agent, trustee, partner, corporate officer or director, or other representative owing a fiduciary duty with respect to an instrument.

(2) "Represented person" means the principal, beneficiary, partnership, corporation, or other person to whom the duty stated in Subdivision (1) is owed.

(b) If (i) an instrument is taken from a fiduciary for payment or collection or for value, (ii) the taker has knowledge of the fiduciary status of the fiduciary, and (iii) the represented person makes a claim to the instrument or its proceeds on the basis that the transaction of the fiduciary is a breach of fiduciary duty, the following rules apply:

(1) notice of breach of fiduciary duty by the fiduciary is notice of the claim of the represented person;

(2) in the case of an instrument payable to the represented person or the fiduciary as such, the taker has notice of the breach of fiduciary duty if the instrument is:

(A) taken in payment of or as security for a debt known by the taker to be the personal debt of the fiduciary;

(B) taken in a transaction known by the taker to be for the personal benefit of the fiduciary; or

(C) deposited to an account other than an account of the fiduciary, as such, or an account of the represented person;

(3) if an instrument is issued by the represented person or the fiduciary as such, and made payable to the fiduciary personally, the taker does not have notice of the breach of fiduciary duty unless the taker knows of the breach of fiduciary duty; and

(4) if an instrument is issued by the represented person or the fiduciary as such, to the taker as payee, the taker has notice of the breach of fiduciary duty if the instrument is:

(A) taken in payment of or as security for a debt known by the taker to be the personal debt of the fiduciary;

(B) taken in a transaction known by the taker to be for the personal benefit of the fiduciary; or

(C) deposited to an account other than an account of the fiduciary, as such, or an account of the represented person.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.308. PROOF OF SIGNATURES AND STATUS AS HOLDER IN DUE COURSE. (a) In an action with respect to an instrument, the authenticity of, and authority to make, each signature on the instrument are admitted unless specifically denied in the pleadings. If the validity of a signature is denied in the pleadings, the burden of establishing validity is on the person claiming validity, but the signature is presumed to be authentic and authorized unless the action is to enforce the liability of the purported signer and the signer is dead or incompetent at the time of trial of the issue of validity of the signature. If an action to enforce the instrument is brought against a person as the undisclosed principal of a person who signed the instrument as a

party to the instrument, the plaintiff has the burden of establishing that the defendant is liable on the instrument as a represented person under Section 3.402(a).

(b) If the validity of signatures is admitted or proved and there is compliance with Subsection (a), a plaintiff producing the instrument is entitled to payment if the plaintiff proves entitlement to enforce the instrument under Section 3.301, unless the defendant proves a defense or claim in recoupment. If a defense or claim in recoupment is proved, the right to payment of the plaintiff is subject to the defense or claim, except to the extent the plaintiff proves that the plaintiff has rights of a holder in due course that are not subject to the defense or claim.

Added by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.309. ENFORCEMENT OF LOST, DESTROYED, OR STOLEN INSTRUMENT. (a) A person who is not in possession of an instrument is entitled to enforce the instrument if:

(1) the person seeking to enforce the instrument:

(A) was entitled to enforce the instrument when loss of possession occurred; or

(B) has directly or indirectly acquired ownership of the instrument from a person who was entitled to enforce the instrument when loss of possession occurred;

(2) the loss of possession was not the result of a transfer by the person or a lawful seizure; and

(3) the person cannot reasonably obtain possession of the instrument because the instrument was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person that cannot be found or is not amenable to service of process.

(b) A person seeking enforcement of an instrument under Subsection (a) must prove the terms of the instrument and the person's right to enforce the instrument. If that proof is made, Section 3.308 applies to the case as if the person seeking enforcement had produced the instrument. The court may not enter judgment in favor of the person seeking enforcement unless it finds that the person required to pay the instrument is adequately

protected against loss that might occur by reason of a claim by another person to enforce the instrument. Adequate protection may be provided by any reasonable means.

Added by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 6, eff. September 1, 2005.

Sec. 3.310. EFFECT OF INSTRUMENT ON OBLIGATION FOR WHICH TAKEN. (a) Unless otherwise agreed, if a certified check, cashier's check, or teller's check is taken for an obligation, the obligation is discharged to the same extent discharge would result if an amount of money equal to the amount of the instrument were taken in payment of the obligation. Discharge of the obligation does not affect any liability that the obligor may have as an indorser of the instrument.

(b) Unless otherwise agreed and except as provided in Subsection (a), if a note or an uncertified check is taken for an obligation, the obligation is suspended to the same extent the obligation would be discharged if an amount of money equal to the amount of the instrument were taken, and the following rules apply:

(1) In the case of an uncertified check, suspension of the obligation continues until dishonor of the check or until it is paid or certified. Payment or certification of the check results in discharge of the obligation to the extent of the amount of the check.

(2) In the case of a note, suspension of the obligation continues until dishonor of the note or until it is paid. Payment of the note results in discharge of the obligation to the extent of the payment.

(3) Except as provided in Subdivision (4), if the check or note is dishonored and the obligee of the obligation for which the instrument was taken is the person entitled to enforce the instrument, the obligee may enforce either the instrument or the obligation. In the case of an instrument of a third person that is negotiated to the obligee by the obligor, discharge of the obligor on the instrument also discharges the obligation.

(4) If the person entitled to enforce the instrument

taken for an obligation is a person other than the obligee, the obligee may not enforce the obligation to the extent the obligation is suspended. If the obligee is the person entitled to enforce the instrument but no longer has possession of it because it was lost, stolen, or destroyed, the obligation may not be enforced to the extent of the amount payable on the instrument, and to that extent the obligee's rights against the obligor are limited to enforcement of the instrument.

(c) If an instrument other than one described in Subsection (a) or (b) is taken for an obligation, the effect is:

(1) that stated in Subsection (a) if the instrument is one for which a bank is liable as maker or acceptor; or

(2) that stated in Subsection (b) in any other case.

Added by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.311. ACCORD AND SATISFACTION BY USE OF INSTRUMENT.

(a) Subsections (b)-(d) apply if a person against whom a claim is asserted proves that:

(1) that person in good faith tendered an instrument to the claimant as full satisfaction of the claim;

(2) the amount of the claim was unliquidated or subject to a bona fide dispute; and

(3) the claimant obtained payment of the instrument.

(b) Unless Subsection (c) applies, the claim is discharged if the person against whom the claim is asserted proves that the instrument or an accompanying written communication contained a conspicuous statement to the effect that the instrument was tendered as full satisfaction of the claim.

(c) Subject to Subsection (d), a claim is not discharged under Subsection (b) if either of the following applies:

(1) The claimant, if an organization, proves that:

(A) within a reasonable time before the tender, the claimant sent a conspicuous statement to the person against whom the claim is asserted that communications concerning disputed debts, including an instrument tendered as full satisfaction of a debt, are to be sent to a designated person, office, or place; and

(B) the instrument or accompanying communication

was not received by that designated person, office, or place.

(2) The claimant, whether or not an organization, proves that within 90 days after payment of the instrument, the claimant tendered repayment of the amount of the instrument to the person against whom the claim is asserted. This subdivision does not apply if the claimant is an organization that sent a statement complying with Subdivision (1)(A).

(d) A claim is discharged if the person against whom the claim is asserted proves that within a reasonable time before collection of the instrument was initiated, the claimant, or an agent of the claimant having direct responsibility with respect to the disputed obligation, knew that the instrument was tendered in full satisfaction of the claim.

Added by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.312. LOST, DESTROYED, OR STOLEN CASHIER'S CHECK, TELLER'S CHECK, OR CERTIFIED CHECK. (a) In this section:

(1) "Check" means a cashier's check, teller's check, or certified check.

(2) "Claimant" means a person who claims the right to receive the amount of a cashier's check, teller's check, or certified check that was lost, destroyed, or stolen.

(3) "Declaration of loss" means a statement, made in a record under penalty of perjury, to the effect that:

(A) the declarer lost possession of a check;

(B) the declarer is the drawer or payee of the check, in the case of a certified check, or the remitter or payee of the check, in the case of a cashier's check or teller's check;

(C) the loss of possession was not the result of a transfer by the declarer or a lawful seizure; and

(D) the declarer cannot reasonably obtain possession of the check because the check was destroyed, its whereabouts cannot be determined, or it is in the wrongful possession of an unknown person or a person that cannot be found or is not amenable to service of process.

(4) "Obligated bank" means the issuer of a cashier's check or teller's check or the acceptor of a certified check.

(b) A claimant may assert a claim to the amount of a check by a communication to the obligated bank describing the check with reasonable certainty and requesting payment of the amount of the check, if (i) the claimant is the drawer or payee of a certified check or the remitter or payee of a cashier's check or teller's check, (ii) the communication contains or is accompanied by a declaration of loss of the claimant with respect to the check, (iii) the communication is received at a time and in a manner affording the bank a reasonable time to act on it before the check is paid, and (iv) the claimant provides reasonable identification if requested by the obligated bank. Delivery of a declaration of loss is a warranty of the truth of the statements made in the declaration. If a claim is asserted in compliance with this subsection, the following rules apply:

(1) The claim becomes enforceable at the later of (i) the time the claim is asserted, or (ii) the 90th day following the date of the check, in the case of a cashier's check or teller's check, or the 90th day following the date of the acceptance, in the case of a certified check.

(2) Until the claim becomes enforceable, it has no legal effect and the obligated bank may pay the check or, in the case of a teller's check, may permit the drawee to pay the check. Payment to a person entitled to enforce the check discharges all liability of the obligated bank with respect to the check.

(3) If the claim becomes enforceable before the check is presented for payment, the obligated bank is not obliged to pay the check.

(4) When the claim becomes enforceable, the obligated bank becomes obliged to pay the amount of the check to the claimant if payment of the check has not been made to a person entitled to enforce the check. Subject to Section 4.302(a)(1), payment to the claimant discharges all liability of the obligated bank with respect to the check.

(c) If the obligated bank pays the amount of a check to a claimant under Subsection (b)(4) and the check is presented for payment by a person having rights of a holder in due course, the claimant is obliged to:

(1) refund the payment to the obligated bank if the check is paid; or

(2) pay the amount of the check to the person having rights of a holder in due course if the check is dishonored.

(d) If a claimant has the right to assert a claim under Subsection (b) and is also a person who is entitled to enforce a cashier's check, teller's check, or certified check that is lost, destroyed, or stolen, the claimant may assert rights with respect to the check under either this section or Section 3.309.

Added by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 7, eff. September 1, 2005.

SUBCHAPTER D. LIABILITY OF PARTIES

Sec. 3.401. SIGNATURE. (a) A person is not liable on an instrument unless the person:

(1) signed the instrument; or

(2) is represented by an agent or representative who signed the instrument and the signature is binding on the represented person under Section 3.402.

(b) A signature may be made (i) manually or by means of a device or machine, and (ii) by the use of any name, including a trade or assumed name, or by a word, mark, or symbol executed or adopted by a person with present intention to authenticate a writing.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.402. SIGNATURE BY REPRESENTATIVE. (a) If a person acting, or purporting to act, as a representative signs an instrument by signing either the name of the represented person or the name of the signer, the represented person is bound by the signature to the same extent the represented person would be bound if the signature were on a simple contract. If the represented person is bound, the signature of the representative is the "authorized signature of the represented person" and the represented person is liable on the instrument, whether or not

identified in the instrument.

(b) If a representative signs the name of the representative to an instrument and the signature is an authorized signature of the represented person, the following rules apply:

(1) If the form of the signature shows unambiguously that the signature is made on behalf of the represented person who is identified in the instrument, the representative is not liable on the instrument.

(2) Subject to Subsection (c), the representative is liable on the instrument to a holder in due course that took the instrument without notice that the representative was not intended to be liable on the instrument if (i) the form of the signature does not show unambiguously that the signature is made in a representative capacity, or (ii) the represented person is not identified in the instrument. With respect to any other person, the representative is liable on the instrument unless the representative proves that the original parties did not intend the representative to be liable on the instrument.

(c) If a representative signs the name of the representative as drawer of a check without indication of the representative status and the check is payable from an account of the represented person who is identified on the check, the signer is not liable on the check if the signature is an authorized signature of the represented person.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.403. UNAUTHORIZED SIGNATURE. (a) Unless otherwise provided in this chapter or Chapter 4, an unauthorized signature is ineffective except as the signature of the unauthorized signer in favor of a person who in good faith pays the instrument or takes it for value. An unauthorized signature may be ratified for all purposes of this chapter.

(b) If the signature of more than one person is required to constitute the authorized signature of an organization, the signature of the organization is unauthorized if one of the required signatures is lacking.

(c) The civil or criminal liability of a person who makes an

unauthorized signature is not affected by any provision of this chapter that makes the unauthorized signature effective for the purposes of this chapter.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.404. IMPOSTORS; FICTITIOUS PAYEES. (a) If an impostor, by use of the mails or otherwise, induces the issuer of an instrument to issue the instrument to the impostor, or to a person acting in concert with the impostor, by impersonating the payee of the instrument or a person authorized to act for the payee, an indorsement of the instrument by any person in the name of the payee is effective as the indorsement of the payee in favor of a person who, in good faith, pays the instrument or takes it for value or for collection.

(b) If (i) a person whose intent determines to whom an instrument is payable (Section 3.110(a) or (b)) does not intend the person identified as payee to have any interest in the instrument, or (ii) the person identified as payee of an instrument is a fictitious person, the following rules apply until the instrument is negotiated by special indorsement:

(1) Any person in possession of the instrument is its holder.

(2) An indorsement by any person in the name of the payee stated in the instrument is effective as the indorsement of the payee in favor of a person who, in good faith, pays the instrument or takes it for value or for collection.

(c) Under Subsection (a) or (b), an indorsement is made in the name of a payee if:

(1) it is made in a name substantially similar to that of the payee; or

(2) the instrument, whether or not indorsed, is deposited in a depository bank to an account in a name substantially similar to that of the payee.

(d) With respect to an instrument to which Subsection (a) or (b) applies, if a person paying the instrument or taking it for value or for collection fails to exercise ordinary care in paying or taking the instrument and that failure contributes to loss

resulting from payment of the instrument, the person bearing the loss may recover from the person failing to exercise ordinary care to the extent the failure to exercise ordinary care contributed to the loss.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.405. EMPLOYER'S RESPONSIBILITY FOR FRAUDULENT INDORSEMENT BY EMPLOYEE. (a) In this section:

(1) "Employee" includes an independent contractor and employee of an independent contractor retained by the employer.

(2) "Fraudulent indorsement" means:

(A) in the case of an instrument payable to the employer, a forged indorsement purporting to be that of the employer; or

(B) in the case of an instrument with respect to which the employer is the issuer, a forged indorsement purporting to be that of the person identified as payee.

(3) "Responsibility" with respect to instruments means authority (i) to sign or indorse instruments on behalf of the employer, (ii) to process instruments received by the employer for bookkeeping purposes, for deposit to an account, or for other disposition, (iii) to prepare or process instruments for issue in the name of the employer, (iv) to supply information determining the names or addresses of payees of instruments to be issued in the name of the employer, (v) to control the disposition of instruments to be issued in the name of the employer, or (vi) to act otherwise with respect to instruments in a responsible capacity. "Responsibility" does not include authority that merely allows an employee to have access to instruments or blank or incomplete instrument forms that are being stored or transported or are part of incoming or outgoing mail, or similar access.

(b) For the purpose of determining the rights and liabilities of a person who, in good faith, pays an instrument or takes it for value or for collection, if an employer entrusted an employee with responsibility with respect to the instrument and the employee or a person acting in concert with the employee makes a fraudulent indorsement of the instrument, the indorsement is

effective as the indorsement of the person to whom the instrument is payable if it is made in the name of that person. If the person paying the instrument or taking it for value or for collection fails to exercise ordinary care in paying or taking the instrument and that failure contributes to loss resulting from the fraud, the person bearing the loss may recover from the person failing to exercise ordinary care to the extent the failure to exercise ordinary care contributed to the loss.

(c) Under Subsection (b), an indorsement is made in the name of the person to whom an instrument is payable if:

(1) it is made in a name substantially similar to the name of that person; or

(2) the instrument, whether or not indorsed, is deposited in a depository bank to an account in a name substantially similar to the name of that person.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.406. NEGLIGENCE CONTRIBUTING TO FORGED SIGNATURE OR ALTERATION OF INSTRUMENT. (a) A person whose failure to exercise ordinary care substantially contributes to an alteration of an instrument or to the making of a forged signature on an instrument is precluded from asserting the alteration or the forgery against a person who, in good faith, pays the instrument or takes it for value or for collection.

(b) Under Subsection (a), if the person asserting the preclusion fails to exercise ordinary care in paying or taking the instrument and that failure contributes to loss, the loss is allocated between the person precluded and the person asserting the preclusion according to the extent to which the failure of each to exercise ordinary care contributed to the loss.

(c) Under Subsection (a), the burden of proving failure to exercise ordinary care is on the person asserting the preclusion. Under Subsection (b), the burden of proving failure to exercise ordinary care is on the person precluded.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.407. ALTERATION. (a) "Alteration" means:

(1) an unauthorized change in an instrument that purports to modify in any respect the obligation of a party; or

(2) an unauthorized addition of words or numbers or other change to an incomplete instrument relating to the obligation of a party.

(b) Except as provided in Subsection (c), an alteration fraudulently made discharges a party whose obligation is affected by the alteration unless that party assents or is precluded from asserting the alteration. No other alteration discharges a party, and the instrument may be enforced according to its original terms.

(c) A payor bank or drawee paying a fraudulently altered instrument or a person taking it for value, in good faith and without notice of the alteration, may enforce rights with respect to the instrument:

(1) according to its original terms; or

(2) in the case of an incomplete instrument altered by unauthorized completion, according to its terms as completed.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.408. DRAWEE NOT LIABLE ON UNACCEPTED DRAFT. A check or other draft does not of itself operate as an assignment of funds in the hands of the drawee available for its payment, and the drawee is not liable on the instrument until the drawee accepts it.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.409. ACCEPTANCE OF DRAFT; CERTIFIED CHECK. (a) "Acceptance" means the drawee's signed agreement to pay a draft as presented. It must be written on the draft and may consist of the drawee's signature alone. Acceptance may be made at any time and becomes effective when notification pursuant to instructions is given or the accepted draft is delivered for the purpose of giving rights on the acceptance to any person.

(b) A draft may be accepted although it has not been signed by the drawer, is otherwise incomplete, is overdue, or has been dishonored.

(c) If a draft is payable at a fixed period after sight and the acceptor fails to date the acceptance, the holder may complete

the acceptance by supplying a date in good faith.

(d) "Certified check" means a check accepted by the bank on which it is drawn. Acceptance may be made as stated in Subsection (a) or by a writing on the check that indicates that the check is certified. The drawee of a check has no obligation to certify the check, and refusal to certify is not dishonor of the check.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.410. ACCEPTANCE VARYING DRAFT. (a) If the terms of a drawee's acceptance vary from the terms of the draft as presented, the holder may refuse the acceptance and treat the draft as dishonored. In that case, the drawee may cancel the acceptance.

(b) The terms of a draft are not varied by an acceptance to pay at a particular bank or place in the United States, unless the acceptance states that the draft is to be paid only at that bank or place.

(c) If the holder assents to an acceptance varying the terms of a draft, the obligation of each drawer and indorser that does not expressly assent to the acceptance is discharged.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.411. REFUSAL TO PAY CASHIER'S CHECKS, TELLER'S CHECKS, AND CERTIFIED CHECKS. (a) In this section, "obligated bank" means the acceptor of a certified check or the issuer of a cashier's check or teller's check bought from the issuer.

(b) If the obligated bank wrongfully (i) refuses to pay a cashier's check or certified check, (ii) stops payment of a teller's check, or (iii) refuses to pay a dishonored teller's check, the person asserting the right to enforce the check is entitled to compensation for expenses and loss of interest resulting from the nonpayment and may recover consequential damages if the obligated bank refuses to pay after receiving notice of particular circumstances giving rise to the damages.

(c) Expenses or consequential damages under Subsection (b) are not recoverable if the refusal of the obligated bank to pay occurs because:

(1) the obligated bank suspends payments;

(2) the obligated bank asserts a claim or defense of the bank that it has reasonable grounds to believe is available against the person entitled to enforce the instrument;

(3) the obligated bank has a reasonable doubt whether the person demanding payment is the person entitled to enforce the instrument; or

(4) payment is prohibited by law.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.412. OBLIGATION OF ISSUER OF NOTE OR CASHIER'S CHECK. The issuer of a note or cashier's check or other draft drawn on the drawer is obliged to pay the instrument (i) according to its terms at the time it was issued or, if not issued, at the time it first came into possession of a holder, or (ii) if the issuer signed an incomplete instrument, according to its terms when completed, to the extent stated in Sections 3.115 and 3.407. The obligation is owed to a person entitled to enforce the instrument or to an indorser who paid the instrument under Section 3.415.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.413. OBLIGATION OF ACCEPTOR. (a) The acceptor of a draft is obliged to pay the draft (i) according to its terms at the time it was accepted, even though the acceptance states that the draft is payable "as originally drawn" or equivalent terms, (ii) if the acceptance varies the terms of the draft, according to the terms of the draft as varied, or (iii) if the acceptance is of a draft that is an incomplete instrument, according to its terms when completed, to the extent stated in Sections 3.115 and 3.407. The obligation is owed to a person entitled to enforce the draft or to the drawer or an indorser who paid the draft under Section 3.414 or 3.415.

(b) If the certification of a check or other acceptance of a draft states the amount certified or accepted, the obligation of the acceptor is that amount. The obligation of the acceptor is the amount of the instrument at the time it was taken by the holder in due course if:

(1) the certification or acceptance does not state an amount;

(2) the amount of the instrument is subsequently raised; and

(3) the instrument is then negotiated to a holder in due course.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.414. OBLIGATION OF DRAWER. (a) This section does not apply to cashier's checks or other drafts drawn on the drawer.

(b) If an unaccepted draft is dishonored, the drawer is obliged to pay the draft (i) according to its terms at the time it was issued or, if not issued, at the time it first came into possession of a holder, or (ii) if the drawer signed an incomplete instrument, according to its terms when completed, to the extent stated in Sections 3.115 and 3.407. The obligation is owed to a person entitled to enforce the draft or to an indorser who paid the draft under Section 3.415.

(c) If a draft is accepted by a bank, the drawer is discharged, regardless of when or by whom acceptance was obtained.

(d) If a draft is accepted and the acceptor is not a bank, the obligation of the drawer to pay the draft if the draft is dishonored by the acceptor is the same as the obligation of an indorser under Sections 3.415(a) and (c).

(e) If a draft states that it is drawn "without recourse" or otherwise disclaims liability of the drawer to pay the draft, the drawer is not liable under Subsection (b) to pay the draft if the draft is not a check. A disclaimer of the liability stated in Subsection (b) is not effective if the draft is a check.

(f) If (i) a check is not presented for payment or given to a depository bank for collection within 30 days after its date, (ii) the drawee suspends payments after expiration of the 30-day period without paying the check, and (iii) because of the suspension of payments, the drawer is deprived of funds maintained with the drawee to cover payment of the check, the drawer to the extent deprived of funds may discharge its obligation to pay the check by assigning to the person entitled to enforce the check the rights of the drawer against the drawee with respect to the funds.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.415. OBLIGATION OF INDORSER. (a) Subject to Subsections (b), (c), (d), and (e) and to Section 3.419(d), if an instrument is dishonored, an indorser is obliged to pay the amount due on the instrument (i) according to the terms of the instrument at the time it was indorsed, or (ii) if the indorser indorsed an incomplete instrument, according to its terms when completed, to the extent stated in Sections 3.115 and 3.407. The obligation of the indorser is owed to a person entitled to enforce the instrument or to a subsequent indorser who paid the instrument under this section.

(b) If an indorsement states that it is made "without recourse" or otherwise disclaims liability of the indorser, the indorser is not liable under Subsection (a) to pay the instrument.

(c) If notice of dishonor of an instrument is required by Section 3.503 and notice of dishonor complying with that section is not given to an indorser, the liability of the indorser under Subsection (a) is discharged.

(d) If a draft is accepted by a bank after an indorsement is made, the liability of the indorser under Subsection (a) is discharged.

(e) If an indorser of a check is liable under Subsection (a) and the check is not presented for payment, or given to a depository bank for collection, within 30 days after the day the indorsement was made, the liability of the indorser under Subsection (a) is discharged.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.416. TRANSFER WARRANTIES. (a) A person who transfers an instrument for consideration warrants to the transferee and, if the transfer is by indorsement, to any subsequent transferee that:

(1) the warrantor is a person entitled to enforce the instrument;

(2) all signatures on the instrument are authentic and authorized;

(3) the instrument has not been altered;

(4) the instrument is not subject to a defense or claim in recoupment of any party that can be asserted against the warrantor;

(5) the warrantor has no knowledge of any insolvency proceeding commenced with respect to the maker or acceptor or, in the case of an unaccepted draft, the drawer; and

(6) with respect to a remotely-created item, that the person on whose account the item is drawn authorized the issuance of the item in the amount for which the item is drawn.

(b) A person to whom the warranties under Subsection (a) are made and who took the instrument in good faith may recover from the warrantor as damages for breach of warranty an amount equal to the loss suffered as a result of the breach, but not more than the amount of the instrument plus expenses and loss of interest incurred as a result of the breach.

(c) The warranties stated in Subsection (a) cannot be disclaimed with respect to checks. Unless notice of a claim for breach of warranty is given to the warrantor within 30 days after the claimant has reason to know of the breach and the identity of the warrantor, the liability of the warrantor under Subsection (b) is discharged to the extent of any loss caused by the delay in giving notice of the claim.

(d) A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

(e) If as to a particular item (1) a transferee (including a collecting bank) asserts a claim for breach of the warranty in Subsection (a)(6), but (2) under applicable law (including the applicable choice-of-law principles) that transferee would not make a warranty substantially similar to the warranty in Subsection (a)(6) if such transferee were a transferor, then that transferee would not receive the warranty in Subsection (a)(6) from any transferor.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996; Acts 1997, 75th Leg., ch. 131, Sec. 3, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 8, eff. September 1, 2005.

Sec. 3.417. PRESENTMENT WARRANTIES. (a) If an unaccepted draft is presented to the drawee for payment or acceptance and the drawee pays or accepts the draft, (i) the person obtaining payment or acceptance, at the time of presentment, and (ii) a previous transferor of the draft, at the time of transfer, warrant to the drawee making payment or accepting the draft in good faith that:

(1) the warrantor is, or was, at the time the warrantor transferred the draft, a person entitled to enforce the draft or authorized to obtain payment or acceptance of the draft on behalf of a person entitled to enforce the draft;

(2) the draft has not been altered;

(3) the warrantor has no knowledge that the signature of the drawer of the draft is unauthorized; and

(4) with respect to a remotely-created item, that the person on whose account the item is drawn authorized the issuance of the item in the amount for which the item is drawn.

(b) A drawee making payment may recover from any warrantor damages for breach of warranty equal to the amount paid by the drawee less the amount the drawee received or is entitled to receive from the drawer because of the payment. In addition, the drawee is entitled to compensation for expenses and loss of interest resulting from the breach. The right of the drawee to recover damages under this subsection is not affected by any failure of the drawee to exercise ordinary care in making payment. If the drawee accepts the draft, breach of warranty is a defense to the obligation of the acceptor. If the acceptor makes payment with respect to the draft, the acceptor is entitled to recover from any warrantor for breach of warranty the amounts stated in this subsection.

(c) If a drawee asserts a claim for breach of warranty under Subsection (a) based on an unauthorized indorsement of the draft or an alteration of the draft, the warrantor may defend by proving that the indorsement is effective under Section 3.404 or 3.405 or the drawer is precluded under Section 3.406 or 4.406 from asserting against the drawee the unauthorized indorsement or alteration.

(d) If (i) a dishonored draft is presented for payment to the drawer or an indorser, or (ii) any other instrument is presented for payment to a party obliged to pay the instrument, and (iii)

payment is received, the following rules apply:

(1) The person obtaining payment and a prior transferor of the instrument warrant to the person making payment in good faith that the warrantor is, or was, at the time the warrantor transferred the instrument, a person entitled to enforce the instrument or authorized to obtain payment on behalf of a person entitled to enforce the instrument.

(2) The person making payment may recover from any warrantor for breach of warranty an amount equal to the amount paid plus expenses and loss of interest resulting from the breach.

(e) The warranties stated in Subsections (a) and (d) cannot be disclaimed with respect to checks. Unless notice of a claim for breach of warranty is given to the warrantor within 30 days after the claimant has reason to know of the breach and the identity of the warrantor, the liability of the warrantor under Subsection (b) or (d) is discharged to the extent of any loss caused by the delay in giving notice of the claim.

(f) A cause of action for breach of warranty under this section accrues when the claimant has reason to know of the breach.

(g) If as to a particular item (1) a transferee (including a collecting bank) asserts a claim for breach of the warranty in Subsection (a)(4), but (2) under applicable law (including the applicable choice-of-law principles) that transferee would not make a warranty substantially similar to the warranty in Subsection (a)(4) if such transferee were a transferor, then that transferee would not receive the warranty in Subsection (a)(4) from any transferor.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996; Acts 1997, 75th Leg., ch. 131, Sec. 4, eff. Sept. 1, 1997.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 9, eff. September 1, 2005.

Sec. 3.418. PAYMENT OR ACCEPTANCE BY MISTAKE. (a) Except as provided in Subsection (c), if the drawee of a draft pays or accepts the draft and the drawee acted on the mistaken belief that (i) payment of the draft had not been stopped pursuant to Section 4.403, or (ii) the signature of the drawer of the draft was

authorized, the drawee may recover the amount of the draft from the person to whom or for whose benefit payment was made or, in the case of acceptance, may revoke the acceptance. Rights of the drawee under this subsection are not affected by failure of the drawee to exercise ordinary care in paying or accepting the draft.

(b) Except as provided in Subsection (c), if an instrument has been paid or accepted by mistake and the case is not covered by Subsection (a), the person paying or accepting may, to the extent permitted by the law governing mistake and restitution:

(1) recover the payment from the person to whom or for whose benefit payment was made; or

(2) in the case of acceptance, revoke the acceptance.

(c) The remedies provided by Subsection (a) or (b) may not be asserted against a person who took the instrument in good faith and for value or who in good faith changed position in reliance on the payment or acceptance. This subsection does not limit remedies provided by Section 3.417 or 4.407.

(d) Notwithstanding Section 4.215, if an instrument is paid or accepted by mistake and the payor or acceptor recovers payment or revokes acceptance under Subsection (a) or (b), the instrument is deemed not to have been paid or accepted and is treated as dishonored, and the person from whom payment is recovered has rights as a person entitled to enforce the dishonored instrument. Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.419. INSTRUMENTS SIGNED FOR ACCOMMODATION. (a) If an instrument is issued for value given for the benefit of a party to the instrument ("accommodated party") and another party to the instrument ("accommodation party") signs the instrument for the purpose of incurring liability on the instrument without being a direct beneficiary of the value given for the instrument, the instrument is signed by the accommodation party "for accommodation."

(b) An accommodation party may sign the instrument as maker, drawer, acceptor, or indorser. Subject to Subsection (d), the accommodation party is obliged to pay the instrument in the capacity in which the accommodation party signs. The obligation of

an accommodation party may be enforced notwithstanding any statute of frauds and whether or not the accommodation party receives consideration for the accommodation.

(c) A person signing an instrument is presumed to be an accommodation party and there is notice that the instrument is signed for accommodation if the signature is an anomalous indorsement or is accompanied by words indicating that the signer is acting as surety or guarantor with respect to the obligation of another party to the instrument. Except as provided in Section 3.605, the obligation of an accommodation party to pay the instrument is not affected by the fact that the person enforcing the obligation had notice when the instrument was taken by that person that the accommodation party signed the instrument for accommodation.

(d) If the signature of a party to an instrument is accompanied by words indicating unambiguously that the party is guaranteeing collection rather than payment of the obligation of another party to the instrument, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument only if:

(1) execution of judgment against the other party has been returned unsatisfied;

(2) the other party is insolvent or in an insolvency proceeding;

(3) the other party cannot be served with process; or

(4) it is otherwise apparent that payment cannot be obtained from the other party.

(e) If the signature of a party to an instrument is accompanied by words indicating that the party guarantees payment or the signer signs the instrument as an accommodation party in some other manner that does not unambiguously indicate an intention to guarantee collection rather than payment, the signer is obliged to pay the amount due on the instrument to a person entitled to enforce the instrument in the same circumstances as the accommodated party would be obliged, without prior resort to the accommodated party by the person entitled to enforce the instrument.

(f) An accommodation party who pays the instrument is

entitled to reimbursement from the accommodated party and is entitled to enforce the instrument against the accommodated party. In proper circumstances, an accommodation party may obtain relief that requires the accommodated party to perform its obligations on the instrument. An accommodated party that pays the instrument has no right of recourse against, and is not entitled to contribution from, an accommodation party.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 10, eff. September 1, 2005.

Sec. 3.420. CONVERSION OF INSTRUMENT. (a) The law applicable to conversion of personal property applies to instruments. An instrument is also converted if it is taken by transfer, other than a negotiation, from a person not entitled to enforce the instrument or a bank makes or obtains payment with respect to the instrument for a person not entitled to enforce the instrument or receive payment. An action for conversion of an instrument may not be brought by:

- (1) the issuer or acceptor of the instrument; or
- (2) a payee or indorsee who did not receive delivery of the instrument either directly or through delivery to an agent or a co-payee.

(b) In an action under Subsection (a), the measure of liability is presumed to be the amount payable on the instrument, but recovery may not exceed the amount of the plaintiff's interest in the instrument.

(c) A representative, other than a depository bank, who has in good faith dealt with an instrument or its proceeds on behalf of one who was not the person entitled to enforce the instrument is not liable in conversion to that person beyond the amount of any proceeds that it has not paid out.

Added by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

SUBCHAPTER E. DISHONOR

Sec. 3.501. PRESENTMENT. (a) "Presentment" means a demand

made by or on behalf of a person entitled to enforce an instrument to:

(1) pay the instrument made to the drawee or a party obliged to pay the instrument or, in the case of a note or accepted draft payable at a bank, to the bank; or

(2) accept a draft made to the drawee.

(b) The following rules are subject to Chapter 4, agreement of the parties, and clearing-house rules and the like:

(1) Presentment may be made at the place of payment of the instrument and must be made at the place of payment if the instrument is payable at a bank in the United States. Presentment may be made by any commercially reasonable means, including an oral, written, or electronic communication. Presentment is effective:

(A) when the demand for payment or acceptance is received by the person to whom presentment is made; and

(B) if made to any one of two or more makers, acceptors, drawees, or other payors.

(2) On demand of the person to whom presentment is made, the person making presentment must:

(A) exhibit the instrument;

(B) give reasonable identification and, if presentment is made on behalf of another person, reasonable evidence of authority to do so; and

(C) sign a receipt on the instrument for any payment made or surrender the instrument if full payment is made.

(3) Without dishonoring the instrument, the party to whom presentment is made may:

(A) return the instrument for lack of a necessary indorsement; or

(B) refuse payment or acceptance for failure of the presentment to comply with the terms of the instrument, an agreement of the parties, or other applicable law or rule.

(4) The party to whom presentment is made may treat presentment as occurring on the next business day after the day of presentment if the party to whom presentment is made has established a cutoff hour not earlier than 2 p.m. for the receipt

and processing of instruments presented for payment or acceptance and presentment is made after the cutoff hour.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.502. DISHONOR. (a) Dishonor of a note is governed by the following rules:

(1) If the note is payable on demand, the note is dishonored if presentment is duly made to the maker and the note is not paid on the day of presentment.

(2) If the note is not payable on demand and is payable at or through a bank or the terms of the note require presentment, the note is dishonored if presentment is duly made and the note is not paid on the day it becomes payable or the day of presentment, whichever is later.

(3) If the note is not payable on demand and Subdivision (2) does not apply, the note is dishonored if it is not paid on the day it becomes payable.

(b) Dishonor of an unaccepted draft other than a documentary draft is governed by the following rules:

(1) If a check is duly presented for payment to the payor bank otherwise than for immediate payment over the counter, the check is dishonored if the payor bank makes timely return of the check or sends timely notice of dishonor or nonpayment under Section 4.301 or 4.302, or becomes accountable for the amount of the check under Section 4.302.

(2) If a draft is payable on demand and Subdivision (1) does not apply, the draft is dishonored if presentment for payment is duly made to the drawee and the draft is not paid on the day of presentment.

(3) If a draft is payable on a date stated in the draft, the draft is dishonored if:

(A) presentment for payment is duly made to the drawee and payment is not made on the day the draft becomes payable or the day of presentment, whichever is later; or

(B) presentment for acceptance is duly made before the day the draft becomes payable and the draft is not accepted on the day of presentment.

(4) If a draft is payable on elapse of a period of time after sight or acceptance, the draft is dishonored if presentment for acceptance is duly made and the draft is not accepted on the day of presentment.

(c) Dishonor of an unaccepted documentary draft occurs according to the rules stated in Subsections (b)(2), (3), and (4), except that payment or acceptance may be delayed without dishonor until not later than the close of the third business day of the drawee following the day on which payment or acceptance is required by those subdivisions.

(d) Dishonor of an accepted draft is governed by the following rules:

(1) If the draft is payable on demand, the draft is dishonored if presentment for payment is duly made to the acceptor and the draft is not paid on the day of presentment.

(2) If the draft is not payable on demand, the draft is dishonored if presentment for payment is duly made to the acceptor and payment is not made on the day it becomes payable or the day of presentment, whichever is later.

(e) In any case in which presentment is otherwise required for dishonor under this section and presentment is excused under Section 3.504, dishonor occurs without presentment if the instrument is not duly accepted or paid.

(f) If a draft is dishonored because timely acceptance of the draft was not made and the person entitled to demand acceptance consents to a late acceptance, from the time of acceptance the draft is treated as never having been dishonored.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.503. NOTICE OF DISHONOR. (a) The obligation of an indorser stated in Section 3.415(a) and the obligation of a drawer stated in Section 3.414(d) may not be enforced unless:

(1) the indorser or drawer is given notice of dishonor of the instrument complying with this section; or

(2) notice of dishonor is excused under Section 3.504(b).

(b) Notice of dishonor may be given by any person; may be

given by any commercially reasonable means, including an oral, written, or electronic communication; and is sufficient if it reasonably identifies the instrument and indicates that the instrument has been dishonored or has not been paid or accepted. Return of an instrument given to a bank for collection is sufficient notice of dishonor.

(c) Subject to Section 3.504(c), with respect to an instrument taken for collection by a collecting bank, notice of dishonor must be given (i) by the bank before midnight of the next banking day following the banking day on which the bank receives notice of dishonor of the instrument, or (ii) by any other person within 30 days following the day on which the person receives notice of dishonor. With respect to any other instrument, notice of dishonor must be given within 30 days following the day on which dishonor occurs.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.504. EXCUSED PRESENTMENT AND NOTICE OF DISHONOR.

(a) Presentment for payment or acceptance of an instrument is excused if:

(1) the person entitled to present the instrument cannot with reasonable diligence make presentment;

(2) the maker or acceptor has repudiated an obligation to pay the instrument or is dead or in insolvency proceedings;

(3) by the terms of the instrument presentment is not necessary to enforce the obligation of indorsers or the drawer;

(4) the drawer or indorser whose obligation is being enforced has waived presentment or otherwise has no reason to expect or right to require that the instrument be paid or accepted; or

(5) the drawer instructed the drawee not to pay or accept the draft or the drawee was not obligated to the drawer to pay the draft.

(b) Notice of dishonor is excused if (i) by the terms of the instrument notice of dishonor is not necessary to enforce the obligation of a party to pay the instrument, or (ii) the party whose obligation is being enforced waived notice of dishonor. A waiver of

presentment is also a waiver of notice of dishonor.

(c) Delay in giving notice of dishonor is excused if the delay was caused by circumstances beyond the control of the person giving the notice and the person giving the notice exercised reasonable diligence after the cause of the delay ceased to operate.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.505. EVIDENCE OF DISHONOR. (a) The following are admissible as evidence and create a presumption of dishonor and of any notice of dishonor stated:

(1) a document regular in form as provided in Subsection (b) that purports to be a protest;

(2) a purported stamp or writing of the drawee, payor bank, or presenting bank on or accompanying the instrument stating that acceptance or payment has been refused unless reasons for the refusal are stated and the reasons are not consistent with dishonor;

(3) a book or record of the drawee, payor bank, or collecting bank that is kept in the usual course of business and that shows dishonor, even if there is no evidence of who made the entry.

(b) A protest is a certificate of dishonor made by a United States consul or vice consul, or a notary public or other person authorized to administer oaths by the law of the place where dishonor occurs. It may be made on information satisfactory to that person. The protest must identify the instrument and certify either that presentment has been made or, if not made, the reason why it was not made, and that the instrument has been dishonored by nonacceptance or nonpayment. The protest may also certify that notice of dishonor has been given to some or all parties.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.506. PROCESSING FEE BY HOLDER OF PAYMENT DEVICE. (a) For purposes of this section, "payment device" means any check, item, paper or electronic payment, or other payment device used as a medium for payment.

(b) On return of a payment device to the holder following dishonor of the payment device by a payor, the holder, the holder's assignee, agent, or representative, or any other person retained by the holder to seek collection of the face value of the dishonored payment device may charge the drawer or indorser a reasonable processing fee of not more than \$30.

(c) A person may not charge a processing fee to a drawer or indorser under this section if the fee has been collected under Article 102.007(e) or 102.0071, Code of Criminal Procedure. If a processing fee has been collected under this section and the holder subsequently receives a fee collected under Article 102.007(e) or 102.0071, Code of Criminal Procedure, the holder shall immediately refund the fee previously collected from the drawer or indorser.

(d) Notwithstanding Subtitle B, Title 4, Finance Code, or any other law, a contract made under Subtitle B, Title 4, Finance Code, may provide that on return of a dishonored payment device given in payment under the contract, the holder may charge the obligor under the contract the processing fee authorized by this section, and the fee may be added to the unpaid balance owed under the contract. Interest may not be charged on the fee during the term of the contract.

(e) This section does not affect any right or remedy to which the holder of a payment device may be entitled under any rule, written contract, judicial decision, or other statute.

Added by Acts 2001, 77th Leg., ch. 1420, Sec. 2.001(a), eff. Sept. 1, 2001; Amended by Acts 2003, 78th Leg., ch. 413, Sec. 1, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 11, eff. September 1, 2005.

Sec. 3.507. DELIVERY NOTIFICATION FEE BY HOLDER OF CHECK OR SIMILAR SIGHT ORDER. (a) On return of a check or similar sight order to the holder following dishonor of the check or sight order by a payor and prior to the check or sight order being referred for prosecution, the holder, the holder's assignee, agent, or representative, or any other person retained by the holder to seek collection of the dishonored check or sight order may charge the

drawer or indorser of the check or sight order the cost of delivery notification by registered or certified mail with return receipt requested under Section 31.06 or Section 32.41, Penal Code, as applicable.

(b) A person may not charge a delivery notification fee to a drawer or indorser under this section if the fee has been collected under Article 102.007(g), Code of Criminal Procedure. If a delivery notification fee has been collected under this section and the holder subsequently receives a fee collected under Article 102.007(g), Code of Criminal Procedure, the holder shall immediately refund the fee previously collected from the drawer or indorser.

(c) This section does not affect any right or remedy to which the holder of a check or similar sight order may be entitled under any rule, written contract, judicial decision, or other statute, including Section 3.506.

Added by Acts 2007, 80th Leg., R.S., Ch. [976](#), Sec. 4, eff. September 1, 2007.

SUBCHAPTER F. DISCHARGE AND PAYMENT

Sec. 3.601. DISCHARGE AND EFFECT OF DISCHARGE. (a) The obligation of a party to pay the instrument is discharged as stated in this chapter or by an act or agreement with the party that would discharge an obligation to pay money under a simple contract.

(b) Discharge of the obligation of a party is not effective against a person acquiring rights of a holder in due course of the instrument without notice of the discharge.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.602. PAYMENT. (a) Subject to Subsection (e), an instrument is paid to the extent payment is made by or on behalf of a party obliged to pay the instrument, and to a person entitled to enforce the instrument.

(b) Subject to Subsection (e), a note is paid to the extent payment is made by or on behalf of a party obliged to pay the note to a person that formerly was entitled to enforce the note only if at

the time of the payment the party obliged to pay has not received adequate notification that the note has been transferred and that payment is to be made to the transferee. A notification is adequate only if it is signed by the transferor or the transferee, reasonably identifies the transferred note, and provides an address at which payments subsequently are to be made. Upon request, a transferee shall seasonably furnish reasonable proof that the note has been transferred. Unless the transferee complies with the request, a payment to the person that formerly was entitled to enforce the note is effective for purposes of Subsection (c) even if the party obliged to pay the note has received a notification under this subsection.

(c) Subject to Subsection (e), to the extent of a payment under Subsections (a) and (b), the obligation of the party obliged to pay the instrument is discharged even though payment is made with knowledge of a claim to the instrument under Section 3.306 by another person.

(d) Subject to Subsection (e), a transferee, or any party that has acquired rights in the instrument directly or indirectly from a transferee, including any such party that has rights as a holder in due course, is deemed to have notice of any payment that is made under Subsection (b) after the date that the note is transferred to the transferee but before the party obliged to pay the note receives adequate notification of the transfer.

(e) The obligation of a party to pay the instrument is not discharged under Subsections (a) through (d) if:

(1) a claim to the instrument under Section 3.306 is enforceable against the party receiving payment and:

(A) payment is made with knowledge by the payor that payment is prohibited by injunction or similar process of a court of competent jurisdiction; or

(B) in the case of an instrument other than a cashier's check, teller's check, or certified check, the party making payment accepted, from the person having a claim to the instrument, indemnity against loss resulting from refusal to pay the person entitled to enforce the instrument; or

(2) the person making payment knows that the

instrument is a stolen instrument and pays a person it knows is in wrongful possession of the instrument.

(f) As used in this section, "signed," with respect to a record that is not a writing, includes the attachment to or logical association with the record of an electronic symbol, sound, or process with the present intent to adopt or accept the record.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 12, eff. September 1, 2005.

Sec. 3.603. TENDER OF PAYMENT. (a) If tender of payment of an obligation to pay an instrument is made to a person entitled to enforce the instrument, the effect of tender is governed by principles of law applicable to tender of payment under a simple contract.

(b) If tender of payment of an obligation to pay an instrument is made to a person entitled to enforce the instrument and the tender is refused, there is discharge, to the extent of the amount of the tender, of the obligation of an indorser or accommodation party having a right of recourse with respect to the obligation to which the tender relates.

(c) If tender of payment of an amount due on an instrument is made to a person entitled to enforce the instrument, the obligation of the obligor to pay interest after the due date on the amount tendered is discharged. If presentment is required with respect to an instrument and the obligor is able and ready to pay on the due date at every place of payment stated in the instrument, the obligor is deemed to have made tender of payment on the due date to the person entitled to enforce the instrument.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Sec. 3.604. DISCHARGE BY CANCELLATION OR RENUNCIATION. (a) A person entitled to enforce an instrument, with or without consideration, may discharge the obligation of a party to pay the instrument:

(1) by an intentional voluntary act, such as surrender of the instrument to the party, destruction, mutilation, or

cancellation of the instrument, cancellation or striking out of the party's signature, or the addition of words to the instrument indicating discharge; or

(2) by agreeing not to sue or otherwise renouncing rights against the party by a signed record.

(b) Cancellation or striking out of an indorsement pursuant to Subsection (a) does not affect the status and rights of a party derived from the indorsement.

(c) In this section, "signed," with respect to a record that is not a writing, includes the attachment to or logical association with the record of an electronic symbol, sound, or process with the present intent to adopt or accept the record.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 13, eff. September 1, 2005.

Sec. 3.605. DISCHARGE OF SECONDARY OBLIGORS. (a) If a person entitled to enforce an instrument releases the obligation of a principal obligor in whole or in part, and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

(1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. Unless the terms of the release preserve the secondary obligor's recourse, the principal obligor is discharged, to the extent of the release, from any other duties to the secondary obligor under this chapter.

(2) Unless the terms of the release provide that the person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor, the secondary obligor is discharged to the same extent as the principal obligor from any unperformed portion of its obligation on the instrument. If the instrument is a check and the obligation of the secondary obligor is based on an indorsement of the check, the secondary obligor is discharged without regard to the language or circumstances of the discharge or other release.

(3) If the secondary obligor is not discharged under

Subdivision (2), the secondary obligor is discharged to the extent of the value of the consideration for the release, and to the extent that the release would otherwise cause the secondary obligor a loss.

(b) If a person entitled to enforce an instrument grants a principal obligor an extension of the time at which one or more payments are due on the instrument and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

(1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. Unless the terms of the extension preserve the secondary obligor's recourse, the extension correspondingly extends the time for performance of any other duties owed to the secondary obligor by the principal obligor under this chapter.

(2) The secondary obligor is discharged to the extent that the extension would otherwise cause the secondary obligor a loss.

(3) To the extent that the secondary obligor is not discharged under Subdivision (2), the secondary obligor may perform its obligations to a person entitled to enforce the instrument as if the time for payment had not been extended or, unless the terms of the extension provide that the person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor as if the time for payment had not been extended, treat the time for performance of its obligations as having been extended correspondingly.

(c) If a person entitled to enforce an instrument agrees, with or without consideration, to a modification of the obligation of a principal obligor other than a complete or partial release or an extension of the due date and another party to the instrument is a secondary obligor with respect to the obligation of that principal obligor, the following rules apply:

(1) Any obligations of the principal obligor to the secondary obligor with respect to any previous payment by the secondary obligor are not affected. The modification

correspondingly modifies any other duties owed to the secondary obligor by the principal obligor under this chapter.

(2) The secondary obligor is discharged from any unperformed portion of its obligation to the extent that the modification would otherwise cause the secondary obligor a loss.

(3) To the extent that the secondary obligor is not discharged under Subdivision (2), the secondary obligor may satisfy its obligation on the instrument as if the modification had not occurred, or treat its obligation on the instrument as having been modified correspondingly.

(d) If the obligation of a principal obligor is secured by an interest in collateral, another party to the instrument is a secondary obligor with respect to that obligation, and a person entitled to enforce the instrument impairs the value of the interest in collateral, the obligation of the secondary obligor is discharged to the extent of the impairment. The value of an interest in collateral is impaired to the extent the value of the interest is reduced to an amount less than the amount of the recourse of the secondary obligor, or the reduction in value of the interest causes an increase in the amount by which the amount of the recourse exceeds the value of the interest. For purposes of this subsection, impairing the value of an interest in collateral includes failure to obtain or maintain perfection or recordation of the interest in collateral, release of collateral without substitution of collateral of equal value or equivalent reduction of the underlying obligation, failure to perform a duty to preserve the value of collateral owed, under Chapter 9 or other law, to a debtor or other person secondarily liable, and failure to comply with applicable law in disposing of or otherwise enforcing the interest in collateral.

(e) A secondary obligor is not discharged under Subsection (a)(3), (b), (c), or (d) unless the person entitled to enforce the instrument knows that the person is a secondary obligor or has notice under Section 3.419(c) that the instrument was signed for accommodation.

(f) A secondary obligor is not discharged under this section if the secondary obligor consents to the event or conduct that is

the basis of the discharge, or the instrument or a separate agreement of the party provides for waiver of discharge under this section specifically or by general language indicating that parties waive defenses based on suretyship or impairment of collateral. Unless the circumstances indicate otherwise, consent by the principal obligor to an act that would lead to a discharge under this section constitutes consent to that act by the secondary obligor if the secondary obligor controls the principal obligor or deals with the person entitled to enforce the instrument on behalf of the principal obligor.

(g) A release or extension preserves a secondary obligor's recourse if the terms of the release or extension provide that:

(1) the person entitled to enforce the instrument retains the right to enforce the instrument against the secondary obligor; and

(2) the recourse of the secondary obligor continues as if the release or extension had not been granted.

(h) Except as otherwise provided in Subsection (i), a secondary obligor asserting discharge under this section has the burden of persuasion both with respect to the occurrence of the acts alleged to harm the secondary obligor and loss or prejudice caused by those acts.

(i) If the secondary obligor demonstrates prejudice caused by an impairment of its recourse, and the circumstances of the case indicate that the amount of loss is not reasonably susceptible of calculation or requires proof of facts that are not ascertainable, it is presumed that the act impairing recourse caused a loss or impairment equal to the liability of the secondary obligor on the instrument. In that event, the burden of persuasion as to any lesser amount of the loss is on the person entitled to enforce the instrument.

Amended by Acts 1995, 74th Leg., ch. 921, Sec. 1, eff. Jan. 1, 1996.

Amended by:

Acts 2005, 79th Leg., Ch. [95](#), Sec. 14, eff. September 1, 2005.

Acts 2007, 80th Leg., R.S., Ch. [427](#), Sec. 3, eff. September 1, 2007.

BUSINESS AND COMMERCE CODE

TITLE 1. UNIFORM COMMERCIAL CODE

CHAPTER 9. SECURED TRANSACTIONS

SUBCHAPTER A. SHORT TITLE, DEFINITIONS, AND GENERAL CONCEPTS

Sec. 9.101. SHORT TITLE. This chapter may be cited as Uniform Commercial Code--Secured Transactions.
Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.102. DEFINITIONS AND INDEX OF DEFINITIONS. (a) In this chapter:

(1) "Accession" means goods that are physically united with other goods in such a manner that the identity of the original goods is not lost.

(2) "Account," except as used in "account for," means a right to payment of a monetary obligation, whether or not earned by performance, (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or information contained on or for use with the card, or (viii) as winnings in a lottery or other game of chance operated or sponsored by a state, governmental unit of a state, or person licensed or authorized to operate the game by a state or governmental unit of a state. The term includes health-care-insurance receivables. The term does not include (i) rights to payment evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or funds advanced or sold, other than rights arising out of the use of a credit or charge card or information contained on or for use with the card.

(3) "Account debtor" means a person obligated on an

account, chattel paper, or general intangible. The term does not include persons obligated to pay a negotiable instrument, even if the instrument constitutes part of chattel paper.

(4) "Accounting," except as used in "accounting for," means a record:

(A) authenticated by a secured party;

(B) indicating the aggregate unpaid secured obligations as of a date not more than 35 days earlier or 35 days later than the date of the record; and

(C) identifying the components of the obligations in reasonable detail.

(5) "Agricultural lien" means an interest in farm products:

(A) that secures payment or performance of an obligation for:

(i) goods or services furnished in connection with a debtor's farming operation; or

(ii) rent on real property leased by a debtor in connection with its farming operation;

(B) that is created by statute in favor of a person that:

(i) in the ordinary course of its business furnished goods or services to a debtor in connection with a debtor's farming operation; or

(ii) leased real property to a debtor in connection with the debtor's farming operation; and

(C) whose effectiveness does not depend on the person's possession of the personal property.

(6) "As-extracted collateral" means:

(A) oil, gas, or other minerals that are subject to a security interest that:

(i) is created by a debtor having an interest in the minerals before extraction; and

(ii) attaches to the minerals as extracted;
or

(B) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other minerals in which the

debtor had an interest before extraction.

(7) "Authenticate" means:

(A) to sign; or

(B) to execute or otherwise adopt a symbol, or encrypt or similarly process a record in whole or in part, with the present intent of the authenticating person to identify the person and adopt or accept a record.

(8) "Bank" means an organization that is engaged in the business of banking. The term includes savings banks, savings and loan associations, credit unions, and trust companies.

(9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the like.

(10) "Certificate of title" means a certificate of title with respect to which a statute provides for the security interest in question to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

(11) "Chattel paper" means a record or records that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, a security interest in specific goods and license of software used in the goods, a lease of specific goods, or a lease of specific goods and license of software used in the goods. In this subdivision, "monetary obligation" means a monetary obligation secured by the goods or owed under a lease of the goods and includes a monetary obligation with respect to software used in the goods. The term does not include (i) charters or other contracts involving the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card. If a transaction is evidenced by records that include an instrument or series of instruments, the group of records taken together constitutes chattel paper.

(12) "Collateral" means the property subject to a security interest or agricultural lien. The term includes:

(A) proceeds to which a security interest attaches;

(B) accounts, chattel paper, payment intangibles, and promissory notes that have been sold; and

(C) goods that are the subject of a consignment.

(13) "Commercial tort claim" means a claim arising in tort with respect to which:

(A) the claimant is an organization; or

(B) the claimant is an individual and the claim:

(i) arose in the course of the claimant's business or profession; and

(ii) does not include damages arising out of personal injury to or the death of an individual.

(14) "Commodity account" means an account maintained by a commodity intermediary in which a commodity contract is carried for a commodity customer.

(15) "Commodity contract" means a commodity futures contract, an option on a commodity futures contract, a commodity option, or another contract if the contract or option is:

(A) traded on or subject to the rules of a board of trade that has been designated as a contract market for such a contract pursuant to federal commodities laws; or

(B) traded on a foreign commodity board of trade, exchange, or market and is carried on the books of a commodity intermediary for a commodity customer.

(16) "Commodity customer" means a person for which a commodity intermediary carries a commodity contract on its books.

(17) "Commodity intermediary" means a person that:

(A) is registered as a futures commission merchant under federal commodities law; or

(B) in the ordinary course of its business provides clearance or settlement services for a board of trade that has been designated as a contract market pursuant to federal commodities law.

(18) "Communicate" means:

(A) to send a written or other tangible record;

(B) to transmit a record by any means agreed upon by the persons sending and receiving the record; or

(C) in the case of transmission of a record to or

by a filing office, to transmit a record by any means prescribed by filing-office rule.

(19) "Consignee" means a merchant to which goods are delivered in a consignment.

(20) "Consignment" means a transaction, regardless of its form, in which a person delivers goods to a merchant for the purpose of sale and:

(A) the merchant:

(i) deals in goods of that kind under a name other than the name of the person making delivery;

(ii) is not an auctioneer; and

(iii) is not generally known by its creditors to be substantially engaged in selling the goods of others;

(B) with respect to each delivery, the aggregate value of the goods is \$1,000 or more at the time of delivery;

(C) the goods are not consumer goods immediately before delivery;

(D) the transaction does not create a security interest that secures an obligation; and

(E) the transaction does not involve delivery of a work of art to an art dealer or delivery of a sound recording to a distributor if Chapter 2101, Occupations Code, applies to the delivery.

(21) "Consignor" means a person that delivers goods to a consignee in a consignment.

(22) "Consumer debtor" means a debtor in a consumer transaction.

(23) "Consumer goods" means goods that are used or bought for use primarily for personal, family, or household purposes.

(24) "Consumer-goods transaction" means a consumer transaction in which:

(A) an individual incurs an obligation primarily for personal, family, or household purposes; and

(B) a security interest in consumer goods secures the obligation.

(25) "Consumer obligor" means an obligor who is an individual and who incurred the obligation as part of a transaction entered into primarily for personal, family, or household purposes.

(26) "Consumer transaction" means a transaction in which (i) an individual incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or household purposes. The term includes consumer-goods transactions.

(27) "Continuation statement" means an amendment of a financing statement that:

(A) identifies, by its file number, the initial financing statement to which it relates; and

(B) indicates that it is a continuation statement for, or that it is filed to continue the effectiveness of, the identified financing statement.

(28) "Debtor" means:

(A) a person having an interest, other than a security interest or other lien, in the collateral, whether or not the person is an obligor;

(B) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or

(C) a consignee.

(29) "Deposit account" means a demand, time, savings, passbook, or similar account maintained with a bank. The term includes a nonnegotiable certificate of deposit. The term does not include investment property or accounts evidenced by an instrument.

(30) "Document" means a document of title or a receipt of the type described in Section 7.201(b).

(31) "Electronic chattel paper" means chattel paper evidenced by a record or records consisting of information stored in an electronic medium.

(32) "Encumbrance" means a right, other than an ownership interest, in real property. The term includes mortgages and other liens on real property.

(33) "Equipment" means goods other than inventory, farm products, or consumer goods.

(34) "Farm products" means goods, other than standing timber, with respect to which the debtor is engaged in a farming operation and which are:

(A) crops grown, growing, or to be grown, including:

(i) crops produced on trees, vines, and bushes; and

(ii) aquatic goods produced in aquacultural operations;

(B) livestock, born or unborn, including aquatic goods produced in aquacultural operations;

(C) supplies used or produced in a farming operation; or

(D) products of crops or livestock in their unmanufactured states.

(35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or any other farming, livestock, or aquacultural operation.

(36) "File number" means the number assigned to an initial financing statement pursuant to Section 9.519(a).

(37) "Filing office" means an office designated in Section 9.501 as the place to file a financing statement.

(38) "Filing-office rule" means a rule adopted pursuant to Section 9.526.

(39) "Financing statement" means a record or records composed of an initial financing statement and any filed record relating to the initial financing statement.

(40) "Fixture filing" means the filing of a financing statement covering goods that are or are to become fixtures and satisfying Sections 9.502(a) and (b). The term includes the filing of a financing statement covering goods of a transmitting utility that are or are to become fixtures.

(41) "Fixtures" means goods that have become so related to particular real property that an interest in them arises under the real property law of the state in which the real property is situated.

(42) "General intangible" means any personal

property, including things in action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or other minerals before extraction. The term includes payment intangibles and software.

(43) Reserved.

(44) "Goods" means all things that are movable when a security interest attaches. The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured homes. The term also includes a computer program embedded in goods and any supporting information provided in connection with a transaction relating to the program if (i) the program is associated with the goods in such a manner that it customarily is considered part of the goods, or (ii) by becoming the owner of the goods, a person acquires a right to use the program in connection with the goods. The term does not include a computer program embedded in goods that consist solely of the medium in which the program is embedded. The term also does not include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

(45) "Governmental unit" means a subdivision, agency, department, county, parish, municipality, or other unit of the government of the United States, a state, or a foreign country. The term includes an organization having a separate corporate existence if the organization is eligible to issue debt on which interest is exempt from income taxation under the laws of the United States.

(46) "Health care insurance receivable" means an interest in or claim under a policy of insurance that is a right to payment of a monetary obligation for health care goods or services provided or to be provided.

(47) "Instrument" means a negotiable instrument or any other writing that evidences a right to the payment of a monetary obligation, is not itself a security agreement or lease, and is of a

type that in ordinary course of business is transferred by delivery with any necessary indorsement or assignment. The term does not include (i) investment property, (ii) letters of credit, (iii) writings that evidence a right to payment arising out of the use of a credit or charge card or information contained on or for use with the card, or (iv) nonnegotiable certificates of deposit.

(48) "Inventory" means goods, other than farm products, that:

(A) are leased by a person as lessor;

(B) are held by a person for sale or lease or to be furnished under a contract of service;

(C) are furnished by a person under a contract of service; or

(D) consist of raw materials, work in process, or materials used or consumed in a business.

(49) "Investment property" means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract, or commodity account.

(50) "Jurisdiction of organization," with respect to a registered organization, means the jurisdiction under whose law the organization is organized.

(51) "Letter-of-credit right" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance. The term does not include the right of a beneficiary to demand payment or performance under a letter of credit.

(52) "Lien creditor" means:

(A) a creditor that has acquired a lien on the property involved by attachment, levy, or the like;

(B) an assignee for benefit of creditors from the time of assignment;

(C) a trustee in bankruptcy from the date of the filing of the petition; or

(D) a receiver in equity from the time of appointment.

(53) "Manufactured home" means a structure,

transportable in one or more sections, that, in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or, when erected on site, is 320 or more square feet, and that is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. The term includes any structure that meets all of the requirements of this subdivision except the size requirements and with respect to which the manufacturer voluntarily files a certification required by the United States secretary of housing and urban development and complies with the standards established under Title 42 of the United States Code.

(54) "Manufactured-home transaction" means a secured transaction:

(A) that creates a purchase-money security interest in a manufactured home, other than a manufactured home held as inventory; or

(B) in which a manufactured home, other than a manufactured home held as inventory, is the primary collateral.

(55) "Mortgage" means a consensual interest in real property, including fixtures, that secures payment or performance of an obligation.

(56) "New debtor" means a person that becomes bound as debtor under Section 9.203(d) by a security agreement previously entered into by another person.

(57) "New value" means (i) money, (ii) money's worth in property, services, or new credit, or (iii) release by a transferee of an interest in property previously transferred to the transferee. The term does not include an obligation substituted for another obligation.

(58) "Noncash proceeds" means proceeds other than cash proceeds.

(59) "Nonnegotiable certificate of deposit" means a writing signed by a bank that:

(A) states on its face that it is a certificate of deposit, as defined in Section 3.104, or receipt for a book entry;

(B) contains an acknowledgement that a sum of money has been received by the bank, with an express or implied agreement that the bank will repay the sum of money; and

(C) is not a negotiable instrument.

(60) "Obligor" means a person that, with respect to an obligation secured by a security interest in or an agricultural lien on the collateral, (i) owes payment or other performance of the obligation, (ii) has provided property other than the collateral to secure payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in part for payment or other performance of the obligation. The term does not include issuers or nominated persons under a letter of credit.

(61) "Original debtor," except as used in Section 9.310(c), means a person that, as debtor, entered into a security agreement to which a new debtor has become bound under Section 9.203(d).

(62) "Payment intangible" means a general intangible under which the account debtor's principal obligation is a monetary obligation.

(63) "Person related to," with respect to an individual, means:

(A) the spouse of the individual;

(B) a brother, brother-in-law, sister, or sister-in-law of the individual;

(C) an ancestor or lineal descendant of the individual or the individual's spouse; or

(D) any other relative, by blood or marriage, of the individual or the individual's spouse who shares the same home with the individual.

(64) "Person related to," with respect to an organization, means:

(A) a person directly or indirectly controlling, controlled by, or under common control with the organization;

(B) an officer or director of, or a person performing similar functions with respect to, the organization;

(C) an officer or director of, or a person performing similar functions with respect to, a person described in

Paragraph (A);

(D) the spouse of an individual described in Paragraph (A), (B), or (C); or

(E) an individual who is related by blood or marriage to an individual described in Paragraph (A), (B), (C), or (D) and shares the same home with the individual.

(65) "Proceeds," except as used in Section 9.609(b), means the following property:

(A) whatever is acquired upon the sale, lease, license, exchange, or other disposition of collateral;

(B) whatever is collected on, or distributed on account of, collateral;

(C) rights arising out of collateral;

(D) to the extent of the value of collateral, claims arising out of the loss, nonconformity, or interference with the use of, defects or infringement of rights in, or damage to the collateral; or

(E) to the extent of the value of collateral and to the extent payable to the debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to the collateral.

(66) "Promissory note" means an instrument that evidences a promise to pay a monetary obligation, does not evidence an order to pay, and does not contain an acknowledgement by a bank that the bank has received for deposit a sum of money or funds.

(67) "Proposal" means a record authenticated by a secured party that includes the terms on which the secured party is willing to accept collateral in full or partial satisfaction of the obligation it secures pursuant to Sections 9.620, 9.621, and 9.622.

(68) "Public-finance transaction" means a secured transaction in connection with which:

(A) debt securities are issued;

(B) all or a portion of the securities issued have an initial stated maturity of at least 20 years; and

(C) the debtor, obligor, secured party, account debtor or other person obligated on collateral, assignor or assignee or a secured obligation, or assignor or assignee of a

security interest is a state or a governmental unit of a state.

(69) "Pursuant to commitment," with respect to an advance made or other value given by a secured party, means pursuant to the secured party's obligation, whether or not a subsequent event of default or other event not within the secured party's control has relieved or may relieve the secured party from its obligation.

(70) "Record," except as used in "for record," "of record," "record or legal title," and "record owner," means information that is inscribed on a tangible medium or that is stored in an electronic or other medium and is retrievable in perceivable form.

(71) "Registered organization" means an organization organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized.

(72) "Secondary obligor" means an obligor to the extent that:

(A) the obligor's obligation is secondary; or

(B) the obligor has a right of recourse with respect to an obligation secured by collateral against the debtor, another obligor, or property of either.

(73) "Secured party" means:

(A) a person in whose favor a security interest is created or provided for under a security agreement, whether or not any obligation to be secured is outstanding;

(B) a person that holds an agricultural lien;

(C) a consignor;

(D) a person to which accounts, chattel paper, payment intangibles, or promissory notes have been sold;

(E) a trustee, indenture trustee, agent, collateral agent, or other representative in whose favor a security interest or agricultural lien is created or provided for; or

(F) a person that holds a security interest arising under Section 2.401, 2.505, 2.711(c), 2A.508(e), 4.210, or 5.118.

(74) "Security agreement" means an agreement that

creates or provides for a security interest.

(75) "Send," in connection with a record or notification, means:

(A) to deposit in the mail, deliver for transmission, or transmit by any other usual means of communication, with postage or cost of transmission provided for, addressed to any address reasonable under the circumstances; or

(B) to cause the record or notification to be received within the time that it would have been received if properly sent under Paragraph (A).

(76) "Software" means a computer program and any supporting information provided in connection with a transaction relating to the program. The term does not include a computer program that is included in the definition of "goods."

(77) "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of the United States.

(78) "Supporting obligation" means a letter-of-credit right or secondary obligation that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument, or investment property.

(79) "Tangible chattel paper" means chattel paper evidenced by a record or records consisting of information that is inscribed on a tangible medium.

(80) "Termination statement" means an amendment of a financing statement that:

(A) identifies, by its file number, the initial financing statement to which it relates; and

(B) indicates either that it is a termination statement or that the identified financing statement is no longer effective.

(81) "Transmitting utility" means a person primarily engaged in the business of:

(A) operating a railroad, subway, street railway, or trolley bus;

(B) transmitting communications electrically,

electromagnetically, or by light;

(C) transmitting goods by pipeline or sewer; or

(D) transmitting or producing and transmitting electricity, steam, gas, or water.

(b) The following definitions in other chapters apply to this chapter:

"Applicant"	Section 5.102.
"Beneficiary"	Section 5.102.
"Broker"	Section 8.102.
"Certificated security"	Section 8.102.
"Check"	Section 3.104.
"Clearing corporation"	Section 8.102.
"Contract for sale"	Section 2.106.
"Control" (with respect to a document of title)	Section 7.106.
"Customer"	Section 4.104.
"Entitlement holder"	Section 8.102.
"Financial asset"	Section 8.102.
"Holder in due course"	Section 3.302.
"Issuer" (with respect to a letter of credit or letter-of-credit right)	Section 5.102.
"Issuer" (with respect to a security)	Section 8.201.
"Lease"	Section 2A.103.
"Lease agreement"	Section 2A.103.
"Lease contract"	Section 2A.103.
"Leasehold interest"	Section 2A.103.
"Lessee"	Section 2A.103.
"Lessee in ordinary course of business"	Section 2A.103.
"Lessor"	Section 2A.103.
"Lessor's residual interest"	Section 2A.103.
"Letter of credit"	Section 5.102.
"Merchant"	Section 2.104.
"Negotiable instrument"	Section 3.104.
"Nominated person"	Section 5.102.

"Note" Section 3.104.
"Proceeds of a letter of credit" Section 5.114.
"Prove" Section 3.103.
"Sale" Section 2.106.
"Securities account" Section 8.501.
"Securities intermediary" Section 8.102.
"Security" Section 8.102.
"Security certificate" Section 8.102.
"Security entitlement" Section 8.102.
"Uncertificated security" Section 8.102.

(c) Chapter 1 contains general definitions and principles of construction and interpretation applicable throughout this chapter.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 1, eff. June 13, 2001; Acts 2001, 77th Leg., ch. 1420, Sec. 14.728, eff. Sept. 1, 2001; Acts 2003, 78th Leg., ch. 542, Sec. 19, eff. Sept. 1, 2003; Acts 2003, 78th Leg., ch. 917, Sec. 1, 2, eff. Sept. 1, 2003.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 19, eff. September 1, 2005.

Acts 2005, 79th Leg., Ch. [233](#), Sec. 3, eff. May 27, 2005.

Sec. 9.103. PURCHASE-MONEY SECURITY INTEREST; APPLICATION OF PAYMENTS; BURDEN OF ESTABLISHING. (a) In this section:

(1) "Purchase-money collateral" means goods or software that secures a purchase-money obligation incurred with respect to that collateral.

(2) "Purchase-money obligation" means an obligation of an obligor incurred as all or part of the price of the collateral or for value given to enable the debtor to acquire rights in or the use of the collateral if the value is in fact so used.

(b) A security interest in goods is a purchase-money security interest:

(1) to the extent that the goods are purchase-money collateral with respect to that security interest;

(2) if the security interest is in inventory that is or

was purchase-money collateral, also to the extent that the security interest secures a purchase-money obligation incurred with respect to other inventory in which the secured party holds or held a purchase-money security interest; and

(3) also to the extent that the security interest secures a purchase-money obligation incurred with respect to software in which the secured party holds or held a purchase-money security interest.

(c) A security interest in software is a purchase-money security interest to the extent that the security interest also secures a purchase-money obligation incurred with respect to goods in which the secured party holds or held a purchase-money security interest if:

(1) the debtor acquired its interest in the software in an integrated transaction in which it acquired an interest in the goods; and

(2) the debtor acquired its interest in the software for the principal purpose of using the software in the goods.

(d) The security interest of a consignor in goods that are the subject of a consignment is a purchase-money security interest in inventory.

(e) In a transaction other than a consumer-goods transaction, if the extent to which a security interest is a purchase-money security interest depends on the application of a payment to a particular obligation, the payment must be applied:

(1) in accordance with any reasonable method of application to which the parties agree;

(2) in the absence of the parties' agreement to a reasonable method, in accordance with any intention of the obligor manifested at or before the time of payment; or

(3) in the absence of an agreement to a reasonable method and a timely manifestation of the obligor's intention, in the following order:

(A) to obligations that are not secured; and

(B) if more than one obligation is secured, to obligations secured by purchase-money security interests in the order in which those obligations were incurred.

(f) In a transaction other than a consumer-goods transaction, a purchase-money security interest does not lose its status as such, even if:

(1) the purchase-money collateral also secures an obligation that is not a purchase-money obligation;

(2) collateral that is not purchase-money collateral also secures the purchase-money obligation; or

(3) the purchase-money obligation has been renewed, refinanced, consolidated, or restructured.

(g) In a transaction other than a consumer-goods transaction, a secured party claiming a purchase-money security interest has the burden of establishing the extent to which the security interest is a purchase-money security interest.

(h) The limitation of the rules in Subsections (e), (f), and (g) to transactions other than consumer-goods transactions is intended to leave to the court the determination of the proper rules in consumer-goods transactions. The court may not infer from that limitation the nature of the proper rule in consumer-goods transactions and may continue to apply established approaches.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.104. CONTROL OF DEPOSIT ACCOUNT. (a) A secured party has control of a deposit account if:

(1) the secured party is the bank with which the deposit account is maintained;

(2) the debtor, secured party, and bank have agreed in an authenticated record that the bank will comply with instructions originated by the secured party directing disposition of the funds in the deposit account without further consent by the debtor; or

(3) the secured party becomes the bank's customer with respect to the deposit account.

(b) A secured party that has satisfied Subsection (a) has control, even if the debtor retains the right to direct the disposition of funds from the deposit account.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 2, eff. June 13, 2001.

Sec. 9.105. CONTROL OF ELECTRONIC CHATTEL PAPER. A secured party has control of electronic chattel paper if the record or records comprising the chattel paper are created, stored, and assigned in such a manner that:

(1) a single authoritative copy of the record or records exists that is unique, identifiable and, except as otherwise provided in Subdivisions (4), (5), and (6), unalterable;

(2) the authoritative copy identifies the secured party as the assignee of the record or records;

(3) the authoritative copy is communicated to and maintained by the secured party or its designated custodian;

(4) copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the participation of the secured party;

(5) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and

(6) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.106. CONTROL OF INVESTMENT PROPERTY. (a) A person has control of a certificated security, uncertificated security, or security entitlement as provided in Section 8.106.

(b) A secured party has control of a commodity contract if:

(1) the secured party is the commodity intermediary with which the commodity contract is carried; or

(2) the commodity customer, secured party, and commodity intermediary have agreed that the commodity intermediary will apply any value distributed on account of the commodity contract as directed by the secured party without further consent by the commodity customer.

(c) A secured party having control of all security entitlements or commodity contracts carried in a securities account or commodity account has control over the securities account or

commodity account.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.107. CONTROL OF LETTER-OF-CREDIT RIGHT. A secured party has control of a letter-of-credit right to the extent of any right to payment or performance by the issuer or any nominated person if the issuer or nominated person has consented to an assignment of proceeds of the letter of credit under Section 5.114(c) or otherwise applicable law or practice.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.108. SUFFICIENCY OF DESCRIPTION. (a) Except as otherwise provided in Subsections (c), (d), and (e), a description of personal or real property is sufficient, whether or not it is specific, if it reasonably identifies what is described.

(b) Except as otherwise provided in Subsection (d), a description of collateral reasonably identifies the collateral if it identifies the collateral by:

- (1) specific listing;
- (2) category;
- (3) except as otherwise provided in Subsection (e), a type of collateral defined in this title;
- (4) quantity;
- (5) computational or allocational formula or procedure; or
- (6) except as otherwise provided in Subsection (c), any other method, if the identity of the collateral is objectively determinable.

(c) A description of collateral as "all the debtor's assets" or "all the debtor's personal property" or using words of similar import does not reasonably identify the collateral.

(d) Except as otherwise provided in Subsection (e), a description of a security entitlement, securities account, or commodity account is sufficient if it describes:

- (1) the collateral by those terms or as investment

property; or

(2) the underlying financial asset or commodity contract.

(e) A description only by type of collateral defined in this title is an insufficient description of:

(1) a commercial tort claim; or

(2) in a consumer transaction, consumer goods, a security entitlement, a securities account, or a commodity account. Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.109. SCOPE. (a) Except as otherwise provided in Subsections (c), (d), and (e), this chapter applies to:

(1) a transaction, regardless of its form, that creates a security interest in personal property or fixtures by contract;

(2) an agricultural lien;

(3) a sale of accounts, chattel paper, payment intangibles, or promissory notes;

(4) a consignment;

(5) a security interest arising under Section 2.401, 2.505, 2.711(c), or 2A.508(e), as provided in Section 9.110; and

(6) a security interest arising under Section 4.210 or 5.118.

(b) The application of this chapter to a security interest in a secured obligation is not affected by the fact that the obligation is itself secured by a transaction or interest to which this chapter does not apply.

(c) This chapter does not apply to the extent that:

(1) a statute, regulation, or treaty of the United States preempts this chapter;

(2) another statute of this state expressly governs the creation, perfection, priority, or enforcement of a security interest created by this state or a governmental unit of this state;

(3) a statute of another state, a foreign country, or a governmental unit of another state or a foreign country, other than a statute generally applicable to security interests, expressly

governs creation, perfection, priority, or enforcement of a security interest created by the state, country, or governmental unit; or

(4) the rights of a transferee beneficiary or nominated person under a letter of credit are independent and superior under Section 5.114.

(d) This chapter does not apply to:

(1) a landlord's lien, other than an agricultural lien;

(2) a lien, other than an agricultural lien, given by statute or other rule of law for services or materials, but Section 9.333 applies with respect to priority of the lien;

(3) an assignment of a claim for wages, salary, or other compensation of an employee;

(4) a sale of accounts, chattel paper, payment intangibles, or promissory notes as part of a sale of the business out of which they arose;

(5) an assignment of accounts, chattel paper, payment intangibles, or promissory notes that is for the purpose of collection only;

(6) an assignment of a right to payment under a contract to an assignee that is also obligated to perform under the contract;

(7) an assignment of a single account, payment intangible, or promissory note to an assignee in full or partial satisfaction of a preexisting indebtedness;

(8) a transfer of an interest in or an assignment of a claim under a policy of insurance, other than an assignment by or to a health care provider of a health-care-insurance receivable and any subsequent assignment of the right to payment, but Sections 9.315 and 9.322 apply with respect to proceeds and priorities in proceeds;

(9) an assignment of a right represented by a judgment, other than a judgment taken on a right to payment that was collateral;

(10) a right of recoupment or set-off, but:

(A) Section 9.340 applies with respect to the

effectiveness of rights of recoupment or set-off against deposit accounts; and

(B) Section 9.404 applies with respect to defenses or claims of an account debtor;

(11) the creation or transfer of an interest in or lien on real property, including a lease or rents thereunder, the interest of a vendor or vendee in a contract for deed to purchase an interest in real property, or the interest of an optionor or optionee in an option to purchase an interest in real property, except to the extent that provision is made for:

(A) liens on real property in Sections 9.203 and 9.308;

(B) fixtures in Section 9.334;

(C) fixture filings in Sections 9.501, 9.502, 9.512, 9.516, and 9.519; and

(D) security agreements covering personal and real property in Section 9.604;

(12) an assignment of a claim arising in tort, other than a commercial tort claim, but Sections 9.315 and 9.322 apply with respect to proceeds and priorities in proceeds; or

(13) an assignment of a deposit account, other than a nonnegotiable certificate of deposit, in a consumer transaction, but Sections 9.315 and 9.322 apply with respect to proceeds and priorities in proceeds.

(e) The application of this chapter to the sale of accounts, chattel paper, payment intangibles, or promissory notes is not to recharacterize that sale as a transaction to secure indebtedness but to protect purchasers of those assets by providing a notice filing system. For all purposes, in the absence of fraud or intentional misrepresentation, the parties' characterization of a transaction as a sale of such assets shall be conclusive that the transaction is a sale and is not a secured transaction and that title, legal and equitable, has passed to the party characterized as the purchaser of those assets regardless of whether the secured party has any recourse against the debtor, whether the debtor is entitled to any surplus, or any other term of the parties' agreement.

Sec. 9.110. SECURITY INTERESTS ARISING UNDER CHAPTER 2 OR 2A. A security interest arising under Section 2.401, 2.505, 2.711(c), or 2A.508(e) is subject to this chapter. However, until the debtor obtains possession of the goods:

(1) the security interest is enforceable, even if Section 9.203(b)(3) has not been satisfied;

(2) filing is not required to perfect the security interest;

(3) the rights of the secured party after default by the debtor are governed by Chapter 2 or 2A; and

(4) the security interest has priority over a conflicting security interest created by the debtor.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

SUBCHAPTER B. EFFECTIVENESS OF SECURITY AGREEMENT; ATTACHMENT OF SECURITY INTEREST; RIGHTS OF PARTIES TO SECURITY AGREEMENT

Sec. 9.201. GENERAL EFFECTIVENESS OF SECURITY AGREEMENT.

(a) Except as otherwise provided by this title, a security agreement is effective according to its terms between the parties, against purchasers of the collateral, and against creditors.

(b) A transaction subject to this chapter is subject to any applicable rule of law that establishes a different rule for consumers and to:

(1) Title 4, Finance Code; and

(2) Subchapter E, Chapter 17.

(c) In case of conflict between this chapter and a rule of law, statute, or regulation described in Subsection (b), the rule of law, statute, or regulation controls. Failure to comply with a statute or regulation described in Subsection (b) has only the effect the statute or regulation specifies.

(d) This chapter does not:

(1) validate any rate, charge, agreement, or practice

that violates a rule of law, statute, or regulation described in Subsection (b); or

(2) extend the application of the rule of law, statute, or regulation to a transaction not otherwise subject to it.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.202. TITLE TO COLLATERAL IMMATERIAL. Except as otherwise provided with respect to consignments or sales of accounts, chattel paper, payment intangibles, or promissory notes, the provisions of this chapter with regard to rights and obligations apply whether title to collateral is in the secured party or the debtor.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.203. ATTACHMENT AND ENFORCEABILITY OF SECURITY INTEREST; PROCEEDS; SUPPORTING OBLIGATIONS; FORMAL REQUISITES.

(a) A security interest attaches to collateral when it becomes enforceable against the debtor with respect to the collateral, unless an agreement expressly postpones the time of attachment.

(b) Except as otherwise provided in Subsections (c)-(j), a security interest is enforceable against the debtor and third parties with respect to the collateral only if:

(1) value has been given;

(2) the debtor has rights in the collateral or the power to transfer rights in the collateral to a secured party; and

(3) one of the following conditions is met:

(A) the debtor has authenticated a security agreement that provides a description of the collateral and, if the security interest covers timber to be cut, a description of the land concerned;

(B) the collateral is not a certificated security and is in the possession of the secured party under Section 9.313 pursuant to the debtor's security agreement;

(C) the collateral is a certificated security in

registered form and the security certificate has been delivered to the secured party under Section 8.301 pursuant to the debtor's security agreement; or

(D) the collateral is deposit accounts, electronic chattel paper, investment property, letter-of-credit rights, or electronic documents, and the secured party has control under Section 7.106, 9.104, 9.105, 9.106, or 9.107 pursuant to the debtor's security agreement.

(c) Subsection (b) is subject to Section 4.210 on the security interest of a collecting bank, Section 5.118 on the security interest of a letter-of-credit issuer or nominated person, Section 9.110 on a security interest arising under Chapter 2 or 2A, and Section 9.206 on security interests in investment property.

(d) A person becomes bound as debtor by a security agreement entered into by another person if, by operation of law other than this chapter or by contract:

(1) the security agreement becomes effective to create a security interest in the person's property; or

(2) the person becomes generally obligated for the obligations of the other person, including the obligation secured under the security agreement, and acquires or succeeds to all or substantially all of the assets of the other person.

(e) If a new debtor becomes bound as debtor by a security agreement entered into by another person:

(1) the agreement satisfies Subsection (b)(3) with respect to existing or after-acquired property of the new debtor to the extent the property is described in the agreement; and

(2) another agreement is not necessary to make a security interest in the property enforceable.

(f) The attachment of a security interest in collateral gives the secured party the rights to proceeds provided by Section 9.315 and is also attachment of a security interest in a supporting obligation for the collateral.

(g) The attachment of a security interest in a right to payment or performance secured by a security interest or other lien on personal or real property is also attachment of a security

interest in the security interest, mortgage, or other lien.

(h) The attachment of a security interest in a securities account is also attachment of a security interest in the security entitlements carried in the securities account.

(i) The attachment of a security interest in a commodity account is also attachment of a security interest in the commodity contracts carried in the commodity account.

(j) If a secured party holds a security interest that applies under this chapter to minerals, including oil and gas, upon their extraction and the security interest also qualifies under applicable law as a lien on those minerals before their extraction, the security interest before and after production is a single continuous and uninterrupted lien on the property. This subsection is a statement of the law of this state as it existed before the effective date of this subsection and applies with respect to minerals, including oil and gas, regardless of when the minerals were extracted.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 20, eff. September 1, 2005.

Sec. 9.204. AFTER-ACQUIRED PROPERTY; FUTURE ADVANCES. (a) Except as provided in Subsection (b), a security agreement may create or provide for a security interest in after-acquired collateral.

(b) A security interest does not attach under a term constituting an after-acquired property clause to:

(1) consumer goods, other than an accession when given as additional security, unless the debtor acquires rights in them within 10 days after the secured party gives value; or

(2) a commercial tort claim.

(c) A security agreement may provide that collateral secures, or that accounts, chattel paper, payment intangibles, or promissory notes are sold in connection with, future advances or other value, whether or not the advances or value are given pursuant

to commitment.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.205. USE OR DISPOSITION OF COLLATERAL PERMISSIBLE.

(a) A security interest is not invalid or fraudulent against creditors solely because:

(1) the debtor has the right or ability to:

(A) use, commingle, or dispose of all or part of the collateral, including returned or repossessed goods;

(B) collect, compromise, enforce, or otherwise deal with collateral;

(C) accept the return of collateral or make repossessions; or

(D) use, commingle, or dispose of proceeds; or

(2) the secured party fails to require the debtor to account for proceeds or replace collateral.

(b) This section does not relax the requirements of possession if attachment, perfection, or enforcement of a security interest depends upon possession of the collateral by the secured party.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.206. SECURITY INTEREST ARISING IN PURCHASE OR DELIVERY OF FINANCIAL ASSET. (a) A security interest in favor of a securities intermediary attaches to a person's security entitlement if:

(1) the person buys a financial asset through the securities intermediary in a transaction in which the person is obligated to pay the purchase price to the securities intermediary at the time of the purchase; and

(2) the securities intermediary credits the financial asset to the buyer's securities account before the buyer pays the securities intermediary.

(b) The security interest described in Subsection (a) secures the person's obligation to pay for the financial asset.

(c) A security interest in favor of a person that delivers a certificated security or other financial asset represented by a writing attaches to the security or other financial asset if:

(1) the security or other financial asset:

(A) in the ordinary course of business is transferred by delivery with any necessary indorsement or assignment; and

(B) is delivered under an agreement between persons in the business of dealing with such securities or financial assets; and

(2) the agreement calls for delivery against payment.

(d) The security interest described in Subsection (c) secures the obligation to make payment for the delivery.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.207. RIGHTS AND DUTIES OF SECURED PARTY HAVING POSSESSION OR CONTROL OF COLLATERAL. (a) Except as otherwise provided in Subsection (d), a secured party shall use reasonable care in the custody and preservation of collateral in the secured party's possession. In the case of chattel paper or an instrument, reasonable care includes taking necessary steps to preserve rights against prior parties unless otherwise agreed.

(b) Except as otherwise provided in Subsection (d), if a secured party has possession of collateral:

(1) reasonable expenses, including the cost of insurance and payment of taxes or other charges, incurred in the custody, preservation, use, or operation of the collateral are chargeable to the debtor and are secured by the collateral;

(2) the risk of accidental loss or damage is on the debtor to the extent of any deficiency in any effective insurance coverage;

(3) the secured party shall keep the collateral identifiable, but fungible collateral may be commingled; and

(4) the secured party may use or operate the collateral:

(A) for the purpose of preserving the collateral

or its value;

(B) as permitted by an order of a court having competent jurisdiction; or

(C) except in the case of consumer goods, in the manner and to the extent agreed by the debtor.

(c) Except as otherwise provided in Subsection (d), a secured party having possession of collateral or control of collateral under Section 7.106, 9.104, 9.105, 9.106, or 9.107:

(1) may hold as additional security any proceeds, except money or funds, received from the collateral;

(2) shall apply money or funds received from the collateral to reduce the secured obligation, unless remitted to the debtor; and

(3) may create a security interest in the collateral.

(d) If the secured party is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor:

(1) Subsection (a) does not apply unless the secured party is entitled under an agreement:

(A) to charge back uncollected collateral; or

(B) otherwise to full or limited recourse against the debtor or a secondary obligor based on the nonpayment or other default of an account debtor or other obligor on the collateral; and

(2) Subsections (b) and (c) do not apply.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 21, eff. September 1, 2005.

Sec. 9.208. ADDITIONAL DUTIES OF SECURED PARTY HAVING CONTROL OF COLLATERAL. (a) This section applies to cases in which there is no outstanding secured obligation and the secured party is not committed to make advances, incur obligations, or otherwise give value.

(b) Within 10 days after receiving an authenticated demand by the debtor:

(1) a secured party having control of a deposit account under Section 9.104(a)(2) shall send to the bank with which the deposit account is maintained an authenticated statement that releases the bank from any further obligation to comply with instructions originated by the secured party;

(2) a secured party having control of a deposit account under Section 9.104(a)(3) shall:

(A) pay the debtor the balance on deposit in the deposit account; or

(B) transfer the balance on deposit into a deposit account in the debtor's name;

(3) a secured party, other than a buyer, having control of electronic chattel paper under Section 9.105 shall:

(A) communicate the authoritative copy of the electronic chattel paper to the debtor or its designated custodian;

(B) if the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic chattel paper is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and

(C) take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy that add or change an identified assignee of the authoritative copy without the consent of the secured party;

(4) a secured party having control of investment property under Section 8.106(d)(2) or 9.106(b) shall send to the securities intermediary or commodity intermediary with which the security entitlement or commodity contract is maintained an authenticated record that releases the securities intermediary or commodity intermediary from any further obligation to comply with entitlement orders or directions originated by the secured party;

(5) a secured party having control of a letter-of-credit right under Section 9.107 shall send to each person having an unfulfilled obligation to pay or deliver proceeds of the letter of credit to the secured party an authenticated

release from any further obligation to pay or deliver proceeds of the letter of credit to the secured party; and

(6) a secured party having control of an electronic document shall:

(A) give control of the electronic document to the debtor or its designated custodian;

(B) if the debtor designates a custodian that is the designated custodian with which the authoritative copy of the electronic document is maintained for the secured party, communicate to the custodian an authenticated record releasing the designated custodian from any further obligation to comply with instructions originated by the secured party and instructing the custodian to comply with instructions originated by the debtor; and

(C) take appropriate action to enable the debtor or its designated custodian to make copies of or revisions to the authoritative copy which add or change an identified assignee of the authoritative copy without the consent of the secured party.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 22, eff. September 1, 2005.

Sec. 9.209. DUTIES OF SECURED PARTY IF ACCOUNT DEBTOR HAS BEEN NOTIFIED OF ASSIGNMENT. (a) Except as otherwise provided in Subsection (c), this section applies if:

(1) there is no outstanding secured obligation; and

(2) the secured party is not committed to make advances, incur obligations, or otherwise give value.

(b) Within 10 days after receiving an authenticated demand by the debtor, a secured party shall send to an account debtor that has received notification of an assignment to the secured party as assignee under Section 9.406(a) an authenticated record that releases the account debtor from any further obligation to the secured party.

(c) This section does not apply to an assignment constituting the sale of an account, chattel paper, or payment

intangible.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.210. REQUEST FOR ACCOUNTING; REQUEST REGARDING LIST OF COLLATERAL OR STATEMENT OF ACCOUNT. (a) In this section:

(1) "Request" means a record of a type described in Subdivision (2), (3), or (4).

(2) "Request for an accounting" means a record authenticated by a debtor requesting that the recipient provide an accounting of the unpaid obligations secured by collateral and reasonably identifying the transaction or relationship that is the subject of the request.

(3) "Request regarding a list of collateral" means a record authenticated by a debtor requesting that the recipient approve or correct a list of what the debtor believes to be the collateral securing an obligation and reasonably identifying the transaction or relationship that is the subject of the request.

(4) "Request regarding a statement of account" means a record authenticated by a debtor requesting that the recipient approve or correct a statement indicating what the debtor believes to be the aggregate amount of unpaid obligations secured by collateral as of a specified date and reasonably identifying the transaction or relationship that is the subject of the request.

(b) Subject to Subsections (c), (d), (e), and (f), a secured party, other than a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor, shall comply with a request within 14 days after receipt:

(1) in the case of a request for an accounting, by authenticating and sending to the debtor an accounting; and

(2) in the case of a request regarding a list of collateral or a request regarding a statement of account, by authenticating and sending to the debtor an approval or correction.

(c) A secured party that claims a security interest in all of a particular type of collateral owned by the debtor may comply with a request regarding a list of collateral by sending to the debtor an authenticated record including a statement to that effect

within 14 days after receipt.

(d) A person that receives a request regarding a list of collateral, claims no interest in the collateral when it receives the request, and claimed an interest in the collateral at an earlier time shall comply with the request within 14 days after receipt by sending to the debtor an authenticated record:

(1) disclaiming any interest in the collateral; and

(2) if known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the collateral.

(e) A person that receives a request for an accounting or a request regarding a statement of account, claims no interest in the obligations when it receives the request, and claimed an interest in the obligations at an earlier time shall comply with the request within 14 days after receipt by sending to the debtor an authenticated record:

(1) disclaiming any interest in the obligations; and

(2) if known to the recipient, providing the name and mailing address of any assignee of or successor to the recipient's interest in the obligations.

(f) A debtor is entitled without charge to one response to a request under this section during any six-month period. The secured party may require payment of a charge not exceeding \$25 for each additional response.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 3, eff. June 13, 2001.

SUBCHAPTER C. PERFECTION AND PRIORITY

Sec. 9.301. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS. Except as otherwise provided in Sections 9.303 through 9.306, the following rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

(1) Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that

jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral.

(2) While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral.

(3) Except as otherwise provided in Subdivision (4), while tangible negotiable documents, goods, instruments, money, or tangible chattel paper is located in a jurisdiction, the local law of that jurisdiction governs:

(A) perfection of a security interest in the goods by filing a fixture filing;

(B) perfection of a security interest in timber to be cut; and

(C) the effect of perfection or nonperfection and the priority of a nonpossessory security interest in the collateral.

(4) The local law of the jurisdiction in which the wellhead or minehead is located governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in as-extracted collateral.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 23, eff. September 1, 2005.

Sec. 9.302. LAW GOVERNING PERFECTION AND PRIORITY OF AGRICULTURAL LIENS. While farm products are located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of an agricultural lien on the farm products.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.303. LAW GOVERNING PERFECTION AND PRIORITY OF

SECURITY INTERESTS IN GOODS COVERED BY A CERTIFICATE OF TITLE. (a) This section applies to goods covered by a certificate of title, even if there is no other relationship between the jurisdiction under whose certificate of title the goods are covered and the goods or the debtor.

(b) Goods become covered by a certificate of title when a valid application for the certificate of title and the applicable fee are delivered to the appropriate authority. Goods cease to be covered by a certificate of title at the earlier of the time the certificate of title ceases to be effective under the law of the issuing jurisdiction or the time the goods become covered subsequently by a certificate of title issued by another jurisdiction.

(c) The local law of the jurisdiction under whose certificate of title the goods are covered governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in goods covered by a certificate of title from the time the goods become covered by the certificate of title until the goods cease to be covered by the certificate of title.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.304. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN DEPOSIT ACCOUNTS. (a) The local law of a bank's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a deposit account maintained with that bank.

(b) The following rules determine a bank's jurisdiction for purposes of this subchapter:

(1) If an agreement between the bank and its customer governing the deposit account expressly provides that a particular jurisdiction is the bank's jurisdiction for purposes of this subchapter, this chapter, or this title, that jurisdiction is the bank's jurisdiction.

(2) If Subdivision (1) does not apply and an agreement between the bank and its customer governing the deposit account expressly provides that the agreement is governed by the law of a

particular jurisdiction, that jurisdiction is the bank's jurisdiction.

(3) If neither Subdivision (1) nor Subdivision (2) applies and an agreement between the bank and its customer governing the deposit account expressly provides that the deposit account is maintained at an office in a particular jurisdiction, that jurisdiction is the bank's jurisdiction.

(4) If none of the preceding subdivisions applies, the bank's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the customer's account is located.

(5) If none of the preceding subdivisions applies, the bank's jurisdiction is the jurisdiction in which the chief executive office of the bank is located.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2003, 78th Leg., ch. 917, Sec. 3, eff. Sept. 1, 2003.

Sec. 9.305. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN INVESTMENT PROPERTY. (a) Except as otherwise provided in Subsection (c), the following rules apply:

(1) While a security certificate is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in the certificated security represented thereby.

(2) The local law of the issuer's jurisdiction as specified in Section 8.110(d) governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in an uncertificated security.

(3) The local law of the securities intermediary's jurisdiction as specified in Section 8.110(e) governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a security entitlement or securities account.

(4) The local law of the commodity intermediary's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a commodity contract or commodity account.

(b) The following rules determine a commodity intermediary's jurisdiction for purposes of this subchapter:

(1) If an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that a particular jurisdiction is the commodity intermediary's jurisdiction for purposes of this subchapter, this chapter, or this title, that jurisdiction is the commodity intermediary's jurisdiction.

(2) If Subdivision (1) does not apply and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the agreement is governed by the law of a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.

(3) If neither Subdivision (1) nor Subdivision (2) applies and an agreement between the commodity intermediary and commodity customer governing the commodity account expressly provides that the commodity account is maintained at an office in a particular jurisdiction, that jurisdiction is the commodity intermediary's jurisdiction.

(4) If none of the preceding subdivisions applies, the commodity intermediary's jurisdiction is the jurisdiction in which the office identified in an account statement as the office serving the commodity customer's account is located.

(5) If none of the preceding subdivisions applies, the commodity intermediary's jurisdiction is the jurisdiction in which the chief executive office of the commodity intermediary is located.

(c) The local law of the jurisdiction in which the debtor is located governs:

(1) perfection of a security interest in investment property by filing;

(2) automatic perfection of a security interest in investment property created by a broker or securities intermediary; and

(3) automatic perfection of a security interest in a commodity contract or commodity account created by a commodity intermediary.

Sec. 9.306. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN LETTER-OF-CREDIT RIGHTS. (a) Subject to Subsection (c), the local law of the issuer's jurisdiction or a nominated person's jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in a letter-of-credit right if the issuer's jurisdiction or nominated person's jurisdiction is a state.

(b) For purposes of this subchapter, an issuer's jurisdiction or nominated person's jurisdiction is the jurisdiction whose law governs the liability of the issuer or nominated person with respect to the letter-of-credit right as provided in Section 5.116.

(c) This section does not apply to a security interest that is perfected only under Section 9.308(d).

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.307. LOCATION OF DEBTOR. (a) In this section, "place of business" means a place where a debtor conducts its affairs.

(b) Except as otherwise provided in this section, the following rules determine a debtor's location:

(1) A debtor who is an individual is located at the individual's principal residence.

(2) A debtor that is an organization and has only one place of business is located at its place of business.

(3) A debtor that is an organization and has more than one place of business is located at its chief executive office.

(c) Subsection (b) applies only if a debtor's residence, place of business, or chief executive office, as applicable, is located in a jurisdiction whose law generally requires information concerning the existence of a nonpossessory security interest to be made generally available in a filing, recording, or registration system as a condition or result of the security interest's

obtaining priority over the rights of a lien creditor with respect to the collateral. If Subsection (b) does not apply, the debtor is located in the District of Columbia.

(d) A person that ceases to exist, have a residence, or have a place of business continues to be located in the jurisdiction specified by Subsections (b) and (c).

(e) A registered organization that is organized under the law of a state is located in that state.

(f) Except as otherwise provided in Subsection (i), a registered organization that is organized under the law of the United States and a branch or agency of a bank that is not organized under the law of the United States or a state are located:

(1) in the state that the law of the United States designates, if the law designates a state of location;

(2) in the state that the registered organization, branch, or agency designates, if the law of the United States authorizes the registered organization, branch, or agency to designate its state of location; or

(3) in the District of Columbia, if neither Subdivision (1) nor Subdivision (2) applies.

(g) A registered organization continues to be located in the jurisdiction specified by Subsection (e) or (f) notwithstanding:

(1) the suspension, revocation, forfeiture, or lapse of the registered organization's status as such in its jurisdiction of organization; or

(2) the dissolution, winding up, or cancellation of the existence of the registered organization.

(h) The United States is located in the District of Columbia.

(i) A branch or agency of a bank that is not organized under the law of the United States or a state is located in the state in which the branch or agency is licensed, if all branches and agencies of the bank are licensed in only one state.

(j) A foreign air carrier under the Federal Aviation Act of 1958, as amended, is located at the designated office of the agent upon which service of process may be made on behalf of the carrier.

(k) This section applies only for purposes of this

subchapter.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.308. WHEN SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED; CONTINUITY OF PERFECTION. (a) Except as otherwise provided in this section and Section 9.309, a security interest is perfected if it has attached and all of the applicable requirements for perfection in Sections 9.310 through 9.316 have been satisfied. A security interest is perfected when it attaches if the applicable requirements are satisfied before the security interest attaches.

(b) An agricultural lien is perfected if it has become effective and all of the applicable requirements for perfection in Section 9.310 have been satisfied. An agricultural lien is perfected when it becomes effective if the applicable requirements are satisfied before the agricultural lien becomes effective.

(c) A security interest or agricultural lien is perfected continuously if it is originally perfected by one method under this chapter and is later perfected by another method under this chapter, without an intermediate period when it was unperfected.

(d) Perfection of a security interest in collateral also perfects a security interest in a supporting obligation for the collateral.

(e) Perfection of a security interest in a right to payment or performance also perfects a security interest in a security interest, mortgage, or other lien on personal or real property securing the right.

(f) Perfection of a security interest in a securities account also perfects a security interest in the security entitlements carried in the securities account.

(g) Perfection of a security interest in a commodity account also perfects a security interest in the commodity contracts carried in the commodity account.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.309. SECURITY INTEREST PERFECTED UPON ATTACHMENT.

The following security interests are perfected when they attach:

(1) a purchase money security interest in consumer goods, except as otherwise provided in Section 9.311(b) with respect to consumer goods that are subject to a statute or treaty described in Section 9.311(a);

(2) an assignment of accounts or payment intangibles that does not by itself or in conjunction with other assignments to the same assignee transfer a significant part of the assignor's outstanding accounts or payment intangibles;

(3) a sale of a payment intangible;

(4) a sale of a promissory note;

(5) a security interest created by the assignment of a health-care-insurance receivable to the provider of the health care goods or services;

(6) a security interest arising under Section 2.401, 2.505, 2.711(c), or 2A.508(e), until the debtor obtains possession of the collateral;

(7) a security interest of a collecting bank arising under Section 4.210;

(8) a security interest of an issuer or nominated person arising under Section 5.118;

(9) a security interest arising in the delivery of a financial asset under Section 9.206(c);

(10) a security interest in investment property created by a broker or securities intermediary;

(11) a security interest in a commodity contract or a commodity account created by a commodity intermediary;

(12) an assignment for the benefit of all the creditors of the transferor and subsequent transfers by the assignee thereunder;

(13) a security interest created by an assignment of a beneficial interest in a decedent's estate; and

(14) a sale by an individual of an account that is a right to payment of winnings in a lottery or other game of chance.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2003, 78th Leg., ch. 917, Sec. 4, eff. Sept. 1, 2003.

Sec. 9.310. WHEN FILING REQUIRED TO PERFECT SECURITY INTEREST OR AGRICULTURAL LIEN; SECURITY INTERESTS AND AGRICULTURAL LIENS TO WHICH FILING PROVISIONS DO NOT APPLY. (a) Except as otherwise provided in Subsection (b) and Section 9.312(b), a financing statement must be filed to perfect all security interests and agricultural liens.

(b) The filing of a financing statement is not necessary to perfect a security interest:

- (1) that is perfected under Section 9.308(d), (e), (f), or (g);
- (2) that is perfected under Section 9.309 when it attaches;
- (3) in property subject to a statute, regulation, or treaty described in Section 9.311(a);
- (4) in goods in possession of a bailee that is perfected under Section 9.312(d)(1) or (2);
- (5) in certificated securities, documents, goods, or instruments which is perfected without filing, control or possession under Section 9.312(e), (f), or (g);
- (6) in collateral in the secured party's possession under Section 9.313;
- (7) in a certificated security that is perfected by delivery of the security certificate to the secured party under Section 9.313;
- (8) in deposit accounts, electronic chattel paper, electronic documents, investment property, or letter-of-credit rights that is perfected by control under Section 9.314;
- (9) in proceeds that is perfected under Section 9.315;
- (10) that is perfected under Section 9.316; or
- (11) in oil or gas production or their proceeds under Section 9.343.

(c) If a secured party assigns a perfected security interest or agricultural lien, a filing under this Chapter is not required to continue the perfected status of the security interest against creditors of and transferees from the original debtor.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 24, eff. September 1, 2005.

Sec. 9.311. PERFECTION OF SECURITY INTERESTS IN PROPERTY SUBJECT TO CERTAIN STATUTES, REGULATIONS, AND TREATIES. (a) Except as otherwise provided in Subsection (d), the filing of a financing statement is not necessary or effective to perfect a security interest in property subject to:

(1) a statute, regulation, or treaty of the United States whose requirements for a security interest's obtaining priority over the rights of a lien creditor with respect to the property preempt Section 9.310(a);

(2) the following statutes of this state: Chapter 501, Transportation Code, relating to the certificates of title for motor vehicles; Subchapter B-1, Chapter 31, Parks and Wildlife Code, relating to the certificates of title for vessels and outboard motors; Chapter 1201, Occupations Code, relating to the documents of title for manufactured homes; or Chapter 261, relating to utility security instruments; or

(3) a certificate of title statute of another jurisdiction that provides for a security interest to be indicated on the certificate as a condition or result of the security interest's obtaining priority over the rights of a lien creditor with respect to the property.

(b) Compliance with the requirements of a statute, regulation, or treaty described in Subsection (a) for obtaining priority over the rights of a lien creditor is equivalent to the filing of a financing statement under this Chapter. Except as otherwise provided in Subsection (d) and Sections 9.313 and 9.316(d) and (e) for goods covered by a certificate of title, a security interest in property subject to a statute, regulation, or treaty described in Subsection (a) may be perfected only by compliance with those requirements, and a security interest so perfected remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

(c) Except as otherwise provided in Subsection (d) and

Sections 9.316(d) and (e), duration and renewal of perfection of a security interest perfected by compliance with the requirements prescribed by a statute, regulation, or treaty described in Subsection (a) are governed by the statute, regulation, or treaty. In other respects, the security interest is subject to this Chapter.

(d) During any period in which collateral subject to a statute specified in Subsection (a)(2) is inventory held for sale or lease by a person or leased by that person as lessor and that person is in the business of selling goods of that kind, this section does not apply to a security interest in that collateral created by that person.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 4, eff. June 13, 2001; Acts 2003, 78th Leg., ch. 1276, Sec. 14A.754, eff. Sept. 1, 2003.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [885](#), Sec. 2.05, eff. April 1, 2009.

Sec. 9.312. PERFECTION OF SECURITY INTERESTS IN CHATTEL PAPER, DEPOSIT ACCOUNTS, DOCUMENTS, AND GOODS COVERED BY DOCUMENTS, INSTRUMENTS, INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, AND MONEY; PERFECTION BY PERMISSIVE FILING; TEMPORARY PERFECTION WITHOUT FILING OR TRANSFER OF POSSESSION. (a) A security interest in chattel paper, negotiable documents, instruments, or investment property may be perfected by filing.

(b) Except as otherwise provided in Sections 9.315(c) and (d) for proceeds:

(1) a security interest in a deposit account may be perfected only by control under Section 9.314;

(2) and except as otherwise provided in Section 9.308(d), a security interest in a letter-of-credit right may be perfected only by control under Section 9.314; and

(3) a security interest in money may be perfected only by the secured party's taking possession under Section 9.313.

(c) While goods are in the possession of a bailee that has issued a negotiable document covering the goods:

(1) a security interest in the goods may be perfected by perfecting a security interest in the document; and

(2) a security interest perfected in the document has priority over any security interest that becomes perfected in the goods by another method during that time.

(d) While goods are in the possession of a bailee that has issued a nonnegotiable document covering the goods, a security interest in the goods may be perfected by:

(1) issuance of a document in the name of the secured party;

(2) the bailee's receipt of notification of the secured party's interest; or

(3) filing as to the goods.

(e) A security interest in certificated securities, negotiable documents, or instruments is perfected without filing or the taking of possession or control for a period of 20 days from the time it attaches to the extent that it arises for new value given under an authenticated security agreement.

(f) A perfected security interest in a negotiable document or goods in possession of a bailee, other than one that has issued a negotiable document for the goods, remains perfected for 20 days without filing if the secured party makes available to the debtor the goods or documents representing the goods for the purpose of:

(1) ultimate sale or exchange; or

(2) loading, unloading, storing, shipping, transshipping, manufacturing, processing, or otherwise dealing with them in a manner preliminary to their sale or exchange.

(g) A perfected security interest in a certificated security or instrument remains perfected for 20 days without filing if the secured party delivers the security certificate or instrument to the debtor for the purpose of:

(1) ultimate sale or exchange; or

(2) presentation, collection, enforcement, renewal, or registration of transfer.

(h) After the 20-day period specified in Subsection (e), (f), or (g) expires, perfection depends upon compliance with this chapter.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 25, eff. September 1, 2005.

Sec. 9.313. WHEN POSSESSION BY OR DELIVERY TO SECURED PARTY PERFECTS SECURITY INTEREST WITHOUT FILING. (a) Except as otherwise provided in Subsection (b), a secured party may perfect a security interest in tangible negotiable documents, goods, instruments, money, or tangible chattel paper by taking possession of the collateral. A secured party may perfect a security interest in certificated securities by taking delivery of the certificated securities under Section 8.301.

(b) With respect to goods covered by a certificate of title issued by this state, a secured party may perfect a security interest in the goods by taking possession of the goods only in the circumstances described in Section 9.316(d).

(c) With respect to collateral other than certificated securities and goods covered by a document, a secured party takes possession of collateral in the possession of a person other than the debtor, the secured party, or a lessee of the collateral from the debtor in the ordinary course of the debtor's business when:

(1) the person in possession authenticates a record acknowledging that it holds possession of the collateral for the secured party's benefit; or

(2) the person takes possession of the collateral after having authenticated a record acknowledging that it will hold possession of collateral for the secured party's benefit.

(d) If perfection of a security interest depends upon possession of the collateral by a secured party, perfection occurs no earlier than the time the secured party takes possession and continues only while the secured party retains possession.

(e) A security interest in a certificated security in registered form is perfected by delivery when delivery of the certificated security occurs under Section 8.301 and remains perfected by delivery until the debtor obtains possession of the

security certificate.

(f) A person in possession of collateral is not required to acknowledge that it holds possession for a secured party's benefit.

(g) If a person acknowledges that it holds possession for the secured party's benefit:

(1) the acknowledgment is effective under Subsection (c) or Section 8.301(a), even if the acknowledgment violates the rights of a debtor; and

(2) unless the person otherwise agrees or law other than this chapter otherwise provides, the person does not owe any duty to the secured party and is not required to confirm the acknowledgment to another person.

(h) A secured party having possession of collateral does not relinquish possession by delivering the collateral to a person other than the debtor or a lessee of the collateral from the debtor in the ordinary course of the debtor's business if the person was instructed before the delivery or is instructed contemporaneously with the delivery:

(1) to hold possession of the collateral for the secured party's benefit; or

(2) to redeliver the collateral to the secured party.

(i) A secured party does not relinquish possession, even if a delivery under Subsection (h) violates the rights of a debtor. A person to which collateral is delivered under Subsection (h) does not owe any duty to the secured party and is not required to confirm the delivery to another person unless the person otherwise agrees or law other than this chapter otherwise provides.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 26, eff. September 1, 2005.

Sec. 9.314. PERFECTION BY CONTROL. (a) A security interest in investment property, deposit accounts, letter-of-credit rights, electronic chattel paper, or electronic documents may be perfected by control of the collateral under Section 7.106, 9.104, 9.105,

9.106, or 9.107.

(b) A security interest in deposit accounts, electronic chattel paper, letter-of-credit rights, or electronic documents is perfected by control under Section 7.106, 9.104, 9.105, or 9.107 when the secured party obtains control and remains perfected by control only while the secured party retains control.

(c) A security interest in investment property is perfected by control under Section 9.106 from the time the secured party obtains control and remains perfected by control until:

(1) the secured party does not have control; and

(2) one of the following occurs:

(A) if the collateral is a certificated security, the debtor has or acquires possession of the security certificate;

(B) if the collateral is an uncertificated security, the issuer has registered or registers the debtor as the registered owner; or

(C) if the collateral is a security entitlement, the debtor is or becomes the entitlement holder.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 27, eff. September 1, 2005.

Sec. 9.315. SECURED PARTY'S RIGHTS ON DISPOSITION OF COLLATERAL AND IN PROCEEDS. (a) Except as otherwise provided in this chapter and Section 2.403(b):

(1) a security interest or agricultural lien continues in collateral notwithstanding sale, lease, license, exchange, or other disposition thereof unless the secured party authorized the disposition free of the security interest or agricultural lien; and

(2) a security interest attaches to any identifiable proceeds of collateral.

(b) Proceeds that are commingled with other property are identifiable proceeds:

(1) if the proceeds are goods, to the extent provided

by Section 9.336; and

(2) if the proceeds are not goods, to the extent that the secured party identifies the proceeds by a method of tracing, including application of equitable principles, that is permitted under law other than this chapter with respect to commingled property of the type involved.

(c) A security interest in proceeds is a perfected security interest if the interest in the original collateral was perfected.

(d) A perfected security interest in proceeds becomes unperfected on the 21st day after the security interest attaches to receipt of the proceeds unless:

(1) the following conditions are satisfied:

(A) a filed financing statement covers the original collateral;

(B) the proceeds are collateral in which a security interest may be perfected by filing in the office in which the financing statement has been filed; and

(C) the proceeds are not acquired with cash proceeds;

(2) the proceeds are identifiable cash proceeds; or

(3) the security interest in the proceeds is perfected other than under Subsection (c) when the security interest attaches to the proceeds or within 20 days thereafter.

(e) If a filed financing statement covers the original collateral, a security interest in proceeds that remains perfected under Subsection (d)(1) becomes unperfected at the later of:

(1) when the effectiveness of the filed financing statement lapses under Section 9.515 or is terminated under Section 9.513; or

(2) the 21st day after the security interest attaches to the proceeds.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.316. CONTINUED PERFECTION OF SECURITY INTEREST FOLLOWING CHANGE IN GOVERNING LAW. (a) A security interest perfected pursuant to the law of the jurisdiction designated in

Section 9.301(1) or 9.305(c) remains perfected until the earliest of:

(1) the time perfection would have ceased under the law of that jurisdiction;

(2) the expiration of four months after a change of the debtor's location to another jurisdiction; or

(3) the expiration of one year after a transfer of collateral to a person that thereby becomes a debtor and is located in another jurisdiction.

(b) If a security interest described in Subsection (a) becomes perfected under the law of the other jurisdiction before the earliest time or event described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

(c) A possessory security interest in collateral, other than goods covered by a certificate of title and as-extracted collateral consisting of goods, remains continuously perfected if:

(1) the collateral is located in one jurisdiction and subject to a security interest perfected under the law of that jurisdiction;

(2) thereafter the collateral is brought into another jurisdiction; and

(3) upon entry into the other jurisdiction, the security interest is perfected under the law of the other jurisdiction.

(d) Except as otherwise provided in Subsection (e), a security interest in goods covered by a certificate of title that is perfected by any method under the law of another jurisdiction when the goods become covered by a certificate of title from this state remains perfected until the security interest would have become unperfected under the law of the other jurisdiction had the goods not become so covered.

(e) A security interest described in Subsection (d) becomes unperfected as against a purchaser of the goods for value and is

deemed never to have been perfected as against a purchaser of the goods for value if the applicable requirements for perfection under Section 9.311(b) or 9.313 are not satisfied before the earlier of:

(1) the time the security interest would have become unperfected under the law of the other jurisdiction had the goods not become covered by a certificate of title from this State; or

(2) the expiration of four months after the goods had become so covered.

(f) A security interest in deposit accounts, letter-of-credit rights, or investment property that is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

(1) the time the security interest would have become unperfected under the law of that jurisdiction; or

(2) the expiration of four months after a change of the applicable jurisdiction to another jurisdiction.

(g) If a security interest described in Subsection (f) becomes perfected under the law of the other jurisdiction before the earlier of the time or the end of the period described in that subsection, it remains perfected thereafter. If the security interest does not become perfected under the law of the other jurisdiction before the earlier of that time or the end of that period, it becomes unperfected and is deemed never to have been perfected as against a purchaser of the collateral for value.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF SECURITY INTEREST OR AGRICULTURAL LIEN. (a) A security interest or agricultural lien is subordinate to the rights of:

(1) a person entitled to priority under Section 9.322; and

(2) except as otherwise provided in Subsection (e), a person that becomes a lien creditor before the earlier of the time:

(A) the security interest or agricultural lien is perfected; or

(B) one of the conditions specified in Section 9.203(b)(3) is met and a financing statement covering the collateral is filed.

(b) Except as otherwise provided in Subsection (e), a buyer, other than a secured party, of tangible chattel paper, tangible documents, goods, instruments, or a security certificate takes free of a security interest or agricultural lien if the buyer gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(c) Except as otherwise provided in Subsection (e), a lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and receives delivery of the collateral without knowledge of the security interest or agricultural lien and before it is perfected.

(d) A licensee of a general intangible or a buyer, other than a secured party, of accounts, electronic chattel paper, electronic documents, general intangibles, or investment property other than a certificated security takes free of a security interest if the licensee or buyer gives value without knowledge of the security interest and before it is perfected.

(e) Except as otherwise provided in Sections 9.320 and 9.321, if a person files a financing statement with respect to a purchase-money security interest before or within 20 days after the debtor receives delivery of the collateral, the security interest takes priority over the rights of a buyer, lessee, or lien creditor that arise between the time the security interest attaches and the time of filing.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 6, eff. June 13, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 28, eff. September 1, 2005.

Sec. 9.318. NO INTEREST RETAINED IN RIGHT TO PAYMENT THAT IS SOLD; RIGHTS AND TITLE OF SELLER OF ACCOUNT OR CHATTEL PAPER WITH

RESPECT TO CREDITORS AND PURCHASERS. (a) A debtor that has sold an account, chattel paper, payment intangible, or promissory note does not retain a legal or equitable interest in the collateral sold.

(b) For purposes of determining the rights of creditors of, and purchasers for value of an account or chattel paper from, a debtor that has sold an account or chattel paper, while the buyer's security interest is unperfected, the debtor is deemed to have rights and title to the account or chattel paper identical to those the debtor sold.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.319. RIGHTS AND TITLE OF CONSIGNEE WITH RESPECT TO CREDITORS AND PURCHASERS. (a) Except as otherwise provided in Subsection (b), for purposes of determining the rights of creditors of, and purchasers for value of goods from, a consignee, while the goods are in the possession of the consignee, the consignee is deemed to have rights and title to the goods identical to those the consignor had or had power to transfer.

(b) For purposes of determining the rights of a creditor of a consignee, law other than this chapter determines the rights and title of a consignee while goods are in the consignee's possession if, under this subchapter, a perfected security interest held by the consignor would have priority over the rights of the creditor. Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.320. BUYERS OF GOODS. (a) Except as otherwise provided by Subsection (e), a buyer in ordinary course of business, other than a person buying farm products from a person engaged in farming operations, takes free of a security interest created by the buyer's seller, even if the security interest is perfected and the buyer knows of its existence.

(b) Except as otherwise provided in Subsection (e), a buyer of goods from a person who used or bought the goods for use primarily for personal, family, or household purposes takes free of a security interest, even if perfected, if the buyer buys:

(1) without knowledge of the security interest;

(2) for value;

(3) primarily for the buyer's personal, family, or household purposes; and

(4) before the filing of a financing statement covering the goods.

(c) To the extent that it affects the priority of a security interest over a buyer of goods under Subsection (b), the period of effectiveness of a filing made in the jurisdiction in which the seller is located is governed by Sections 9.316(a) and (b).

(d) A buyer in ordinary course of business buying oil, gas, or other minerals at the wellhead or minehead or after extraction takes free of an interest arising out of an encumbrance.

(e) Subsections (a) and (b) do not affect a security interest in goods in the possession of the secured party under Section 9.313.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.321. LICENSEE OF GENERAL INTANGIBLE AND LESSEE OF GOODS IN ORDINARY COURSE OF BUSINESS. (a) In this section, "licensee in ordinary course of business" means a person that becomes a licensee of a general intangible in good faith, without knowledge that the license violates the rights of another person in the general intangible, and in the ordinary course from a person in the business of licensing general intangibles of that kind. A person becomes a licensee in the ordinary course if the license to the person comports with the usual or customary practices in the kind of business in which the licensor is engaged or with the licensor's own usual or customary practices.

(b) A licensee in ordinary course of business takes its rights under a nonexclusive license free of a security interest in the general intangible created by the licensor, even if the security interest is perfected and the licensee knows of its existence.

(c) A lessee in ordinary course of business takes its leasehold interest free of a security interest in the goods created

by the lessor, even if the security interest is perfected and the lessee knows of its existence.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.322. PRIORITIES AMONG CONFLICTING SECURITY INTERESTS IN AND AGRICULTURAL LIENS ON SAME COLLATERAL. (a) Except as otherwise provided in this section, priority among conflicting security interests and agricultural liens in the same collateral is determined according to the following rules:

(1) Conflicting perfected security interests and agricultural liens rank according to priority in time of filing or perfection. Priority dates from the earlier of the time a filing covering the collateral is first made or the security interest or agricultural lien is first perfected, if there is no period thereafter when there is neither filing nor perfection.

(2) A perfected security interest or agricultural lien has priority over a conflicting unperfected security interest or agricultural lien.

(3) The first security interest or agricultural lien to attach or become effective has priority if conflicting security interests and agricultural liens are unperfected.

(b) For the purposes of Subsection (a)(1):

(1) the time of filing or perfection as to a security interest in collateral is also the time of filing or perfection as to a security interest in proceeds; and

(2) the time of filing or perfection as to a security interest in collateral supported by a supporting obligation is also the time of filing or perfection as to a security interest in the supporting obligation.

(c) Except as otherwise provided in Subsection (f), a security interest in collateral that qualifies for priority over a conflicting security interest under Section 9.327, 9.328, 9.329, 9.330, or 9.331 also has priority over a conflicting security interest in:

- (1) any supporting obligation for the collateral; and
- (2) proceeds of the collateral if:

(A) the security interest in proceeds is perfected;

(B) the proceeds are cash proceeds or of the same type as the collateral; and

(C) in the case of proceeds that are proceeds of proceeds, all intervening proceeds are cash proceeds, proceeds of the same type as the collateral, or an account relating to the collateral.

(d) Subject to Subsection (e) and except as otherwise provided in Subsection (f), if a security interest in chattel paper, deposit accounts, negotiable documents, instruments, investment property, or letter-of-credit rights is perfected by a method other than filing, conflicting perfected security interests in proceeds of the collateral rank according to priority in time of filing.

(e) Subsection (d) applies only if the proceeds of the collateral are not cash proceeds, chattel paper, negotiable documents, instruments, investment property, or letter-of-credit rights.

(f) Subsections (a)-(e) are subject to:

(1) Subsection (g) and the other provisions of this subchapter;

(2) Section 4.210 with respect to a security interest of a collecting bank;

(3) Section 5.118 with respect to a security interest of an issuer or nominated person; and

(4) Section 9.110 with respect to a security interest arising under Chapter 2 or 2A.

(g) A perfected agricultural lien on collateral has priority over a conflicting security interest in or agricultural lien on the same collateral if the statute creating the agricultural lien so provides.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.323. FUTURE ADVANCES. (a) Except as otherwise provided in Subsection (c), for purposes of determining the

priority of a perfected security interest under Section 9.322(a)(1), perfection of the security interest dates from the time an advance is made to the extent that the security interest secures an advance that:

(1) is made while the security interest is perfected only:

(A) under Section 9.309 when it attaches; or

(B) temporarily under Section 9.312(e), (f), or (g); and

(2) is not made pursuant to a commitment entered into before or while the security interest is perfected by a method other than under Section 9.309 or 9.312(e), (f), or (g).

(b) Except as otherwise provided in Subsection (c), a security interest is subordinate to the rights of a person that becomes a lien creditor to the extent that the security interest secures an advance made more than 45 days after the person becomes a lien creditor unless the advance is made:

(1) without knowledge of the lien; or

(2) pursuant to a commitment entered into without knowledge of the lien.

(c) Subsections (a) and (b) do not apply to a security interest held by a secured party that is a buyer of accounts, chattel paper, payment intangibles, or promissory notes or a consignor.

(d) Except as otherwise provided in Subsection (e), a buyer of goods other than a buyer in ordinary course of business takes free of a security interest to the extent that it secures advances made after the earlier of:

(1) the time the secured party acquires knowledge of the buyer's purchase; or

(2) 45 days after the purchase.

(e) Subsection (d) does not apply if the advance is made pursuant to a commitment entered into without knowledge of the buyer's purchase and before the expiration of the 45-day period.

(f) Except as otherwise provided in Subsection (g), a lessee of goods, other than a lessee in ordinary course of business, takes the leasehold interest free of a security interest to the extent

that it secures advances made after the earlier of:

(1) the time the secured party acquires knowledge of the lease; or

(2) 45 days after the lease contract becomes enforceable.

(g) Subsection (f) does not apply if the advance is made pursuant to a commitment entered into without knowledge of the lease and before the expiration of the 45-day period.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 7, eff. June 13, 2001.

Sec. 9.324. PRIORITY OF PURCHASE-MONEY SECURITY INTERESTS.

(a) Except as otherwise provided in Subsection (g), a perfected purchase-money security interest in goods other than inventory or livestock has priority over a conflicting security interest in the same goods, and, except as otherwise provided in Section 9.327, a perfected security interest in its identifiable proceeds also has priority, if the purchase-money security interest is perfected when the debtor receives possession of the collateral or within 20 days thereafter.

(b) Subject to Subsection (c) and except as otherwise provided in Subsection (g), a perfected purchase-money security interest in inventory has priority over a conflicting security interest in the same inventory, has priority over a conflicting security interest in chattel paper or an instrument constituting proceeds of the inventory and in proceeds of the chattel paper, if so provided in Section 9.330, and, except as otherwise provided in Section 9.327, also has priority in identifiable cash proceeds of the inventory to the extent the identifiable cash proceeds are received on or before the delivery of the inventory to a buyer, if:

(1) the purchase-money security interest is perfected when the debtor receives possession of the inventory;

(2) except where excused by Section 9.343 (oil and gas production), the purchase-money secured party sends an authenticated notification to the holder of the conflicting security interest;

(3) the holder of the conflicting security interest receives any required notification within five years before the debtor receives possession of the inventory; and

(4) the notification states that the person sending the notification has or expects to acquire a purchase-money security interest in inventory of the debtor and describes the inventory.

(c) Subsections (b)(2)-(4) apply only if the holder of the conflicting security interest had filed a financing statement covering the same types of inventory:

(1) if the purchase-money security interest is perfected by filing, before the date of the filing; or

(2) if the purchase-money security interest is temporarily perfected without filing or possession under Section 9.312(f), before the beginning of the 20-day period under that subsection.

(d) Subject to Subsection (e) and except as otherwise provided in Subsection (g), a perfected purchase-money security interest in livestock that are farm products has priority over a conflicting security interest in the same livestock, and, except as otherwise provided in Section 9.327, a perfected security interest in their identifiable proceeds and identifiable products in their unmanufactured states also has priority, if:

(1) the purchase-money security interest is perfected when the debtor receives possession of the livestock;

(2) the purchase-money secured party sends an authenticated notification to the holder of the conflicting security interest;

(3) the holder of the conflicting security interest receives the notification within six months before the debtor receives possession of the livestock; and

(4) the notification states that the person sending the notification has or expects to acquire a purchase-money security interest in livestock of the debtor and describes the livestock.

(e) Subsections (d)(2)-(4) apply only if the holder of the conflicting security interest had filed a financing statement

covering the same types of livestock:

(1) if the purchase-money security interest is perfected by filing, before the date of the filing; or

(2) if the purchase-money security interest is temporarily perfected without filing or possession under Section 9.312(f), before the beginning of the 20-day period under that subsection.

(f) Except as otherwise provided in Subsection (g), a perfected purchase-money security interest in software has priority over a conflicting security interest in the same collateral, and, except as otherwise provided in Section 9.327, a perfected security interest in its identifiable proceeds also has priority, to the extent that the purchase-money security interest in the goods in which the software was acquired for use has priority in the goods and proceeds of the goods under this section.

(g) If more than one security interest qualifies for priority in the same collateral under Subsection (a), (b), (d), or (f):

(1) a security interest securing an obligation incurred as all or part of the price of the collateral has priority over a security interest securing an obligation incurred for value given to enable the debtor to acquire rights in or the use of collateral; and

(2) in all other cases, Section 9.322(a) applies to the qualifying security interests.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.325. PRIORITY OF SECURITY INTERESTS IN TRANSFERRED COLLATERAL. (a) Except as otherwise provided in Subsection (b), a security interest created by a debtor is subordinate to a security interest in the same collateral created by another person if:

(1) the debtor acquired the collateral subject to the security interest created by the other person;

(2) the security interest created by the other person was perfected when the debtor acquired the collateral; and

(3) there is no period thereafter when the security

interest is unperfected.

(b) Subsection (a) subordinates a security interest only if the security interest:

(1) otherwise would have priority solely under Section 9.322(a) or 9.324; or

(2) arose solely under Section 2.711(c) or 2A.508(e).
Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.326. PRIORITY OF SECURITY INTERESTS CREATED BY NEW DEBTOR. (a) Subject to Subsection (b), a security interest created by a new debtor that is perfected by a filed financing statement that is effective solely under Section 9.508 in collateral in which a new debtor has or acquires rights is subordinate to a security interest in the same collateral that is perfected other than by a filed financing statement that is effective solely under Section 9.508.

(b) The other provisions of this subchapter determine the priority among conflicting security interests in the same collateral perfected by filed financing statements that are effective solely under Section 9.508. However, if the security agreements to which a new debtor became bound as debtor were not entered into by the same original debtor, the conflicting security interests rank according to priority in time of the new debtor's having become bound.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.327. PRIORITY OF SECURITY INTERESTS IN DEPOSIT ACCOUNT. The following rules govern priority among conflicting security interests in the same deposit account:

(1) A security interest held by a secured party having control of the deposit account under Section 9.104 has priority over a conflicting security interest held by a secured party that does not have control.

(2) Except as otherwise provided in Subdivisions (3) and (4), security interests perfected by control under Section

9.314 rank according to priority in time of obtaining control.

(3) Except as otherwise provided in Subdivision (4), a security interest held by the bank with which the deposit account is maintained has priority over a conflicting security interest held by another secured party.

(4) A security interest perfected by control under Section 9.104(a)(3) has priority over a security interest held by the bank with which the deposit account is maintained.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.328. PRIORITY OF SECURITY INTERESTS IN INVESTMENT PROPERTY. The following rules govern priority among conflicting security interests in the same investment property:

(1) A security interest held by a secured party having control of investment property under Section 9.106 has priority over a security interest held by a secured party that does not have control of the investment property.

(2) Except as otherwise provided in Subdivisions (3) and (4), conflicting security interests held by secured parties each of which has control under Section 9.106 rank according to priority in time of:

(A) if the collateral is a security, obtaining control;

(B) if the collateral is a security entitlement carried in a securities account and:

(i) if the secured party obtained control under Section 8.106(d)(1), the secured party's becoming the person for which the securities account is maintained;

(ii) if the secured party obtained control under Section 8.106(d)(2), the securities intermediary's agreement to comply with the secured party's entitlement orders with respect to security entitlements carried or to be carried in the securities account; or

(iii) if the secured party obtained control through another person under Section 8.106(d)(3), the time on which priority would be based under this subdivision if the other person

were the secured party; or

(C) if the collateral is a commodity contract carried with a commodity intermediary, the satisfaction of the requirement for control specified in Section 9.106(b)(2) with respect to commodity contracts carried or to be carried with the commodity intermediary.

(3) A security interest held by a securities intermediary in a security entitlement or a securities account maintained with the securities intermediary has priority over a conflicting security interest held by another secured party.

(4) A security interest held by a commodity intermediary in a commodity contract or a commodity account maintained with the commodity intermediary has priority over a conflicting security interest held by another secured party.

(5) A security interest in a certificated security in registered form that is perfected by taking delivery under Section 9.313(a) and not by control under Section 9.314 has priority over a conflicting security interest perfected by a method other than control.

(6) Conflicting security interests created by a broker, securities intermediary, or commodity intermediary that are perfected without control under Section 9.106 rank equally.

(7) In all other cases, priority among conflicting security interests in investment property is governed by Sections 9.322 and 9.323.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.329. PRIORITY OF SECURITY INTERESTS IN LETTER-OF-CREDIT RIGHT. The following rules govern priority among conflicting security interests in the same letter-of-credit right:

(1) A security interest held by a secured party having control of the letter-of-credit right under Section 9.107 has priority to the extent of its control over a conflicting security interest held by a secured party that does not have control.

(2) Security interests perfected by control under Section 9.314 rank according to priority in time of obtaining

control.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.330. PRIORITY OF PURCHASER OF CHATTEL PAPER OR INSTRUMENT. (a) A purchaser of chattel paper has priority over a security interest in the chattel paper that is claimed merely as proceeds of inventory subject to a security interest if:

(1) in good faith and in the ordinary course of the purchaser's business, the purchaser gives new value and takes possession of the chattel paper or obtains control of the chattel paper under Section 9.105; and

(2) the chattel paper does not indicate that it has been assigned to an identified assignee other than the purchaser.

(b) A purchaser of chattel paper has priority over a security interest in the chattel paper that is claimed other than merely as proceeds of inventory subject to a security interest if the purchaser gives new value and takes possession of the chattel paper or obtains control of the chattel paper under Section 9.105 in good faith, in the ordinary course of the purchaser's business, and without knowledge that the purchase violates the rights of the secured party.

(c) Except as otherwise provided in Section 9.327, a purchaser having priority in chattel paper under Subsection (a) or (b) also has priority in proceeds of the chattel paper to the extent that:

(1) Section 9.322 provides for priority in the proceeds; or

(2) the proceeds consist of the specific goods covered by the chattel paper or cash proceeds of the specific goods, even if the purchaser's security interest in the proceeds is unperfected.

(d) Except as otherwise provided in Section 9.331(a), a purchaser of an instrument has priority over a security interest in the instrument perfected by a method other than possession if the purchaser gives value and takes possession of the instrument in good faith and without knowledge that the purchase violates the rights of the secured party.

(e) For purposes of Subsections (a) and (b), the holder of a purchase-money security interest in inventory gives new value for chattel paper constituting proceeds of the inventory.

(f) For purposes of Subsections (b) and (d), if chattel paper or an instrument indicates that it has been assigned to an identified secured party other than the purchaser, a purchaser of the chattel paper or instrument has knowledge that the purchase violates the rights of the secured party.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.331. PRIORITY OF RIGHTS OF PURCHASERS OF INSTRUMENTS, DOCUMENTS, AND SECURITIES UNDER OTHER CHAPTERS; PRIORITY OF INTERESTS IN FINANCIAL ASSETS AND SECURITY ENTITLEMENTS UNDER CHAPTER 8. (a) This chapter does not limit the rights of a holder in due course of a negotiable instrument, a holder to which a negotiable document of title has been duly negotiated, or a protected purchaser of a security. These holders or purchasers take priority over an earlier security interest, even if perfected, to the extent provided in Chapters 3, 7, and 8.

(b) This chapter does not limit the rights of or impose liability on a person to the extent that the person is protected against the assertion of a claim under Chapter 8.

(c) Filing under this chapter does not constitute notice of a claim or defense to the holders, or purchasers, or persons described in Subsections (a) and (b).

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 8, eff. June 13, 2001.

Sec. 9.332. TRANSFER OF MONEY; TRANSFER OF FUNDS FROM DEPOSIT ACCOUNT. (a) A transferee of money takes the money free of a security interest unless the transferee acts in collusion with the debtor in violating the rights of the secured party.

(b) A transferee of funds from a deposit account takes the funds free of a security interest in the deposit account unless the transferee acts in collusion with the debtor in violating the

rights of the secured party.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.333. PRIORITY OF CERTAIN LIENS ARISING BY OPERATION OF LAW. (a) In this section, "possessory lien" means an interest, other than a security interest or an agricultural lien:

(1) that secures payment or performance of an obligation for services or materials furnished with respect to goods by a person in the ordinary course of the person's business;

(2) that is created by statute or rule of law in favor of the person; and

(3) whose effectiveness depends on the person's possession of the goods.

(b) A possessory lien on goods has priority over a security interest in the goods unless the lien is created by a statute that expressly provides otherwise.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.334. PRIORITY OF SECURITY INTERESTS IN FIXTURES AND CROPS. (a) A security interest under this chapter may be created in goods that are fixtures or may continue in goods that become fixtures. A security interest does not exist under this chapter in ordinary building materials incorporated into an improvement on land.

(b) This chapter does not prevent creation of an encumbrance upon fixtures under real property law.

(c) In cases not governed by Subsections (d)-(h), a security interest in fixtures is subordinate to a conflicting interest of an encumbrancer or owner of the related real property other than the debtor.

(d) Except as otherwise provided in Subsection (h), a perfected security interest in fixtures has priority over the conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property and:

(1) the security interest is a purchase-money security interest;

(2) the interest of the encumbrancer or owner arises before the goods become fixtures; and

(3) the security interest is perfected by a fixture filing before the goods become fixtures or within 20 days thereafter.

(e) A perfected security interest in fixtures has priority over a conflicting interest of an encumbrancer or owner of the real property if:

(1) the debtor has an interest of record in the real property or is in possession of the real property and the security interest:

(A) is perfected by a fixture filing before the interest of the encumbrancer or owner is of record; and

(B) has priority over any conflicting interest of a predecessor in title of the encumbrancer or owner;

(2) before the goods become fixtures, the security interest is perfected by any method permitted by this chapter and the fixtures are readily removable:

(A) factory or office machines;

(B) equipment that is not primarily used or leased for use in the operation of the real property; or

(C) replacements of domestic appliances that are consumer goods;

(3) the conflicting interest is a lien on the real property obtained by legal or equitable proceedings after the security interest was perfected by any method permitted by this chapter; or

(4) the security interest is:

(A) created in a manufactured home in a manufactured-home transaction; and

(B) perfected pursuant to a statute described in Section 9.311(a)(2).

(f) A security interest in fixtures, whether or not perfected, has priority over the conflicting interest of an encumbrancer or owner of the real property if:

(1) the encumbrancer or owner has, in an authenticated record, consented to the security interest or disclaimed an interest in the goods as fixtures; or

(2) the debtor has a right to remove the goods as against the encumbrancer or owner.

(g) The priority of the security interest under Subsection (f)(2) continues for a reasonable time if the debtor's right to remove the goods as against the encumbrancer or owner terminates.

(h) A mortgage is a construction mortgage to the extent that it secures an obligation incurred for the construction of an improvement on land, including the acquisition cost of the land, if a recorded record of the mortgage so indicates. Except as otherwise provided in Subsections (e) and (f), a security interest in fixtures is subordinate to a construction mortgage if a record of the mortgage is recorded before the goods become fixtures before the completion of the construction. A mortgage has this priority to the same extent as a construction mortgage to the extent that it is given to refinance a construction mortgage.

(i) A perfected security interest in crops growing on real property has priority over a conflicting interest of an encumbrancer or owner of the real property if the debtor has an interest of record in or is in possession of the real property.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 9, eff. June 13, 2001.

Sec. 9.335. ACCESSIONS. (a) A security interest may be created in an accession and continues in collateral that becomes an accession.

(b) If a security interest is perfected when the collateral becomes an accession, the security interest remains perfected in the collateral.

(c) Except as otherwise provided in Subsection (d), the other provisions of this subchapter determine the priority of a security interest in an accession.

(d) A security interest in an accession is subordinate to a security interest in the whole that is perfected by compliance with

the requirements of a certificate-of-title statute under Section 9.311(b).

(e) After default, subject to Subchapter F, a secured party may remove an accession from other goods if the security interest in the accession has priority over the claims of every person having an interest in the whole.

(f) A secured party that removes an accession from other goods under Subsection (e) shall promptly reimburse any holder of a security interest or other lien on, or owner of, the whole or the other goods, other than the debtor, for the cost of repair of any physical injury to the whole or the other goods. The secured party need not reimburse the holder or owner for any diminution in value of the whole or the other goods caused by the absence of the accession removed or by any necessity for replacing it. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate assurance for the performance of the obligation to reimburse.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.336. COMMINGLED GOODS. (a) In this section, "commingled goods" means goods that are physically united with other goods in such a manner that their identity is lost in a product or mass.

(b) A security interest does not exist in commingled goods as such. However, a security interest may attach to a product or mass that results when goods become commingled goods.

(c) If collateral becomes commingled goods, a security interest attaches to the product or mass.

(d) If a security interest in collateral is perfected before the collateral becomes commingled goods, the security interest that attaches to the product or mass under Subsection (c) is perfected.

(e) Except as otherwise provided in Subsection (f), the other provisions of this subchapter determine the priority of a security interest that attaches to the product or mass under Subsection (c).

(f) If more than one security interest attaches to the

product or mass under Subsection (c), the following rules determine priority:

(1) A security interest that is perfected under Subsection (d) has priority over a security interest that is unperfected at the time the collateral becomes commingled goods.

(2) If more than one security interest is perfected under Subsection (d), the security interests rank equally in proportion to the value of the collateral at the time it became commingled goods.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 10, eff. June 13, 2001.

Sec. 9.337. PRIORITY OF SECURITY INTERESTS IN GOODS COVERED BY CERTIFICATE OF TITLE. If, while a security interest in goods is perfected by any method under the law of another jurisdiction, this state issues a certificate of title that does not show that the goods are subject to the security interest or contain a statement that they may be subject to security interests not shown on the certificate:

(1) a buyer of the goods, other than a person in the business of selling goods of that kind, takes free of the security interest if the buyer gives value and receives delivery of the goods after issuance of the certificate and without knowledge of the security interest; and

(2) the security interest is subordinate to a conflicting security interest in the goods that attaches, and is perfected under Section 9.311(b), after issuance of the certificate and without the conflicting secured party's knowledge of the security interest.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.338. PRIORITY OF SECURITY INTEREST OR AGRICULTURAL LIEN PERFECTED BY FILED FINANCING STATEMENT PROVIDING CERTAIN INCORRECT INFORMATION. If a security interest or agricultural lien is perfected by a filed financing statement providing information

described in Section 9.516(b)(5) that is incorrect at the time the financing statement is filed:

(1) the security interest or agricultural lien is subordinate to a conflicting perfected security interest in the collateral to the extent that the holder of the conflicting security interest gives value in reasonable reliance upon the incorrect information; and

(2) a purchaser, other than a secured party, of the collateral takes free of the security interest or agricultural lien to the extent that, in reasonable reliance upon the incorrect information, the purchaser gives value and, in the case of tangible chattel paper, tangible documents, goods, instruments, or a security certificate, receives delivery of the collateral.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 29, eff. September 1, 2005.

Sec. 9.339. PRIORITY SUBJECT TO SUBORDINATION. This chapter does not preclude subordination by agreement by a person entitled to priority.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.340. EFFECTIVENESS OF RIGHT OF RECOUPMENT OR SET-OFF AGAINST DEPOSIT ACCOUNT. (a) Except as otherwise provided in Subsection (c), a bank with which a deposit account is maintained may exercise any right of recoupment or set-off against a secured party that holds a security interest in the deposit account.

(b) Except as otherwise provided in Subsection (c), the application of this chapter to a security interest in a deposit account does not affect a right of recoupment or set-off of the secured party as to a deposit account maintained with the secured party.

(c) The exercise by a bank of a set-off against a deposit account is ineffective against a secured party that holds a

security interest in the deposit account that is perfected by control under Section 9.104(a)(3), if the set-off is based on a claim against the debtor.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.341. BANK'S RIGHTS AND DUTIES WITH RESPECT TO DEPOSIT ACCOUNT. Except as otherwise provided in Section 9.340(c), and unless the bank otherwise agrees in an authenticated record, a bank's rights and duties with respect to a deposit account maintained with the bank are not terminated, suspended, or modified by:

(1) the creation, attachment, or perfection of a security interest in the deposit account;

(2) the bank's knowledge of the security interest; or

(3) the bank's receipt of instructions from the secured party.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.342. BANK'S RIGHT TO REFUSE TO ENTER INTO OR DISCLOSE EXISTENCE OF CONTROL AGREEMENT. This chapter does not require a bank to enter into an agreement of the kind described in Section 9.104(a)(2), even if its customer so requests or directs. A bank that has entered into such an agreement is not required to confirm the existence of the agreement to another person unless requested to do so by its customer.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.343. OIL AND GAS INTERESTS: SECURITY INTEREST PERFECTED WITHOUT FILING; STATUTORY LIEN. (a) This section provides a security interest in favor of interest owners, as secured parties, to secure the obligations of the first purchaser of oil and gas production, as debtor, to pay the purchase price. An authenticated record giving the interest owner a right under real property law operates as a security agreement created under this

chapter. The act of the first purchaser in signing an agreement to purchase oil or gas production, in issuing a division order, or in making any other voluntary communication to the interest owner or any governmental agency recognizing the interest owner's right operates as an authentication of a security agreement in accordance with Section 9.203(b) for purposes of this chapter.

(b) The security interest provided by this section is perfected automatically without the filing of a financing statement. If the interest of the secured party is evidenced by a deed, mineral deed, reservation in either, oil or gas lease, assignment, or any other such record recorded in the real property records of a county clerk, that record is effective as a filed financing statement for purposes of this chapter, but no fee is required except a fee that is otherwise required by the county clerk, and there is no requirement of refiling every five years to maintain effectiveness of the filing.

(c) The security interest exists in oil and gas production, and also in the identifiable proceeds of that production owned by, received by, or due to the first purchaser:

(1) for an unlimited time if:

(A) the proceeds are oil or gas production, inventory of raw, refined, or manufactured oil or gas production, or rights to or products of any of those, although the sale of those proceeds by a first purchaser to a buyer in the ordinary course of business as provided in Subsection (e) cuts off the security interest in those proceeds;

(B) the proceeds are accounts, chattel paper, instruments, documents, or payment intangibles; or

(C) the proceeds are cash proceeds, as defined in Section 9.102; and

(2) for the length of time provided in Section 9.315 for all other proceeds.

(d) This section creates a lien that secures the payment of all taxes that are or should be withheld or paid by the first purchaser and a lien that secures the rights of any person who would be entitled to a security interest under Subsection (a) except for lack of any adoption of a security agreement by the first purchaser

or a lack of possession or record required by Section 9.203 for the security interest to be enforceable.

(e) The security interests and liens created by this section have priority over any purchaser who is not a buyer in the ordinary course of the first purchaser's business, but are cut off by the sale to a buyer from the first purchaser who is in the ordinary course of the first purchaser's business under Section 9.320(a). But in either case, whether or not the buyer from the first purchaser is in ordinary course, a security interest will continue in the proceeds of the sale by the first purchaser as provided in Subsection (c).

(f) The security interests and all liens created by this section have the following priorities over other Chapter 9 security interests:

(1) A security interest created by this section is treated as a purchase-money security interest for purposes of determining its relative priority under Section 9.324 over other security interests not provided for by this section. A holder of a security interest created under this section is not required to give the written notice every five years as provided in Section 9.324(b)(3) to have purchase-money priority over a security interest with a prior financing statement covering inventory.

(2) A statutory lien is subordinate to all other perfected Chapter 9 security interests and has priority over unperfected Chapter 9 security interests and the lien creditors, buyers, and transferees mentioned in Section 9.317.

(g) The security interests and liens created by this section have the following priorities among themselves:

(1) If a record effective as a filed financing statement under Subsection (b) exists, the security interests perfected by that record have priority over a security interest automatically perfected without filing under Subsection (b). If several security interests perfected by records exist, they have the same priority among themselves as established by real property law for interests in oil and gas in place. If real property law establishes no priority among them, they share priority pro rata.

(2) A security interest perfected automatically

without filing under Subsection (b) has priority over a lien created under Subsection (d).

(3) A nontax lien under Subsection (d) has priority over a lien created under that subsection that secures the payment of taxes.

(h) The priorities for statutory liens mentioned in Section 9.333 do not apply to any security interest or statutory lien created by this section. But if a pipeline common carrier has a statutory or tariff lien that is effective and enforceable against a trustee in bankruptcy and not invalidated by the Federal Tax Lien Act, that lien has priority over the security interests and statutory liens created by this section.

(i) If oil or gas production in which there are security interests or statutory liens created by this section is commingled with inventory or other production, the rules of Section 9.336 apply.

(j) A security interest or statutory lien created by this section remains effective against the debtor and perfected against the debtor's creditors even if assigned, regardless of whether the assignment is perfected against the assignor's creditors. If a deed, mineral deed, assignment of oil and gas lease, or other such record evidencing the assignment is filed in the real property records of the county, it will have the same effect as filing an amended financing statement under Section 9.514.

(k) This section does not impair an operator's right to set-off or withhold funds from other interest owners as security for or in satisfaction of any debt or security interest. In case of a dispute between an operator and another interest owner, a good faith tender of funds by anyone to the person who the operator and other interest owner agree on, to a person who otherwise shows himself or herself to be the one entitled to the funds, or to a court of competent jurisdiction in the event of litigation or bankruptcy operates as a tender of the funds to both.

(l) A first purchaser who acts in good faith may terminate an interest owner's security interest or statutory lien under this section by paying, or by making and keeping open a tender of, the amount the first purchaser believes to be due to the interest owner:

(1) if the interest owner's rights are to oil or gas production or its proceeds, either to the operator alone, in which event the operator is considered the first purchaser, or to some combination of the interest owner and the operator, as the first purchaser chooses;

(2) whatever the nature of the production to which the interest owner has rights, to the person that the interest owner agreed to or acquiesced in; or

(3) to a court of competent jurisdiction in the event of litigation or bankruptcy.

(m) A person who buys from a first purchaser can ensure that the person buys free and clear of an interest owner's security interest or statutory lien under this section:

(1) by buying in the ordinary course of the first purchaser's business from the first purchaser under Section 9.320(a);

(2) by obtaining the interest owner's consent to the sale under Section 9.315(a)(1);

(3) by ensuring that the first purchaser has paid the interest owner or, provided that gas production is involved, or the interest owner has so agreed or acquiesced, by ensuring that the first purchaser has paid the interest owner's operator; or

(4) by ensuring that the person or the first purchaser or some other person has withheld funds sufficient to pay amounts in dispute and has maintained a tender of those funds to whoever shows himself or herself to be the person entitled.

(n) If a tender under Subsection (m)(4) that is valid thereafter fails, the security interest and liens governed by this section remain effective.

(o) In addition to the usual remedy of sequestration available to secured parties, and the remedies given in Subchapter F, the holders of security interests and liens created by this section have available to them, to the extent constitutionally permitted, the remedies of replevin, attachment, and garnishment to assist them in realizing upon their rights.

(p) The rights of any person claiming under a security interest or lien created by this section are governed by the other

provisions of this chapter except to the extent that this section necessarily displaces those provisions. This section does not invalidate or otherwise affect the interests of any person in any real property before severance of any oil or gas production.

(q) The security interest created under Subsections (a) and (b) do not apply to proceeds of gas production that have been withheld, in cash or account form, by a purchaser under Section 201.204(c), Tax Code.

(r) In this section:

(1) "Oil and gas production" means any oil, natural gas, condensate of either, natural gas liquids, other gaseous, liquid, or dissolved hydrocarbons, sulfur, or helium, or other substance produced as a by-product or adjunct to their production, or any combination of these, which is severed, extracted, or produced from the ground, the seabed, or other submerged lands within the jurisdiction of this state. Any such substance, including recoverable or recovered natural gas liquids, that is transported to or in a natural gas pipeline or natural gas gathering system, or otherwise transported or sold for use as natural gas, or is transported or sold for the extraction of helium or natural gas liquids is "gas production." Any such substance that is transported or sold to persons and for purposes not included in the foregoing natural gas definition is "oil production."

(2) "Interest owner" means a person owning an entire or fractional interest of any kind or nature in oil or gas production at the time of severance, or a person who has an express, implied, or constructive right to receive a monetary payment determined by the value of oil or gas production or by the amount of production.

(3) "First purchaser" means the first person that purchases oil or gas production from an operator or interest owner after the production is severed, or an operator that receives production proceeds from a third-party purchaser who acts in good faith under a division order or other agreement authenticated by the operator under which the operator collects proceeds of production on behalf of other interest owners. To the extent the operator receives proceeds attributable to the interest of other

interest owners from a third-party purchaser who acts in good faith under a division order or other agreement authenticated by such operator, the operator is considered to be the first purchaser of the production for all purposes under this section, notwithstanding the characterization of other persons as first purchasers under other laws or regulations. To the extent the operator has not received from the third-party purchaser proceeds attributable to the operator's interest and the interest of other interest owners, the operator is not considered the first purchaser for the purposes of this section and is entitled to all rights and benefits under this section. Nothing in this section impairs or affects any rights otherwise held by a royalty owner to take its share of oil in kind or receive payment directly from a third-party purchaser for the royalty owner's share of oil production with or without a previously made agreement.

(4) "Operator" means a person engaged in the business of severing oil or gas production from the ground, whether for the person alone, only for other persons, or for the person and others. Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

SUBCHAPTER D. RIGHTS OF THIRD PARTIES

Sec. 9.401. ALIENABILITY OF DEBTOR'S RIGHTS. (a) Except as otherwise provided in Subsection (b) and Sections 9.406, 9.407, 9.408, and 9.409, whether a debtor's rights in collateral may be voluntarily or involuntarily transferred is governed by law other than this chapter.

(b) An agreement between the debtor and secured party that prohibits a transfer of the debtor's rights in collateral or makes the transfer a default does not prevent the transfer from taking effect.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.402. SECURED PARTY NOT OBLIGATED ON CONTRACT OF DEBTOR OR IN TORT. The existence of a security interest,

agricultural lien, or authority given to a debtor to dispose of or use collateral, without more, does not subject a secured party to liability in contract or tort for the debtor's acts or omissions. Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.403. AGREEMENT NOT TO ASSERT DEFENSES AGAINST ASSIGNEE. (a) In this section, "value" has the meaning provided in Section 3.303(a).

(b) Except as otherwise provided in this section, an agreement between an account debtor and an assignor not to assert against an assignee any claim or defense that the account debtor may have against the assignor is enforceable by an assignee that takes an assignment:

- (1) for value;
- (2) in good faith;
- (3) without notice of a claim of a property or possessory right to the property assigned; and
- (4) without notice of a defense or claim in recoupment of the type that may be asserted against a person entitled to enforce a negotiable instrument under Section 3.305(a).

(c) Subsection (b) does not apply to defenses of a type that may be asserted against a holder in due course of a negotiable instrument under Section 3.305(b).

(d) In a consumer transaction, if a record evidences the account debtor's obligation, law other than this chapter requires that the record include a statement to the effect that the rights of an assignee are subject to claims or defenses that the account debtor could assert against the original obligee, and the record does not include such a statement:

- (1) the record has the same effect as if the record included such a statement; and
- (2) the account debtor may assert against an assignee those claims and defenses that would have been available if the record included such a statement.

(e) This section is subject to law other than this chapter that establishes a different rule for an account debtor who is an

individual and who incurred the obligation primarily for personal, family, or household purposes.

(f) Except as otherwise provided in Subsection (d), this section does not displace law other than this chapter that gives effect to an agreement by an account debtor not to assert a claim or defense against an assignee.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.404. RIGHTS ACQUIRED BY ASSIGNEE; CLAIMS AND DEFENSES AGAINST ASSIGNEE. (a) Unless an account debtor has made an enforceable agreement not to assert defenses or claims, and subject to Subsections (b)-(e), the rights of an assignee are subject to:

(1) all terms of the agreement between the account debtor and assignor and any defense or claim in recoupment arising from the transaction that gave rise to the contract; and

(2) any other defense or claim of the account debtor against the assignor that accrues before the account debtor receives a notification of the assignment authenticated by the assignor or the assignee.

(b) Subject to Subsection (c) and except as otherwise provided in Subsection (d), the claim of an account debtor against an assignor may be asserted against an assignee under Subsection (a) only to reduce the amount the account debtor owes.

(c) This section is subject to law other than this chapter that establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

(d) In a consumer transaction, if a record evidences the account debtor's obligation, law other than this chapter requires that the record include a statement to the effect that the account debtor's recovery against an assignee with respect to claims and defenses against the assignor may not exceed amounts paid by the account debtor under the record, and the record does not include such a statement, the extent to which a claim of an account debtor against the assignor may be asserted against an assignee is

determined as if the record included such a statement.

(e) This section does not apply to an assignment of a health-care-insurance receivable.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.405. MODIFICATION OF ASSIGNED CONTRACT. (a) A modification of or substitution for an assigned contract is effective against an assignee if made in good faith. The assignee acquires corresponding rights under the modified or substituted contract. The assignment may provide that the modification or substitution is a breach of contract by the assignor. This subsection is subject to Subsections (b)-(d).

(b) Subsection (a) applies to the extent that:

(1) the right to payment or a part thereof under an assigned contract has not been fully earned by performance; or

(2) the right to payment or a part thereof has been fully earned by performance and the account debtor has not received notification of the assignment under Section 9.406(a).

(c) This section is subject to law other than this chapter that establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

(d) This section does not apply to an assignment of a health-care-insurance receivable.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.406. DISCHARGE OF ACCOUNT DEBTOR; NOTIFICATION OF ASSIGNMENT; IDENTIFICATION AND PROOF OF ASSIGNMENT; RESTRICTIONS ON ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, AND PROMISSORY NOTES INEFFECTIVE. (a) Subject to Subsections (b)-(i), an account debtor on an account, chattel paper, or a payment intangible may discharge its obligation by paying the assignor until, but not after, the account debtor receives a notification, authenticated by the assignor or the assignee, that the amount due or to become due has been assigned and that payment is to be made to

the assignee. After receipt of the notification, the account debtor may discharge its obligation by paying the assignee and may not discharge the obligation by paying the assignor.

(b) Subject to Subsection (h), notification is ineffective under Subsection (a):

(1) if it does not reasonably identify the rights assigned;

(2) to the extent that an agreement between an account debtor and a seller of a payment intangible limits the account debtor's duty to pay a person other than the seller and the limitation is effective under law other than this chapter; or

(3) at the option of an account debtor, if the notification notifies the account debtor to make less than the full amount of any installment or other periodic payment to the assignee, even if:

(A) only a portion of the account, chattel paper, or payment intangible has been assigned to that assignee;

(B) a portion has been assigned to another assignee; or

(C) the account debtor knows that the assignment to that assignee is limited.

(c) Subject to Subsection (h), if requested by the account debtor, an assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless the assignee complies, the account debtor may discharge its obligation by paying the assignor, even if the account debtor has received a notification under Subsection (a).

(d) Except as otherwise provided in Subsection (e) and Sections 2A.303 and 9.407, and subject to Subsection (h), a term in an agreement between an account debtor and an assignor or in a promissory note is ineffective to the extent that it:

(1) prohibits, restricts, or requires the consent of the account debtor or person obligated on the promissory note to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account, chattel paper, payment intangible, or promissory note; or

(2) provides that the assignment or transfer or the

creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account, chattel paper, payment intangible, or promissory note.

(e) Subsection (d) does not apply to the sale of a payment intangible or promissory note.

(f) Except as otherwise provided in Sections 2A.303 and 9.407, and subject to Subsections (h) and (i), a rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, or account debtor to the assignment or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

(1) prohibits, restricts, or requires the consent of the government, governmental body or official, or account debtor to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, the account or chattel paper; or

(2) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the account or chattel paper.

(g) Subject to Subsection (h), an account debtor may not waive or vary its option under Subsection (b)(3).

(h) This section is subject to law other than this chapter that establishes a different rule for an account debtor who is an individual and who incurred the obligation primarily for personal, family, or household purposes.

(i) This section does not apply to an assignment of a health-care-insurance receivable.

(j) This section does not apply to an interest in a partnership or limited liability company.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 11, eff. June 13, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [84](#), Sec. 60, eff. September 1,

2009.

Sec. 9.407. RESTRICTIONS ON CREATION OR ENFORCEMENT OF SECURITY INTEREST IN LEASEHOLD INTEREST OR IN LESSOR'S RESIDUAL INTEREST. (a) Except as otherwise provided in Subsection (b), a term in a lease agreement is ineffective to the extent that it:

(1) prohibits, restricts, or requires the consent of a party to the lease to the assignment or transfer of, or the creation, attachment, perfection, or enforcement of a security interest in, an interest of a party under the lease contract or in the lessor's residual interest in the goods; or

(2) provides that the assignment or transfer or the creation, attachment, perfection, or enforcement of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the lease.

(b) Except as otherwise provided in Section 2A.303(g), a term described in Subsection (a)(2) is effective to the extent that there is:

(1) a transfer by the lessee of the lessee's right of possession or use of the goods in violation of the term; or

(2) a delegation of a material performance of either party to the lease contract in violation of the term.

(c) The creation, attachment, perfection, or enforcement of a security interest in the lessor's interest under the lease contract or the lessor's residual interest in the goods is not a transfer that materially impairs the lessee's prospect of obtaining return performance or materially changes the duty of or materially increases the burden or risk imposed on the lessee within the purview of Section 2A.303(d) unless, and then only to the extent that, enforcement actually results in a delegation of material performance of the lessor.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 12, eff. June 13, 2001.

Sec. 9.408. RESTRICTIONS ON ASSIGNMENT OF PROMISSORY NOTES, HEALTH-CARE-INSURANCE RECEIVABLES, AND CERTAIN GENERAL INTANGIBLES

INEFFECTIVE. (a) Except as otherwise provided in Subsection (b), a term in a promissory note or in an agreement between an account debtor and a debtor that relates to a health-care-insurance receivable or a general intangible, including a contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent of the person obligated on the promissory note or the account debtor to, the assignment or transfer of, or creation, attachment, or perfection of a security interest in, the promissory note, health-care-insurance receivable, or general intangible, is ineffective to the extent that the term:

(1) would impair the creation, attachment, or perfection of a security interest; or

(2) provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health-care-insurance receivable, or general intangible.

(b) Subsection (a) applies to a security interest in a payment intangible or promissory note only if the security interest arises out of a sale of the payment intangible or promissory note.

(c) A rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a government, governmental body or official, person obligated on a promissory note, or account debtor to the assignment or transfer of, or creation of a security interest in, a promissory note, health-care-insurance receivable, or general intangible, including a contract, permit, license, or franchise between an account debtor and a debtor, is ineffective to the extent that the rule of law, statute, or regulation:

(1) would impair the creation, attachment, or perfection of a security interest; or

(2) provides that the assignment or transfer or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the promissory note, health-care-insurance receivable, or general intangible.

(d) To the extent that a term in a promissory note or in an agreement between an account debtor and a debtor that relates to a health-care-insurance receivable or general intangible or a rule of law, statute, or regulation described in Subsection (c) would be effective under law other than this chapter but is ineffective under Subsection (a) or (c), the creation, attachment, or perfection of a security interest in the promissory note, health-care-insurance receivable, or general intangible:

(1) is not enforceable against the person obligated on the promissory note or the account debtor;

(2) does not impose a duty or obligation on the person obligated on the promissory note or the account debtor;

(3) does not require the person obligated on the promissory note or the account debtor to recognize the security interest, pay or render performance to the secured party, or accept payment or performance from the secured party;

(4) does not entitle the secured party to use or assign the debtor's rights under the promissory note, health-care-insurance receivable, or general intangible, including any related information or materials furnished to the debtor in the transaction giving rise to the promissory note, health-care-insurance receivable, or general intangible;

(5) does not entitle the secured party to use, assign, possess, or have access to any trade secrets or confidential information of the person obligated on the promissory note or the account debtor; and

(6) does not entitle the secured party to enforce the security interest in the promissory note, health-care-insurance receivable, or general intangible.

(e) This section does not apply to an interest in a partnership or limited liability company.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 13, eff. June 13, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [84](#), Sec. 61, eff. September 1, 2009.

Sec. 9.409. RESTRICTIONS ON ASSIGNMENT OF LETTER-OF-CREDIT RIGHTS INEFFECTIVE. (a) A term in a letter of credit or a rule of law, statute, regulation, custom, or practice applicable to the letter of credit that prohibits, restricts, or requires the consent of an applicant, issuer, or nominated person to a beneficiary's assignment of or creation of a security interest in a letter-of-credit right is ineffective to the extent that the term or rule of law, statute, regulation, custom, or practice:

(1) would impair the creation, attachment, or perfection of a security interest in the letter-of-credit right; or

(2) provides that the assignment or the creation, attachment, or perfection of the security interest may give rise to a default, breach, right of recoupment, claim, defense, termination, right of termination, or remedy under the letter-of-credit right.

(b) To the extent that a term in a letter of credit is ineffective under Subsection (a) but would be effective under law other than this chapter or a custom or practice applicable to the letter of credit, to the transfer of a right to draw or otherwise demand performance under the letter of credit, or to the assignment of a right to proceeds of the letter of credit, the creation, attachment, or perfection of a security interest in the letter-of-credit right:

(1) is not enforceable against the applicant, issuer, nominated person, or transferee beneficiary;

(2) imposes no duties or obligations on the applicant, issuer, nominated person, or transferee beneficiary; and

(3) does not require the applicant, issuer, nominated person, or transferee beneficiary to recognize the security interest, pay or render performance to the secured party, or accept payment or other performance from the secured party.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 14, eff. June 13, 2001.

SUBCHAPTER E. FILING

Sec. 9.501. FILING OFFICE. (a) Except as otherwise provided in Subsection (b), if the local law of this state governs perfection of a security interest or agricultural lien, the office in which to file a financing statement to perfect the security interest or agricultural lien is:

(1) the office designated for the filing or recording of a record of a mortgage on the related real property, if:

(A) the collateral is as-extracted collateral or timber to be cut; or

(B) the financing statement is filed as a fixture filing and the collateral is goods that are or are to become fixtures; or

(2) the office of the Secretary of State, in all other cases, including a case in which the collateral is goods that are or are to become fixtures and the financing statement is not filed as a fixture filing.

(b) The office in which to file a financing statement to perfect a security interest in collateral, including fixtures, of a transmitting utility is the office of the Secretary of State. The financing statement also constitutes a fixture filing as to the collateral indicated in the financing statement that is or is to become fixtures.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.502. CONTENTS OF FINANCING STATEMENT; RECORD OF MORTGAGE AS FINANCING STATEMENT; TIME OF FILING FINANCING STATEMENT. (a) Subject to Subsection (b), a financing statement is sufficient only if it:

(1) provides the name of the debtor;

(2) provides the name of the secured party or a representative of the secured party; and

(3) indicates the collateral covered by the financing statement.

(b) Except as otherwise provided in Section 9.501(b), to be sufficient, a financing statement that covers as-extracted collateral or timber to be cut, or that is filed as a fixture filing

and covers goods that are or are to become fixtures, must satisfy Subsection (a) and also:

- (1) indicate that it covers this type of collateral;
- (2) indicate that it is to be filed for record in the real property records;
- (3) provide a description of the real property to which the collateral is related sufficient to give constructive notice of a mortgage under the law of this state if the description were contained in a record of the mortgage of the real property; and
- (4) if the debtor does not have an interest of record in the real property, provide the name of a record owner.

(c) A record of a mortgage is effective, from the date of recording, as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut only if:

- (1) the record indicates the goods or accounts that it covers;
- (2) the goods are or are to become fixtures related to the real property described in the record or the collateral is related to the real property described in the record and is as-extracted collateral or timber to be cut;
- (3) the record satisfies the requirements for a financing statement in this section other than an indication that it is to be filed in the real property records; and
- (4) the record is duly recorded.

(d) A financing statement may be filed before a security agreement is made or a security interest otherwise attaches.
Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.503. NAME OF DEBTOR AND SECURED PARTY. (a) A financing statement sufficiently provides the name of the debtor:

- (1) if the debtor is a registered organization, only if the financing statement provides the name of the debtor indicated on the debtor's formation documents that are filed of public record in the debtor's jurisdiction of organization to

create the registered organization and that show the debtor to have been organized, including any amendments to those documents for the express purpose of amending the debtor's name;

(2) if the debtor is a decedent's estate, only if the financing statement provides the name of the decedent and indicates that the debtor is an estate;

(3) if the debtor is a trust or a trustee acting with respect to property held in trust, only if the financing statement:

(A) provides the name specified for the trust in its organic documents or, if no name is specified, provides the name of the settlor and additional information sufficient to distinguish the debtor from other trusts having one or more of the same settlors; and

(B) indicates, in the debtor's name or otherwise, that the debtor is a trust or is a trustee acting with respect to property held in trust;

(4) if the debtor is an individual, if the financing statement provides the individual's name shown on the individual's driver's license or identification certificate issued by the individual's state of residence; and

(5) in other cases:

(A) if the debtor has a name, only if the financing statement provides the individual or organizational name of the debtor; and

(B) if the debtor does not have a name, only if the financing statement provides the names of the partners, members, associates, or other persons comprising the debtor.

(b) A financing statement that provides the name of the debtor in accordance with Subsection (a) is not rendered ineffective by the absence of:

(1) a trade name or other name of the debtor; or

(2) unless required under Subsection (a)(4)(B), names of partners, members, associates, or other persons comprising the debtor.

(c) A financing statement that provides only the debtor's trade name does not sufficiently provide the name of the debtor.

(d) Failure to indicate the representative capacity of a

secured party or representative of a secured party does not affect the sufficiency of a financing statement.

(e) A financing statement may provide the name of more than one debtor and the name of more than one secured party.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [565](#), Sec. 1, eff. June 16, 2007.

Sec. 9.504. INDICATION OF COLLATERAL. A financing statement sufficiently indicates the collateral that it covers if the financing statement provides:

(1) a description of the collateral pursuant to Section 9.108; or

(2) an indication that the financing statement covers all assets or all personal property.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001; Acts 2001, 77th Leg., ch. 705, Sec. 15, eff. June 13, 2001.

Sec. 9.505. FILING AND COMPLIANCE WITH OTHER STATUTES AND TREATIES FOR CONSIGNMENTS, LEASES, OTHER BAILMENTS, AND OTHER TRANSACTIONS. (a) A consignor, lessor, or other bailor of goods, a licensor, or a buyer of a payment intangible or promissory note may file a financing statement, or may comply with a statute or treaty described in Section 9.311(a), using the terms "consignor," "consignee," "lessor," "lessee," "bailor," "bailee," "licensor," "licensee," "owner," "registered owner," "buyer," or "seller," or words of similar import, instead of the terms "secured party" and "debtor."

(b) This subchapter applies to the filing of a financing statement under Subsection (a) and, as appropriate, to compliance that is equivalent to filing a financing statement under Section 9.311(b), but the filing or compliance is not of itself a factor in determining whether the collateral secures an obligation. If it is determined for another reason that the collateral secures an obligation, a security interest held by the consignor, lessor,

bailor, licensor, owner, or buyer that attaches to the collateral is perfected by the filing or compliance.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.506. EFFECT OF ERRORS OR OMISSIONS. (a) A financing statement substantially satisfying the requirements of this subchapter is effective, even if it has minor errors or omissions, unless the errors or omissions make the financing statement seriously misleading.

(b) Except as otherwise provided in Subsection (c), a financing statement that fails sufficiently to provide the name of the debtor in accordance with Section 9.503(a) is seriously misleading.

(c) If a search of the records of the filing office under the debtor's correct name, using the filing office's standard search logic, if any, would disclose a financing statement that fails sufficiently to provide the name of the debtor in accordance with Section 9.503(a), the name provided does not make the financing statement seriously misleading.

(d) For purposes of Section 9.508(b), the "debtor's correct name" in Subsection (c) means the correct name of the new debtor.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF FINANCING STATEMENT. (a) A filed financing statement remains effective with respect to collateral that is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest or agricultural lien continues, even if the secured party knows of or consents to the disposition.

(b) Except as otherwise provided in Subsection (c) and Section 9.508, a financing statement is not rendered ineffective if, after the financing statement is filed, the information provided in the financing statement becomes seriously misleading under Section 9.506.

(c) If a debtor so changes its name that a filed financing

statement becomes seriously misleading under Section 9.506:

(1) the financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the change; and

(2) the financing statement is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the change, unless an amendment to the financing statement that renders the financing statement not seriously misleading is filed within four months after the change.

Amended by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.508. EFFECTIVENESS OF FINANCING STATEMENT IF NEW DEBTOR BECOMES BOUND BY SECURITY AGREEMENT. (a) Except as otherwise provided in this section, a filed financing statement naming an original debtor is effective to perfect a security interest in collateral in which a new debtor has or acquires rights to the extent that the financing statement would have been effective had the original debtor acquired rights in the collateral.

(b) If the difference between the name of the original debtor and that of the new debtor causes a filed financing statement that is effective under Subsection (a) to be seriously misleading under Section 9.506:

(1) the financing statement is effective to perfect a security interest in collateral acquired by the new debtor before, and within four months after, the new debtor becomes bound under Section 9.203(d); and

(2) the financing statement is not effective to perfect a security interest in collateral acquired by the new debtor more than four months after the new debtor becomes bound under Section 9.203(d) unless an initial financing statement providing the name of the new debtor is filed before the expiration of that time.

(c) This section does not apply to collateral as to which a filed financing statement remains effective against the new debtor under Section 9.507(a).

Sec. 9.509. PERSONS ENTITLED TO FILE A RECORD. (a) A person may file an initial financing statement, amendment that adds collateral covered by a financing statement, or amendment that adds a debtor to a financing statement only if:

(1) the debtor authorizes the filing in an authenticated record or pursuant to Subsection (b) or (c); or

(2) the person holds an agricultural lien that has become effective at the time of filing and the financing statement covers only collateral in which the person holds an agricultural lien.

(b) By authenticating or becoming bound as debtor by a security agreement, a debtor or new debtor authorizes the filing of an initial financing statement, and an amendment, covering:

(1) the collateral described in the security agreement; and

(2) property that becomes collateral under Section 9.315(a)(2), whether or not the security agreement expressly covers proceeds.

(c) By acquiring collateral in which a security interest or agricultural lien continues under Section 9.315(a)(1), a debtor authorizes the filing of an initial financing statement, and an amendment, covering the collateral and property that becomes collateral under Section 9.315(a)(2).

(d) A person may file an amendment other than an amendment that adds collateral covered by a financing statement or an amendment that adds a debtor to a financing statement only if:

(1) the secured party of record authorizes the filing; or

(2) the amendment is a termination statement for a financing statement as to which the secured party of record has failed to file or send a termination statement as required by Section 9.513(a) or (c), the debtor authorizes the filing, and the termination statement indicates that the debtor authorized it to be filed.

(e) If there is more than one secured party of record for a financing statement, each secured party of record may authorize the filing of an amendment under Subsection (d).

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 16, eff. June 13, 2001.

Sec. 9.510. EFFECTIVENESS OF FILED RECORD. (a) A filed record is effective only to the extent that it was filed by a person that may file it under Section 9.509.

(b) A record authorized by one secured party of record does not affect the financing statement with respect to another secured party of record.

(c) A continuation statement that is not filed within the six-month period prescribed by Section 9.515(d) is ineffective.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.511. SECURED PARTY OF RECORD. (a) A secured party of record with respect to a financing statement is a person whose name is provided as the name of the secured party or a representative of the secured party in an initial financing statement that has been filed. If an initial financing statement is filed under Section 9.514(a), the assignee named in the initial financing statement is the secured party of record with respect to the financing statement.

(b) If an amendment of a financing statement that provides the name of a person as a secured party or a representative of a secured party is filed, the person named in the amendment is a secured party of record. If an amendment is filed under Section 9.514(b), the assignee named in the amendment is a secured party of record.

(c) A person remains a secured party of record until the filing of an amendment of the financing statement that deletes the person.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.512. AMENDMENT OF FINANCING STATEMENT. (a) Subject to Section 9.509, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or, subject to Subsection (e), otherwise amend the information provided in a financing statement by filing an amendment that:

(1) identifies, by its file number, the initial financing statement to which the amendment relates; and

(2) if the amendment relates to an initial financing statement filed or recorded in a filing office described in Section 9.501(a)(1), provides the information specified in Section 9.502(b).

(b) Except as otherwise provided in Section 9.515, the filing of an amendment does not extend the period of effectiveness of the financing statement.

(c) A financing statement that is amended by an amendment that adds collateral is effective as to the added collateral only from the date of the filing of the amendment.

(d) A financing statement that is amended by an amendment that adds a debtor is effective as to the added debtor only from the date of the filing of the amendment.

(e) An amendment is ineffective to the extent it:

(1) purports to delete all debtors and fails to provide the name of a debtor to be covered by the financing statement; or

(2) purports to delete all secured parties of record and fails to provide the name of a new secured party of record.

(f) A secured party may change the name or mailing address of the secured party in more than one financing statement by filing a master amendment setting forth the name of the secured party and file number of each financing statement and the new name or mailing address of the secured party. The secured party must also provide filing information in computer-readable form prescribed by the Secretary of State.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.513. TERMINATION STATEMENT. (a) A secured party shall cause the secured party of record for a financing statement to file a termination statement for the financing statement if the financing statement covers consumer goods and:

(1) there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value; or

(2) the debtor did not authorize the filing of the initial financing statement.

(b) To comply with Subsection (a), a secured party shall cause the secured party of record to file the termination statement:

(1) within one month after there is no obligation secured by the collateral covered by the financing statement and no commitment to make advances, incur an obligation, or otherwise give value; or

(2) if earlier, within 20 days after the secured party receives an authenticated demand from a debtor.

(c) In cases not governed by Subsection (a), within 20 days after a secured party receives an authenticated demand from a debtor, the secured party shall cause the secured party of record for a financing statement to send the debtor a termination statement for the financing statement or file the termination statement in the filing office if:

(1) except in the case of a financing statement covering accounts or chattel paper that has been sold or goods that are the subject of a consignment, there is no obligation secured by the collateral covered by the financing statement and no commitment to make an advance, incur an obligation, or otherwise give value;

(2) the financing statement covers accounts or chattel paper that has been sold but as to which the account debtor or other person obligated has discharged its obligation;

(3) the financing statement covers goods that were the subject of a consignment to the debtor but are not in the debtor's possession; or

(4) the debtor did not authorize the filing of the initial financing statement.

(d) Except as otherwise provided in Section 9.510, upon the filing of a termination statement with the filing office, the financing statement to which the termination statement relates ceases to be effective. Except as otherwise provided in Section 9.510, for purposes of Sections 9.519(g), 9.522(a), and 9.523(c), the filing with the filing office of a termination statement relating to a financing statement that indicates that the debtor is a transmitting utility also causes the effectiveness of the financing statement to lapse.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 17, eff. June 13, 2001.

Sec. 9.514. ASSIGNMENT OF POWERS OF SECURED PARTY OF RECORD. (a) Except as otherwise provided in Subsection (c), an initial financing statement may reflect an assignment of all of the secured party's power to authorize an amendment to the financing statement by providing the name and mailing address of the assignee as the name and address of the secured party.

(b) Except as otherwise provided in Subsection (c), a secured party of record may assign of record all or a part of its power to authorize an amendment to a financing statement by filing in the filing office an amendment of the financing statement that:

(1) identifies, by its file number, the initial financing statement to which it relates;

(2) provides the name of the assignor; and

(3) provides the name and mailing address of the assignee.

(c) An assignment of record of a security interest in a fixture covered by a record of a mortgage that is effective as a financing statement filed as a fixture filing under Section 9.502(c) may be made only by an assignment of record of the mortgage in the manner provided by law of this state other than this chapter.

(d) A secured party of record may assign of record all of the secured party's rights under more than one financing statement filed with the Secretary of State by filing a master assignment setting forth the name of the secured party of record and file

number of each financing statement and the name and mailing address of the assignee. The secured party must also provide filing information in computer-readable form prescribed by the Secretary of State.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.515. DURATION AND EFFECTIVENESS OF FINANCING STATEMENT; EFFECT OF LAPSED FINANCING STATEMENT. (a) Except as otherwise provided in Subsections (b)-(g), a filed financing statement is effective for a period of five years after the date of filing.

(b) Except as otherwise provided in Subsections (e), (f), and (g), an initial financing statement filed in connection with a public-finance transaction or manufactured-home transaction is effective for a period of 30 years after the date of filing if it indicates that it is filed in connection with a public-finance transaction or manufactured-home transaction.

(c) The effectiveness of a filed financing statement lapses on the expiration of the period of its effectiveness unless before the lapse a continuation statement is filed pursuant to Subsection (d). Upon lapse, a financing statement ceases to be effective and any security interest or agricultural lien that was perfected by the financing statement becomes unperfected, unless the security interest is perfected otherwise. If the security interest or agricultural lien becomes unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the collateral for value.

(d) A continuation statement may be filed only within six months before the expiration of the five-year period specified in Subsection (a) or the 30-year period specified in Subsection (b), whichever is applicable.

(e) Except as otherwise provided in Section 9.510, upon timely filing of a continuation statement, the effectiveness of the initial financing statement continues for a period of five years commencing on the day on which the financing statement would have become ineffective in the absence of the filing. Upon the

expiration of the five-year period, the financing statement lapses in the same manner as provided in Subsection (c), unless, before the lapse, another continuation statement is filed pursuant to Subsection (d). Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the initial financing statement.

(f) If a debtor is a transmitting utility and a filed financing statement so indicates, the financing statement is effective until a termination statement is filed.

(g) A record of a mortgage that is effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut under Section 9.502(c) remains effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real property.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2003, 78th Leg., ch. 917, Sec. 5, eff. Sept. 1, 2003.

Sec. 9.516. WHAT CONSTITUTES FILING; EFFECTIVENESS OF FILING. (a) Except as otherwise provided in Subsection (b), communication of a record to a filing office and tender of the filing fee or acceptance of the record by the filing office constitutes filing.

(b) Filing does not occur with respect to a record that a filing office refuses to accept because:

(1) the record is not communicated by a method or medium of communication authorized by the filing office;

(2) an amount equal to or greater than the applicable filing fee is not tendered;

(3) the filing office is unable to index the record because:

(A) in the case of an initial financing statement, the record does not provide a name for the debtor;

(B) in the case of an amendment or correction

statement, the record:

(i) does not identify the initial financing statement as required by Section 9.512 or 9.518, as applicable; or

(ii) identifies an initial financing statement whose effectiveness has lapsed under Section 9.515;

(C) in the case of an initial financing statement that provides the name of a debtor identified as an individual or an amendment that provides a name of a debtor identified as an individual that was not previously provided in the financing statement to which the record relates, the record does not identify the debtor's last name; or

(D) in the case of a record filed or recorded in the filing office described in Section 9.501(a)(1), the record does not provide the name of the debtor and a sufficient description of the real property to which it relates;

(4) in the case of an initial financing statement or an amendment that adds a secured party of record, the record does not provide a name and mailing address for the secured party of record;

(5) in the case of an initial financing statement or an amendment that provides a name of a debtor that was not previously provided in the financing statement to which the amendment relates, the record does not:

(A) provide a mailing address for the debtor;

(B) indicate whether the debtor is an individual or an organization; or

(C) if the financing statement indicates that the debtor is an organization, provide:

(i) a type of organization for the debtor;

(ii) a jurisdiction of organization for the debtor; or

(iii) an organizational identification number for the debtor or indicate that the debtor has none;

(6) in the case of an assignment reflected in an initial financing statement under Section 9.514(a) or an amendment filed under Section 9.514(b), the record does not provide a name and mailing address for the assignee;

(7) in the case of a continuation statement, the

record is not filed within the six-month period prescribed by Section 9.515(d); or

(8) the record is not on an industry standard form, including a national standard form or a form approved by the International Association of Commercial Administrators, adopted by rule by the secretary of state.

(c) For purposes of Subsection (b):

(1) a record does not provide information if the filing office is unable to read or decipher the information; and

(2) a record that does not indicate that it is an amendment or identify an initial financing statement to which it relates, as required by Section 9.512, 9.514, or 9.518, is an initial financing statement.

(d) A record that is communicated to the filing office with tender of the filing fee, but that the filing office refuses to accept for a reason other than one set forth in Subsection (b), is effective as a filed record except as against a purchaser of the collateral that gives value in reasonable reliance upon the absence of the record from the files.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2003, 78th Leg., ch. 748, Sec. 1, eff. Jan. 1, 2004.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [565](#), Sec. 2, eff. June 16, 2007.

Sec. 9.517. EFFECT OF INDEXING ERRORS. The failure of the filing office to index a record or to correctly index information contained in a record does not affect the effectiveness of the filed record.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [565](#), Sec. 3, eff. June 16, 2007.

Sec. 9.518. CLAIM CONCERNING INACCURATE OR WRONGFULLY FILED

RECORD. (a) Any person named as a debtor or a secured party may file a correction statement with respect to a record if the person believes that the record is inaccurate or was wrongfully filed.

(b) A correction statement must:

(1) identify the record to which it relates by the file number assigned to the initial financing statement to which the record relates;

(2) indicate that it is a correction statement; and

(3) provide the basis for the person's belief that the record is inaccurate and indicate the manner in which the person believes the record should be amended to cure any inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

(c) The filing of a correction statement does not affect the effectiveness of an initial financing statement or other filed record.

(d) Filing of a correction statement is not effective as an amendment to a filed financing statement and is not sufficient to effect a change in the manner in which the filing office has indexed a financing statement or information contained in a financing statement.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [565](#), Sec. 4, eff. June 16, 2007.

Sec. 9.5185. FRAUDULENT FILING. (a) A person may not intentionally or knowingly present for filing or cause to be presented for filing a financing statement that the person knows:

(1) is forged;

(2) contains a material false statement; or

(3) is groundless.

(b) A person who violates Subsection (a) is liable to the owner of property covered by the financing statement for:

(1) the greater of \$5,000 or the owner's actual damages;

(2) court costs; and

(3) reasonable attorney's fees.

(c) A person who violates Subsection (a) also may be prosecuted under Section 37.101, Penal Code.

(d) An owner of property covered by a fraudulent financing statement described in Subsection (a) also may file suit in a court of suitable jurisdiction requesting specific relief, including, but not limited to, release of the fraudulent financing statement. A successful plaintiff is entitled to reasonable attorney's fees and costs of court assessed against the person who filed the fraudulent financing statement. If the person who filed the fraudulent financing statement cannot be located or is a fictitious person, the owner of the property may serve the known or unknown defendant through publication in a newspaper of general circulation in the county in which the suit is brought.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.519. NUMBERING, MAINTAINING, AND INDEXING RECORDS; COMMUNICATING INFORMATION PROVIDED IN RECORDS. (a) For each record filed in a filing office, the filing office shall:

(1) assign a unique number to the filed record;

(2) create a record that bears the number assigned to the filed record and the date and time of filing;

(3) maintain the filed record for public inspection; and

(4) index the filed record in accordance with Subsections (c), (d), and (e).

(b) Except as provided in Subsection (i), a file number assigned after January 1, 2002, must include a digit that:

(1) is mathematically derived from or related to the other digits of the file number; and

(2) aids the filing office in determining whether a number communicated as the file number includes a single-digit or transpositional error.

(c) Except as otherwise provided in Subsections (d) and (e), the filing office shall:

(1) index an initial financing statement according to the name of the debtor and index all filed records relating to the initial financing statement in a manner that associates with one another an initial financing statement and all filed records relating to the initial financing statement; and

(2) index a record that provides a name of a debtor that was not previously provided in the financing statement to which the record relates also according to the name that was not previously provided.

(d) If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, it must be filed for record and the filing office shall index it:

(1) under the names of the debtor and of each owner of record shown on the financing statement as if they were the mortgagors under a mortgage of the real property described; and

(2) to the extent that the law of this state provides for indexing of records of mortgages under the name of the mortgagee, under the name of the secured party as if the secured party were the mortgagee thereunder, or, if indexing is by description, as if the financing statement were a record of a mortgage of the real property described.

(e) If a financing statement is filed as a fixture filing or covers as-extracted collateral or timber to be cut, the filing office shall index an assignment filed under Section 9.514(a) or an amendment filed under Section 9.514(b):

(1) under the name of the assignor as grantor; and

(2) to the extent that the law of this state provides for indexing a record of the assignment of a mortgage under the name of the assignee, under the name of the assignee.

(f) The filing office shall maintain a capability:

(1) to retrieve a record by the name of the debtor and by the file number assigned to the initial financing statement to which the record relates; and

(2) to associate and retrieve with one another an initial financing statement and each filed record relating to the initial financing statement.

(g) The filing office may not remove a debtor's name from

the index until one year after the effectiveness of a financing statement naming the debtor lapses under Section 9.515 with respect to all secured parties of record.

(h) Except as provided in Subsection (i), the filing office shall perform the acts required by Subsections (a)-(e) at the time and in the manner prescribed by filing-office rule, but not later than two business days after the filing office receives the record in question.

(i) Subsections (b) and (h) do not apply to a filing office described in Section 9.501(a)(1).

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.520. ACCEPTANCE AND REFUSAL TO ACCEPT RECORD. (a) A filing office shall refuse to accept a record for filing for a reason set forth in Section 9.516(b) and may refuse to accept a record for filing only for a reason set forth in Section 9.516(b).

(b) If a filing office refuses to accept a record for filing, it shall communicate to the person that presented the record the fact of and reason for the refusal and the date and time the record would have been filed had the filing office accepted it. The communication must be made at the time and in the manner prescribed by filing-office rule, but in the case of a filing office described in Section 9.501(a)(2), in no event more than two business days after the filing office receives the record.

(c) A filed financing statement satisfying Sections 9.502(a) and (b) is effective, even if the filing office is required to refuse to accept it for filing under Subsection (a). However, Section 9.338 applies to a filed financing statement providing information described in Section 9.516(b)(5) that is incorrect at the time the financing statement is filed.

(d) If a record communicated to a filing office provides information that relates to more than one debtor, this subchapter applies as to each debtor separately.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.5211. UNIFORM FORM OF WRITTEN FINANCING STATEMENT AND AMENDMENT. (a) Except as provided by Section 9.516(b), a filing office that accepts written records may not refuse to accept a written initial financing statement on an industry standard form, including a national standard form or a form approved by the International Association of Commercial Administrators, adopted by rule by the secretary of state.

(b) Except as provided by Section 9.516(b), a filing office that accepts written records may not refuse to accept a written record on an industry standard form, including a national standard form or a form approved by the International Association of Commercial Administrators, adopted by rule by the secretary of state.

Added by Acts 2003, 78th Leg., ch. 748, Sec. 2, eff. Jan. 1, 2004.

Sec. 9.522. MAINTENANCE AND DESTRUCTION OF RECORDS. (a) The filing office shall maintain a record of the information provided in a filed financing statement for at least one year after the effectiveness of the financing statement has lapsed under Section 9.515 with respect to all secured parties of record. The record must be retrievable by using the name of the debtor and by using the file number assigned to the initial financing statement to which the record relates.

(b) Except to the extent that a statute governing disposition of public records provides otherwise, the filing office immediately may destroy any written record evidencing a financing statement. However, if the filing office destroys a written record, it shall maintain another record of the financing statement that complies with Subsection (a).

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.523. INFORMATION FROM FILING OFFICE; SALE OR LICENSE OF RECORDS. (a) If a person that files a written record requests an acknowledgment of the filing, the filing office shall send to the person an image of the record showing the number assigned to the record pursuant to Section 9.519(a)(1) and the date

and time of the filing of the record. However, if the person furnishes a copy of the record to the filing office, the filing office may instead:

(1) note upon the copy the number assigned to the record pursuant to Section 9.519(a)(1) and the date and time of the filing of the record; and

(2) send the copy to the person.

(b) If a person files a record other than a written record, the filing office shall communicate to the person an acknowledgment that provides:

(1) the information in the record;

(2) the number assigned to the record pursuant to Section 9.519(a)(1); and

(3) the date and time of the filing of the record.

(c) The filing office shall communicate or otherwise make available in a record the following information to any person that requests it:

(1) whether there is on file on a date and time specified by the filing office, but not a date earlier than three business days before the filing office receives the request, any financing statement that:

(A) designates a particular debtor or, if the request so states, designates a particular debtor at the address specified in the request;

(B) has not lapsed under Section 9.515 with respect to all secured parties of record; and

(C) if the request so states, has lapsed under Section 9.515 and a record of which is maintained by the filing office under Section 9.522(a);

(2) the date and time of filing of each financing statement; and

(3) the information provided in each financing statement.

(d) In complying with its duty under Subsection (c), the filing office may communicate information in any medium. However, if requested, the filing office shall communicate information by issuing its written certificate.

(e) The filing office shall perform the acts required by Subsections (a)-(d) at the time and in the manner prescribed by filing-office rule, but not later than two business days after the filing office receives the request.

(f) At least weekly, the Secretary of State shall offer to sell or license to the public on a nonexclusive basis, in bulk, copies of all records filed with the Secretary under this subchapter, in every medium from time to time available to the Secretary.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.524. DELAY BY FILING OFFICE. Delay by the filing office beyond a time limit prescribed by this subchapter is excused if:

(1) the delay is caused by interruption of communication or computer facilities, war, emergency conditions, failure of equipment, or other circumstances beyond control of the filing office; and

(2) the filing office exercises reasonable diligence under the circumstances.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.525. FEES. (a) Except as otherwise provided in Subsections (b), (e), and (f), the fee for filing and indexing a record under this subchapter is:

(1) \$15 if the record is communicated in writing and consists of one or two pages;

(2) \$30 if the record is communicated in writing and consists of more than two pages; and

(3) \$5 if the record is communicated by another medium authorized by filing-office rule.

(b) Except as otherwise provided in Subsection (e), the fee for filing and indexing an initial financing statement of the following kinds is:

(1) \$60 if the financing statement indicates that it

is filed in connection with a public-finance transaction;

(2) \$60 if the financing statement indicates that it is filed in connection with a manufactured-home transaction; and

(3) \$60 if the debtor is a transmitting utility.

(c) The number of names required to be indexed does not affect the amount of the fee in Subsections (a) and (b).

(d) The fee for responding to a request for information from the filing office, including for communicating whether there is on file any financing statement naming a particular debtor, is:

(1) \$15 if the request is communicated in writing; and

(2) an amount established by the filing office if the request is communicated by another medium authorized by filing-office rule.

(e) This section does not require a fee with respect to a record of a mortgage that is effective as a financing statement filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to be cut under Section 9.502(c). However, the recording and satisfaction fees that otherwise would be applicable to the record of the mortgage apply.

(f) The filing fee for filing, indexing, and furnishing filing data about a statement of master amendment under Section 9.512(f) or master assignment under Section 9.514(d) is \$500 plus 50 cents for each financing statement covered by the master statement in excess of 50.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 18, eff. June 13, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [547](#), Sec. 1, eff. September 1, 2009.

Sec. 9.526. FILING-OFFICE RULES. (a) The Secretary of State shall adopt and publish rules to implement this chapter. The filing-office rules must be consistent with this chapter.

(b) To keep the filing-office rules and practices of the filing office in harmony with the rules and practices of filing offices in other jurisdictions that enact substantially this

subchapter, and to keep the technology used by the filing office compatible with the technology used by filing offices in other jurisdictions that enact substantially this subchapter, the Secretary of State, so far as is consistent with the purposes, policies, and provisions of this chapter, in adopting, amending, and repealing filing-office rules, shall:

(1) consult with filing offices in other jurisdictions that enact substantially this subchapter;

(2) consult the most recent version of the Model Administrative Rules promulgated by the International Association of Commercial Administrators or any successor organization; and

(3) take into consideration the rules and practices of, and the technology used by, filing offices in other jurisdictions that enact substantially this subchapter.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [547](#), Sec. 2, eff. September 1, 2009.

Sec. 9.527. DUTY TO REPORT. The Secretary of State shall report before January 1 of each odd-numbered year to the Legislature on the operation of the filing office. The report must contain a statement of the extent to which:

(1) the filing-office rules are not in harmony with the rules of filing offices in other jurisdictions that enact substantially this subchapter and the reasons for these variations; and

(2) the filing-office rules are not in harmony with the most recent version of the Model Administrative Rules promulgated by the International Association of Commercial Administrators, or any successor organization, and the reasons for these variations.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2009, 81st Leg., R.S., Ch. [547](#), Sec. 3, eff. September 1,

SUBCHAPTER F. DEFAULT

Sec. 9.601. RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT; CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES. (a) After default, a secured party has the rights provided in this subchapter and, except as otherwise provided in Section 9.602, those provided by agreement of the parties. A secured party:

(1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim, security interest, or agricultural lien by any available judicial procedure; and

(2) if the collateral is documents, may proceed either as to the documents or as to the goods they cover.

(b) A secured party in possession of collateral or control of collateral under Section 7.106, 9.104, 9.105, 9.106, or 9.107 has the rights and duties provided in Section 9.207.

(c) The rights under Subsections (a) and (b) are cumulative and may be exercised simultaneously.

(d) Except as otherwise provided in Subsection (g) and Section 9.605, after default, a debtor and an obligor have the rights provided in this subchapter and by agreement of the parties.

(e) If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(1) the date of the perfection of the security interest or agricultural lien in the collateral;

(2) the date of filing a financing statement covering the collateral; or

(3) any date specified in a statute under which the agricultural lien was created.

(f) A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other

requirements of this chapter.

(g) Except as otherwise provided in Section 9.607(c), this subchapter imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Amended by:

Acts 2005, 79th Leg., Ch. [122](#), Sec. 30, eff. September 1, 2005.

Sec. 9.602. WAIVER AND VARIANCE OF RIGHTS AND DUTIES. Except as otherwise provided in Section 9.624, to the extent that they give rights to a debtor or obligor and impose duties on a secured party, the debtor or obligor may not waive or vary the rules stated in the following listed sections:

(1) Section 9.207(b)(4)(C), which deals with use and operation of the collateral by the secured party;

(2) Section 9.210, which deals with requests for an accounting and requests concerning a list of collateral and statement of account;

(3) Section 9.607(c), which deals with collection and enforcement of collateral;

(4) Sections 9.608(a) and 9.615(c) to the extent that they deal with application or payment of noncash proceeds of collection, enforcement, or disposition;

(5) Sections 9.608(a) and 9.615(d) to the extent that they require accounting for or payment of surplus proceeds of collateral;

(6) Section 9.609 to the extent that it imposes upon a secured party that takes possession of collateral without judicial process the duty to do so without breach of the peace;

(7) Sections 9.610(b), 9.611, 9.613, and 9.614, which deal with disposition of collateral;

(8) Section 9.615(f), which deals with calculation of a deficiency or surplus when a disposition is made to the secured party, a person related to the secured party, or a secondary

obligor;

(9) Section 9.616, which deals with explanation of the calculation of a surplus or deficiency;

(10) Sections 9.620, 9.621, and 9.622, which deal with acceptance of collateral in satisfaction of obligation;

(11) Section 9.623, which deals with redemption of collateral;

(12) Section 9.624, which deals with permissible waivers; and

(13) Sections 9.625 and 9.626, which deal with the secured party's liability for failure to comply with this chapter. Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.603. AGREEMENT ON STANDARDS CONCERNING RIGHTS AND DUTIES. (a) The parties may determine by agreement the standards measuring the fulfillment of the rights of a debtor or obligor and the duties of a secured party under a rule stated in Section 9.602 if the standards are not manifestly unreasonable.

(b) Subsection (a) does not apply to the duty under Section 9.609 to refrain from breaching the peace. Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.604. PROCEDURE IF SECURITY AGREEMENT COVERS REAL PROPERTY OR FIXTURES. (a) If a security agreement covers both personal and real property, a secured party may proceed:

(1) under this subchapter as to the personal property without prejudicing any rights with respect to the real property; or

(2) as to both the personal property and the real property in accordance with the rights with respect to the real property, in which case the other provisions of this subchapter do not apply.

(b) Subject to Subsection (c), if a security agreement covers goods that are or become fixtures, a secured party may proceed:

(1) under this subchapter; or

(2) in accordance with the rights with respect to real property, in which case the other provisions of this subchapter do not apply.

(c) Subject to the other provisions of this subchapter, if a secured party holding a security interest in fixtures has priority over all owners and encumbrancers of the real property, the secured party, after default, may remove the collateral from the real property.

(d) A secured party that removes collateral shall promptly reimburse any encumbrancer or owner of the real property, other than the debtor, for the cost of repair of any physical injury caused by the removal. The secured party need not reimburse the encumbrancer or owner for any diminution in value of the real property caused by the absence of the goods removed or by any necessity of replacing them. A person entitled to reimbursement may refuse permission to remove until the secured party gives adequate assurance for the performance of the obligation to reimburse.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.605. UNKNOWN DEBTOR OR SECONDARY OBLIGOR. A secured party does not owe a duty based on its status as secured party:

(1) to a person that is a debtor or obligor, unless the secured party knows:

- (A) that the person is a debtor or obligor;
- (B) the identity of the person; and
- (C) how to communicate with the person; or

(2) to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

- (A) that the person is a debtor; and
- (B) the identity of the person.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.606. TIME OF DEFAULT FOR AGRICULTURAL LIEN. For purposes of this subchapter, a default occurs in connection with an agricultural lien at the time the secured party becomes entitled to enforce the lien in accordance with the statute under which it was created.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.607. COLLECTION AND ENFORCEMENT BY SECURED PARTY.

(a) If so agreed, and in any event after default, a secured party:

(1) may notify an account debtor or other person obligated on collateral to make payment or otherwise render performance to or for the benefit of the secured party;

(2) may take any proceeds to which the secured party is entitled under Section 9.315;

(3) may enforce the obligations of an account debtor or other person obligated on collateral and exercise the rights of the debtor with respect to the obligation of the account debtor or other person obligated on collateral to make payment or otherwise render performance to the debtor, and with respect to any property that secures the obligations of the account debtor or other person obligated on the collateral;

(4) if it holds a security interest in a deposit account perfected by control under Section 9.104(a)(1), may apply the balance of the deposit account to the obligation secured by the deposit account; and

(5) if it holds a security interest in a deposit account perfected by control under Section 9.104(a)(2) or (3), may instruct the bank to pay the balance of the deposit account to or for the benefit of the secured party.

(b) If necessary to enable a secured party to exercise under Subsection (a)(3) the right of a debtor to enforce a mortgage nonjudicially, the secured party may record in the office in which a record of the mortgage is recorded:

(1) a copy of the security agreement that creates or provides for a security interest in the obligation secured by the mortgage; and

(2) the secured party's sworn affidavit in recordable form stating that:

(A) a default has occurred; and

(B) the secured party is entitled to enforce the mortgage nonjudicially.

(c) A secured party shall proceed in a commercially reasonable manner if the secured party:

(1) undertakes to collect from or enforce an obligation of an account debtor or other person obligated on collateral; and

(2) is entitled to charge back uncollected collateral or otherwise to full or limited recourse against the debtor or a secondary obligor.

(d) A secured party may deduct from the collections made pursuant to Subsection (c) reasonable expenses of collection and enforcement, including reasonable attorney's fees and legal expenses incurred by the secured party.

(e) This section does not determine whether an account debtor, bank, or other person obligated on collateral owes a duty to a secured party.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.608. APPLICATION OF PROCEEDS OF COLLECTION OR ENFORCEMENT; LIABILITY FOR DEFICIENCY AND RIGHT TO SURPLUS. (a) If a security interest or agricultural lien secures payment or performance of an obligation, the following rules apply:

(1) A secured party shall apply or pay over for application the cash proceeds of collection or enforcement under Section 9.607 in the following order to:

(A) the reasonable expenses of collection and enforcement and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(B) the satisfaction of obligations secured by the security interest or agricultural lien under which the collection or enforcement is made; and

(C) the satisfaction of obligations secured by any subordinate security interest in or other lien on the collateral subject to the security interest or agricultural lien under which the collection or enforcement is made if the secured party receives an authenticated demand for proceeds before distribution of the proceeds is completed.

(2) If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder complies, the secured party need not comply with the holder's demand under Subdivision (1)(C).

(3) A secured party need not apply or pay over for application noncash proceeds of collection and enforcement under Section 9.607 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

(4) A secured party shall account to and pay a debtor for any surplus, and the obligor is liable for any deficiency.

(b) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes, the debtor is not entitled to any surplus, and the obligor is not liable for any deficiency.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 19, eff. June 13, 2001.

Sec. 9.609. SECURED PARTY'S RIGHT TO TAKE POSSESSION AFTER DEFAULT. (a) After default, a secured party:

- (1) may take possession of the collateral; and
- (2) without removal, may render equipment unusable and dispose of collateral on the debtor's premises under Section 9.610.

(b) A secured party may proceed under Subsection (a):

- (1) pursuant to judicial process; or
- (2) without judicial process, if it proceeds without breach of the peace.

(c) If so agreed, and in any event after default, a secured

party may require the debtor to assemble the collateral and make it available to the secured party at a place to be designated by the secured party that is reasonably convenient to both parties.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.610. DISPOSITION OF COLLATERAL AFTER DEFAULT. (a) After default, a secured party may sell, lease, license, or otherwise dispose of any or all of the collateral in its present condition or following any commercially reasonable preparation or processing.

(b) Every aspect of a disposition of collateral, including the method, manner, time, place, and other terms, must be commercially reasonable. If commercially reasonable, a secured party may dispose of collateral by public or private proceedings, by one or more contracts, as a unit or in parcels, and at any time and place and on any terms.

(c) A secured party may purchase collateral:

- (1) at a public disposition; or
- (2) at a private disposition only if the collateral is of a kind that is customarily sold on a recognized market or the subject of widely distributed standard price quotations.

(d) A contract for sale, lease, license, or other disposition includes the warranties relating to title, possession, quiet enjoyment, and the like that by operation of law accompany a voluntary disposition of property of the kind subject to the contract.

(e) A secured party may disclaim or modify warranties under Subsection (d):

- (1) in a manner that would be effective to disclaim or modify the warranties in a voluntary disposition of property of the kind subject to the contract of disposition; or
- (2) by communicating to the purchaser a record evidencing the contract for disposition and including an express disclaimer or modification of the warranties.

(f) A record is sufficient to disclaim warranties under Subsection (e) if it indicates "There is no warranty relating to

title, possession, quiet enjoyment, or the like in this disposition" or uses words of similar import.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.611. NOTIFICATION BEFORE DISPOSITION OF COLLATERAL.

(a) In this section, "notification date" means the earlier of the date on which:

(1) a secured party sends to the debtor and any secondary obligor an authenticated notification of disposition; or

(2) the debtor and any secondary obligor waive the right to notification.

(b) Except as otherwise provided in Subsection (d), a secured party that disposes of collateral under Section 9.610 shall send to the persons specified in Subsection (c) a reasonable authenticated notification of disposition.

(c) To comply with Subsection (b), the secured party shall send an authenticated notification of disposition to:

(1) the debtor;

(2) any secondary obligor; and

(3) if the collateral is other than consumer goods:

(A) any other person from which the secured party has received, before the notification date, an authenticated notification of a claim of an interest in the collateral;

(B) any other secured party or lienholder that, 10 days before the notification date, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(i) identified the collateral;

(ii) was indexed under the debtor's name as of that date; and

(iii) was filed in the office in which to file a financing statement against the debtor covering the collateral as of that date; and

(C) any other secured party that, 10 days before the notification date, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty

described in Section 9.311(a).

(d) Subsection (b) does not apply if the collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market.

(e) A secured party complies with the requirement for notification prescribed by Subsection (c)(3)(B) if:

(1) not later than 20 days or earlier than 30 days before the notification date, the secured party requests, in a commercially reasonable manner, information concerning financing statements indexed under the debtor's name in the office indicated in Subsection (c)(3)(B); and

(2) before the notification date, the secured party:

(A) did not receive a response to the request for information; or

(B) received a response to the request for information and sent an authenticated notification of disposition to each secured party or other lienholder named in that response whose financing statement covered the collateral.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.612. TIMELINESS OF NOTIFICATION BEFORE DISPOSITION OF COLLATERAL. (a) Except as otherwise provided in Subsection (b), whether a notification is sent within a reasonable time is a question of fact.

(b) In a transaction other than a consumer transaction, a notification of disposition sent after default and 10 days or more before the earliest time of disposition set forth in the notification is sent within a reasonable time before the disposition.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.613. CONTENTS AND FORM OF NOTIFICATION BEFORE DISPOSITION OF COLLATERAL: GENERAL. Except in a consumer-goods transaction, the following rules apply:

(1) The contents of a notification of disposition are

sufficient if the notification:

- (A) describes the debtor and the secured party;
- (B) describes the collateral that is the subject of the intended disposition;
- (C) states the method of intended disposition;
- (D) states that the debtor is entitled to an accounting of the unpaid indebtedness and states the charge, if any, for an accounting; and
- (E) states the time and place of a public disposition or the time after which any other disposition is to be made.

(2) Whether the contents of a notification that lacks any of the information specified in Subdivision (1) are nevertheless sufficient is a question of fact.

(3) The contents of a notification providing substantially the information specified in Subdivision (1) are sufficient, even if the notification includes:

- (A) information not specified by that subdivision; or
- (B) minor errors that are not seriously misleading.

(4) A particular phrasing of the notification is not required.

(5) The following form of notification and the form appearing in Section 9.614(3), when completed, each provide sufficient information:

NOTIFICATION OF DISPOSITION OF COLLATERAL

To: _____[Name of debtor, obligor, or other person to which the notification is sent]

From: _____[Name, address, and telephone number of secured party]

Name of Debtor(s): _____ [Include only if debtor(s) are not an addressee]

[For a public disposition:]

We will sell [or lease or license, as applicable] the [describe collateral] [to the highest qualified bidder] in public as follows:

Day and Date: _____ Time: _____ Place: _____[For a private

disposition:]

We will sell [or lease or license, as applicable] the _____
[describe collateral] privately sometime after _____ [day and
date].

You are entitled to an accounting of the unpaid indebtedness
secured by the property that we intend to sell [or lease or license,
as applicable] [for a charge of \$_____]. You may request an
accounting by calling us at _____ [telephone number].

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1,
2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 20, eff. June
13, 2001.

Sec. 9.614. CONTENTS AND FORM OF NOTIFICATION BEFORE
DISPOSITION OF COLLATERAL: CONSUMER-GOODS TRANSACTION. In a
consumer-goods transaction, the following rules apply:

(1) A notification of disposition must provide the
following information:

(A) the information specified in Section
9.613(1);

(B) a description of any liability for a
deficiency of the person to which the notification is sent;

(C) a telephone number from which the amount that
must be paid to the secured party to redeem the collateral under
Section 9.623 is available; and

(D) a telephone number or mailing address from
which additional information concerning the disposition and the
obligation secured is available.

(2) A particular phrasing of the notification is not
required.

(3) The following form of notification, when
completed, provides sufficient information:

_____ [Name and address of secured party]

_____ [Date]

NOTICE OF OUR PLAN TO SELL PROPERTY

_____ [Name and address of any obligor who is also a
debtor]

Subject: _____ [Identification of Transaction]

We have your _____[describe collateral], because you broke promises in our agreement.

[For a public disposition:]

We will sell _____[describe collateral] at public sale. A sale could include a lease or license. The sale will be held as follows:

Date:_____

Time:_____

Place:_____

You may attend the sale and bring bidders if you want.

[For a private disposition:]

We will sell _____[describe collateral] at private sale sometime after _____[date]. A sale could include a lease or license.

The money that we get from the sale (after paying our costs) will reduce the amount you owe. If we get less money than you owe, you _____[will or will not, as applicable] still owe us the difference. If we get more money than you owe, you will get the extra money, unless we must pay it to someone else.

You can get the property back at any time before we sell it by paying us the full amount you owe (not just the past due payments), including our expenses. To learn the exact amount you must pay, call us at _____[telephone number].

If you want us to explain to you in writing how we have figured the amount that you owe us, you may call us at _____[telephone number] [or write us at _____[secured party's address] _____] and request a written explanation. [We will charge you \$_____ for the explanation if we sent you another written explanation of the amount you owe us within the last six months.]

If you need more information about the sale call us at _____[telephone number] [or write us at _____[secured party's address] _____].

We are sending this notice to the following other people who have an interest in _____[describe collateral] or who owe money under your agreement:

_____ [Names of all other debtors and obligors, if any]

(4) A notification in the form of Subdivision (3) is

sufficient, even if additional information appears at the end of the form.

(5) A notification in the form of Subdivision (3) is sufficient, even if it includes errors in information not required by Subdivision (1), unless the error is misleading with respect to rights arising under this chapter.

(6) If a notification under this section is not in the form of Subdivision (3), law other than this chapter determines the effect of including information not required by Subdivision (1).

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.615. APPLICATION OF PROCEEDS OF DISPOSITION; LIABILITY FOR DEFICIENCY AND RIGHT TO SURPLUS. (a) A secured party shall apply or pay over for application the cash proceeds of disposition under Section 9.610 in the following order to:

(1) the reasonable expenses of retaking, holding, preparing for disposition, processing, and disposing and, to the extent provided for by agreement and not prohibited by law, reasonable attorney's fees and legal expenses incurred by the secured party;

(2) the satisfaction of obligations secured by the security interest or agricultural lien under which the disposition is made;

(3) the satisfaction of obligations secured by any subordinate security interest in or other subordinate lien on the collateral if:

(A) the secured party receives from the holder of the subordinate security interest or other lien an authenticated demand for proceeds before distribution of the proceeds is completed; and

(B) in a case in which a consignor has an interest in the collateral, the subordinate security interest or other lien is senior to the interest of the consignor; and

(4) a secured party that is a consignor of the collateral if the secured party receives from the consignor an authenticated demand for proceeds before distribution of the

proceeds is completed.

(b) If requested by a secured party, a holder of a subordinate security interest or other lien shall furnish reasonable proof of the interest or lien within a reasonable time. Unless the holder does so, the secured party need not comply with the holder's demand under Subsection (a)(3).

(c) A secured party need not apply or pay over for application noncash proceeds of disposition under Section 9.610 unless the failure to do so would be commercially unreasonable. A secured party that applies or pays over for application noncash proceeds shall do so in a commercially reasonable manner.

(d) If the security interest under which a disposition is made secures payment or performance of an obligation, after making the payments and applications required by Subsection (a) and permitted by Subsection (c):

(1) unless Subsection (a)(4) requires the secured party to apply or pay over cash proceeds to a consignor, the secured party shall account to and pay a debtor for any surplus; and

(2) the obligor is liable for any deficiency.

(e) If the underlying transaction is a sale of accounts, chattel paper, payment intangibles, or promissory notes:

(1) the debtor is not entitled to any surplus; and

(2) the obligor is not liable for any deficiency.

(f) The surplus or deficiency following a disposition is calculated based on the amount of proceeds that would have been realized in a disposition complying with this subchapter to a transferee other than the secured party, a person related to the secured party, or a secondary obligor if:

(1) the transferee in the disposition is the secured party, a person related to the secured party, or a secondary obligor; and

(2) the amount of proceeds of the disposition is significantly below the range of proceeds that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary obligor would have brought.

(g) A secured party that receives cash proceeds of a

disposition in good faith and without knowledge that the receipt violates the rights of the holder of a security interest or other lien that is not subordinate to the security interest or agricultural lien under which the disposition is made:

(1) takes the cash proceeds free of the security interest or other lien;

(2) is not obligated to apply the proceeds of the disposition to the satisfaction of obligations secured by the security interest or other lien; and

(3) is not obligated to account to or pay the holder of the security interest or other lien for any surplus.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 21, eff. June 13, 2001.

Sec. 9.616. EXPLANATION OF CALCULATION OF SURPLUS OR DEFICIENCY. (a) In this section:

(1) "Explanation" means a writing that:

(A) states the amount of the surplus or deficiency;

(B) provides an explanation in accordance with Subsection (c) of how the secured party calculated the surplus or deficiency;

(C) states, if applicable, that future debits, credits, charges, including additional credit service charges or interest, rebates, and expenses may affect the amount of the surplus or deficiency; and

(D) provides a telephone number or mailing address from which additional information concerning the transaction is available.

(2) "Request" means a record:

(A) authenticated by a debtor or consumer obligor;

(B) requesting that the recipient provide an explanation; and

(C) sent after disposition of the collateral under Section 9.610.

(b) In a consumer-goods transaction in which the debtor is entitled to a surplus or a consumer obligor is liable for a deficiency under Section 9.615, the secured party shall:

(1) send an explanation to the debtor or consumer obligor, as applicable, after the disposition and:

(A) before or when the secured party accounts to the debtor and pays any surplus or first makes written demand on the consumer obligor after the disposition for payment of the deficiency; and

(B) within 14 days after receipt of a request; or

(2) in the case of a consumer obligor who is liable for a deficiency, within 14 days after receipt of a request, send to the consumer obligor a record waiving the secured party's right to a deficiency.

(c) To comply with Subsection (a)(1)(B), a writing must provide the following information in the following order:

(1) the aggregate amount of obligations secured by the security interest under which the disposition was made and, if the amount reflects a rebate of unearned interest or credit service charge, an indication of that fact, calculated as of a specified date:

(A) if the secured party takes or receives possession of the collateral after default, not more than 35 days before the secured party takes or receives possession; or

(B) if the secured party takes or receives possession of the collateral before default or does not take possession of the collateral, not more than 35 days before the disposition;

(2) the amount of proceeds of the disposition;

(3) the aggregate amount of the obligations after deducting the amount of proceeds;

(4) the amount, in the aggregate or by type, and types of expenses, including expenses of retaking, holding, preparing for disposition, processing, and disposing of the collateral, and attorney's fees secured by the collateral which are known to the secured party and relate to the current disposition;

(5) the amount, in the aggregate or by type, and types

of credits, including rebates of interest or credit service charges, to which the obligor is known to be entitled and which are not reflected in the amount in Subdivision (1); and

(6) the amount of the surplus or deficiency.

(d) A particular phrasing of the explanation is not required. An explanation complying substantially with the requirements of Subsection (a) is sufficient, even if it includes minor errors that are not seriously misleading.

(e) A debtor or consumer obligor is entitled without charge to one response to a request under this section during any six-month period in which the secured party did not send to the debtor or consumer obligor an explanation pursuant to Subsection (b)(1). The secured party may require payment of a charge not exceeding \$25 for each additional response.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.617. RIGHTS OF TRANSFeree OF COLLATERAL. (a) A secured party's disposition of collateral after default:

(1) transfers to a transferee for value all of the debtor's rights in the collateral;

(2) discharges the security interest under which the disposition is made; and

(3) discharges any subordinate security interest or other subordinate lien.

(b) A transferee that acts in good faith takes free of the rights and interests described in Subsection (a), even if the secured party fails to comply with this chapter or the requirements of any judicial proceeding.

(c) If a transferee does not take free of the rights and interests described in Subsection (a), the transferee takes the collateral subject to:

(1) the debtor's rights in the collateral;

(2) the security interest or agricultural lien under which the disposition is made; and

(3) any other security interest or other lien.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1,

2001.

Sec. 9.618. RIGHTS AND DUTIES OF CERTAIN SECONDARY OBLIGORS. (a) A secondary obligor acquires the rights and becomes obligated to perform the duties of the secured party after the secondary obligor:

(1) receives an assignment of a secured obligation from the secured party;

(2) receives a transfer of collateral from the secured party and agrees to accept the rights and assume the duties of the secured party; or

(3) is subrogated to the rights of a secured party with respect to collateral.

(b) An assignment, transfer, or subrogation described in Subsection (a):

(1) is not a disposition of collateral under Section 9.610; and

(2) relieves the secured party of further duties under this chapter.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.619. TRANSFER OF RECORD OR LEGAL TITLE. (a) In this section, "transfer statement" means a record authenticated by a secured party stating:

(1) that the debtor has defaulted in connection with an obligation secured by specified collateral;

(2) that the secured party has exercised its post-default remedies with respect to the collateral;

(3) that, by reason of the exercise, a transferee has acquired the rights of the debtor in the collateral; and

(4) the name and mailing address of the secured party, debtor, and transferee.

(b) A transfer statement entitles the transferee to the transfer of record of all rights of the debtor in the collateral specified in the statement in any official filing, recording, registration, or certificate-of-title system covering the

collateral. If a transfer statement is presented with the applicable fee and request form to the official or office responsible for maintaining the system, the official or office shall:

- (1) accept the transfer statement;
- (2) promptly amend its records to reflect the transfer; and
- (3) if applicable, issue a new appropriate certificate of title in the name of the transferee.

(c) A transfer of the record or legal title to collateral to a secured party under Subsection (b) or otherwise is not of itself a disposition of collateral under this chapter and does not of itself relieve the secured party of its duties under this chapter.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.620. ACCEPTANCE OF COLLATERAL IN FULL OR PARTIAL SATISFACTION OF OBLIGATION; COMPULSORY DISPOSITION OF COLLATERAL.

(a) Except as otherwise provided in Subsection (g), a secured party may accept collateral in full or partial satisfaction of the obligation it secures only if:

(1) the debtor consents to the acceptance under Subsection (c);

(2) the secured party does not receive, within the time set forth in Subsection (d), a notification of objection to the proposal authenticated by:

(A) a person to which the secured party was required to send a proposal under Section 9.621; or

(B) any other person, other than the debtor, holding an interest in the collateral subordinate to the security interest that is the subject of the proposal;

(3) if the collateral is consumer goods, the collateral is not in the possession of the debtor when the debtor consents to the acceptance; and

(4) Subsection (e) does not require the secured party to dispose of the collateral or the debtor waives the requirement pursuant to Section 9.624.

(b) A purported or apparent acceptance of collateral under this section is ineffective unless:

(1) the secured party consents to the acceptance in an authenticated record or sends a proposal to the debtor; and

(2) the conditions of Subsection (a) are met.

(c) For purposes of this section:

(1) a debtor consents to an acceptance of collateral in partial satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record authenticated after default; and

(2) a debtor consents to an acceptance of collateral in full satisfaction of the obligation it secures only if the debtor agrees to the terms of the acceptance in a record authenticated after default or the secured party:

(A) sends to the debtor after default a proposal that is unconditional or subject only to a condition that collateral not in the possession of the secured party be preserved or maintained;

(B) in the proposal, proposes to accept collateral in full satisfaction of the obligation it secures; and

(C) does not receive a notification of objection authenticated by the debtor within 20 days after the proposal is sent.

(d) To be effective under Subsection (a)(2), a notification of objection must be received by the secured party:

(1) in the case of a person to which the proposal was sent pursuant to Section 9.621, within 20 days after notification was sent to that person; and

(2) in other cases:

(A) within 20 days after the last notification was sent pursuant to Section 9.621; or

(B) if a notification was not sent, before the debtor consents to the acceptance under Subsection (c).

(e) A secured party that has taken possession of collateral shall dispose of the collateral pursuant to Section 9.610 within the time specified in Subsection (f) if:

(1) 60 percent of the cash price has been paid in the

case of a purchase-money security interest in consumer goods; or

(2) 60 percent of the principal amount of the obligation secured has been paid in the case of a non-purchase-money security interest in consumer goods.

(f) To comply with Subsection (e), the secured party shall dispose of the collateral:

(1) within 90 days after taking possession; or

(2) within any longer period to which the debtor and all secondary obligors have agreed in an agreement to that effect entered into and authenticated after default.

(g) In a consumer transaction, a secured party may not accept collateral in partial satisfaction of the obligation it secures.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.621. NOTIFICATION OF PROPOSAL TO ACCEPT COLLATERAL.

(a) A secured party that desires to accept collateral in full or partial satisfaction of the obligation it secures shall send its proposal to:

(1) any person from which the secured party has received, before the debtor consented to the acceptance, an authenticated notification of a claim of an interest in the collateral;

(2) any other secured party or lienholder that, 10 days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement that:

(A) identified the collateral;

(B) was indexed under the debtor's name as of that date; and

(C) was filed in the office or offices in which to file a financing statement against the debtor covering the collateral as of that date; and

(3) any other secured party that, 10 days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation, or

treaty described in Section 9.311(a).

(b) A secured party that desires to accept collateral in partial satisfaction of the obligation it secures shall send its proposal to any secondary obligor in addition to the persons described in Subsection (a).

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.622. EFFECT OF ACCEPTANCE OF COLLATERAL. (a) A secured party's acceptance of collateral in full or partial satisfaction of the obligation it secures:

(1) discharges the obligation to the extent consented to by the debtor;

(2) transfers to the secured party all of a debtor's rights in the collateral;

(3) discharges the security interest or agricultural lien that is the subject of the debtor's consent and any subordinate security interest or other subordinate lien; and

(4) terminates any other subordinate interest.

(b) A subordinate interest is discharged or terminated under Subsection (a), even if the secured party fails to comply with this chapter.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.623. RIGHT TO REDEEM COLLATERAL. (a) A debtor, any secondary obligor, or any other secured party or lienholder may redeem collateral.

(b) To redeem collateral, a person shall tender:

(1) fulfillment of all obligations secured by the collateral; and

(2) the reasonable expenses and attorneys' fees described in Section 9.615(a)(1).

(c) A redemption may occur at any time before a secured party:

(1) has collected collateral under Section 9.607;

(2) has disposed of collateral or entered into a

contract for its disposition under Section 9.610; or

(3) has accepted collateral in full or partial satisfaction of the obligation it secures under Section 9.622.
Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.624. WAIVER. (a) A debtor or secondary obligor may waive the right to notification of disposition of collateral under Section 9.611 only by an agreement to that effect entered into and authenticated after default.

(b) A debtor may waive the right to require disposition of collateral under Section 9.620(e) only by an agreement to that effect entered into and authenticated after default.

(c) Except in a consumer-goods transaction, a debtor or secondary obligor may waive the right to redeem collateral under Section 9.623 only by an agreement to that effect entered into and authenticated after default.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.625. REMEDIES FOR SECURED PARTY'S FAILURE TO COMPLY WITH CHAPTER. (a) If it is established that a secured party is not proceeding in accordance with this chapter, a court may order or restrain collection, enforcement, or disposition of collateral on appropriate terms and conditions.

(b) Subject to Subsections (c), (d), and (f), a person is liable for damages in the amount of any loss caused by a failure to comply with this chapter. Loss caused by a failure to comply may include loss resulting from the debtor's inability to obtain, or increased costs of, alternative financing.

(c) Except as otherwise provided in Section 9.628:

(1) a person that, at the time of the failure, was a debtor, was an obligor, or held a security interest in or other lien on the collateral may recover damages under Subsection (b) for its loss; and

(2) if the collateral is consumer goods, a person that was a debtor or a secondary obligor at the time a secured party

failed to comply with this subchapter may recover for that failure in any event an amount not less than the credit service charge plus 10 percent of the principal amount of the obligation or the time price differential plus 10 percent of the cash price.

(d) A debtor whose deficiency is eliminated under Section 9.626 may recover damages for the loss of any surplus. However, a debtor or secondary obligor whose deficiency is eliminated or reduced under Section 9.626 may not otherwise recover under Subsection (b) for noncompliance with the provisions of this subchapter relating to collection, enforcement, disposition, or acceptance.

(e) In addition to any damages recoverable under Subsection (b), the debtor, consumer obligor, or person named as a debtor in a filed record, as applicable, may recover \$500 in each case from a person that:

- (1) fails to comply with Section 9.208;
- (2) fails to comply with Section 9.209;
- (3) files a record that the person is not entitled to file under Section 9.509(a);
- (4) fails to cause the secured party of record to file or send a termination statement as required by Section 9.513(a) or (c);
- (5) fails to comply with Section 9.616(b)(1) and whose failure is part of a pattern, or consistent with a practice, of noncompliance; or
- (6) fails to comply with Section 9.616(b)(2).

(f) A debtor or consumer obligor may recover damages under Subsection (b) and, in addition, \$500 in each case from a person that, without reasonable cause, fails to comply with a request under Section 9.210. A recipient of a request under Section 9.210 that never claimed an interest in the collateral or obligations that are the subject of a request under that section has a reasonable excuse for failure to comply with the request within the meaning of this subsection.

(g) If a secured party fails to comply with a request regarding a list of collateral or a statement of account under Section 9.210, the secured party may claim a security interest only

as shown in the list or statement included in the request as against a person that is reasonably misled by the failure.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001. Amended by Acts 2001, 77th Leg., ch. 705, Sec. 22, eff. June 13, 2001.

Sec. 9.626. ACTION IN WHICH DEFICIENCY OR SURPLUS IS IN ISSUE. (a) In an action arising from a transaction, other than a consumer transaction, in which the amount of a deficiency or surplus is in issue, the following rules apply:

(1) A secured party need not prove compliance with the provisions of this subchapter relating to collection, enforcement, disposition, or acceptance unless the debtor or a secondary obligor places the secured party's compliance in issue.

(2) If the secured party's compliance is placed in issue, the secured party has the burden of establishing that the collection, enforcement, disposition, or acceptance was conducted in accordance with this subchapter.

(3) Except as otherwise provided in Section 9.628, if a secured party fails to prove that the collection, enforcement, disposition, or acceptance was conducted in accordance with the provisions of this subchapter relating to collection, enforcement, disposition, or acceptance, the liability of a debtor or a secondary obligor for a deficiency is limited to an amount by which the sum of the secured obligation, expenses, and attorney's fees exceeds the greater of:

(A) the proceeds of the collection, enforcement, disposition, or acceptance; or

(B) the amount of proceeds that would have been realized had the noncomplying secured party proceeded in accordance with the provisions of this subchapter relating to collection, enforcement, disposition, or acceptance.

(4) For purposes of Subdivision (3)(B), the amount of proceeds that would have been realized is equal to the sum of the secured obligation, expenses, and attorney's fees unless the secured party proves that the amount is less than that sum.

(5) If a deficiency or surplus is calculated under

Section 9.615(f), the debtor or obligor has the burden of establishing that the amount of proceeds of the disposition is significantly below the range of prices that a complying disposition to a person other than the secured party, a person related to the secured party, or a secondary obligor would have brought.

(b) The limitation of the rules in Subsection (a) to transactions other than consumer transactions is intended to leave to the court the determination of the proper rules in consumer transactions. The court may not infer from that limitation the nature of the proper rule in consumer transactions and may continue to apply established approaches.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.627. DETERMINATION OF WHETHER CONDUCT WAS COMMERCIALY REASONABLE. (a) The fact that a greater amount could have been obtained by a collection, enforcement, disposition, or acceptance at a different time or in a different method from that selected by the secured party is not of itself sufficient to preclude the secured party from establishing that the collection, enforcement, disposition, or acceptance was made in a commercially reasonable manner.

(b) A disposition of collateral is made in a commercially reasonable manner if the disposition is made:

- (1) in the usual manner on any recognized market;
- (2) at the price current in any recognized market at the time of the disposition; or
- (3) otherwise in conformity with reasonable commercial practices among dealers in the type of property that was the subject of the disposition.

(c) A collection, enforcement, disposition, or acceptance is commercially reasonable if it has been approved:

- (1) in a judicial proceeding;
- (2) by a bona fide creditors' committee;
- (3) by a representative of creditors; or
- (4) by an assignee for the benefit of creditors.

(d) Approval under Subsection (c) need not be obtained, and lack of approval does not mean that the collection, enforcement, disposition, or acceptance is not commercially reasonable. Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

Sec. 9.628. NONLIABILITY AND LIMITATION ON LIABILITY OF SECURED PARTY; LIABILITY OF SECONDARY OBLIGOR. (a) Unless a secured party knows that a person is a debtor or obligor, knows the identity of the person, and knows how to communicate with the person:

(1) the secured party is not liable to the person, or to a secured party or lienholder that has filed a financing statement against the person, for failure to comply with this chapter; and

(2) the secured party's failure to comply with this chapter does not affect the liability of the person for a deficiency.

(b) A secured party is not liable because of its status as secured party:

(1) to a person that is a debtor or obligor, unless the secured party knows:

- (A) that the person is a debtor or obligor;
- (B) the identity of the person; and
- (C) how to communicate with the person; or

(2) to a secured party or lienholder that has filed a financing statement against a person, unless the secured party knows:

- (A) that the person is a debtor; and
- (B) the identity of the person.

(c) A secured party is not liable to any person, and a person's liability for a deficiency is not affected, because of any act or omission arising out of the secured party's reasonable belief that a transaction is not a consumer-goods transaction or a consumer transaction or that goods are not consumer goods, if the secured party's belief is based on its reasonable reliance on:

(1) a debtor's representation concerning the purpose

for which collateral was to be used, acquired, or held; or

(2) an obligor's representation concerning the purpose for which a secured obligation was incurred.

(d) A secured party is not liable to any person under Section 9.625(c)(2) for its failure to comply with Section 9.616.

(e) A secured party is not liable under Section 9.625(c)(2) more than once with respect to any one secured obligation.

Added by Acts 1999, 76th Leg., ch. 414, Sec. 1.01, eff. July 1, 2001.

SUBCHAPTER G. TRANSITION PROVISIONS

Sec. 9.701. EFFECTIVE DATE OF REVISIONS. (a) In this subchapter, "revision" means the revision of this chapter enacted by the 76th Legislature, Regular Session, 1999.

(b) The revision takes effect July 1, 2001.
Reenacted from Acts 1999, 76th Leg., ch. 414 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Sec. 9.702. SAVING CLAUSE. (a) Except as otherwise provided in this subchapter, this chapter, as revised, applies to a transaction or lien within its scope, even if the transaction or lien was entered into or created before the revision takes effect.

(b) Except as otherwise provided in Subsection (c) and Sections 9.703-9.709:

(1) transactions and liens that were not governed by this chapter, as it existed immediately before the effective date of the revision, were validly entered into or created before the effective date of the revision, and would be subject to this chapter, as revised, if they had been entered into or created on or after the effective date of the revision, and the rights, duties, and interests flowing from those transactions and liens remain valid on and after the effective date of the revision; and

(2) the transactions and liens may be terminated, completed, consummated, and enforced as required or permitted by this chapter, as revised, or by the law that otherwise would apply if the revision had not taken effect.

(c) The revision does not affect an action, case, or proceeding commenced before the effective date of the revision.

Reenacted from Acts 1999, 76th Leg., ch. 414, Sec. 3.02 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Sec. 9.703. SECURITY INTEREST PERFECTED BEFORE EFFECTIVE DATE. (a) A security interest that is enforceable immediately before the effective date of the revision and would have priority over the rights of a person that becomes a lien creditor at that time is a perfected security interest under this chapter, as revised, if, on the effective date of the revision, the applicable requirements for enforceability and perfection under this chapter, as revised, are satisfied without further action.

(b) Except as otherwise provided in Section 9.705, if, immediately before the revision takes effect, a security interest is enforceable and would have priority over the rights of a person that becomes a lien creditor at that time, but the applicable requirements for enforceability or perfection under this chapter, as revised, are not satisfied when the revision takes effect, the security interest:

(1) is a perfected security interest until July 1, 2002;

(2) remains enforceable after June 30, 2002, only if the security interest becomes enforceable under Section 9.203, as revised, before July 1, 2002; and

(3) remains perfected after June 30, 2002, only if the applicable requirements for perfection under this chapter, as revised, are satisfied before July 1, 2002.

Reenacted from Acts 1999, 76th Leg., ch. 414, Sec. 3.03 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Sec. 9.704. SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE DATE. A security interest that is enforceable immediately before the revision takes effect but that would be subordinate to the rights of a person that becomes a lien creditor at that time:

(1) remains an enforceable security interest until July 1, 2002;

(2) remains enforceable after June 30, 2002, if the security interest becomes enforceable under Section 9.203, as revised, before July 1, 2002; and

(3) becomes perfected:

(A) without further action, when the revision takes effect, if the applicable requirements for perfection under this chapter, as revised, are satisfied before or at that time; or

(B) when the applicable requirements for perfection are satisfied if the requirements are satisfied after the revision takes effect.

Reenacted from Acts 1999, 76th Leg., ch. 414, Sec. 3.04 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Sec. 9.705. EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE DATE. (a) If action, other than the filing of a financing statement, is taken before the revision takes effect and the action would have resulted in priority of a security interest over the rights of a person that becomes a lien creditor had the security interest become enforceable before the revision takes effect, the action is effective to perfect a security interest that attaches under this chapter, as revised, within one year after the effective date of the revision. An attached security interest becomes unperfected on July 1, 2002, unless the security interest becomes a perfected security interest under this chapter, as revised, before that date.

(b) The filing of a financing statement before the effective date of the revision is effective to perfect a security interest to the extent the filing would satisfy the applicable requirements for perfection under this chapter, as revised.

(c) The revision does not render ineffective an effective financing statement that, before the effective date of the revision, is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in Section 9.103, as it existed immediately before the effective date of the revision. However, except as otherwise provided in Subsections (d), (e), and (g) and Section 9.706, the financing statement ceases to be effective at the earlier of:

(1) the time the financing statement would have ceased to be effective under the law of the jurisdiction in which it is filed; or

(2) June 30, 2006.

(d) The filing of a continuation statement after the revision takes effect does not continue the effectiveness of the financing statement filed before the revision takes effect. However, upon the timely filing of a continuation statement after the revision takes effect and in accordance with the law of the jurisdiction governing perfection as provided in Subchapter C, as revised, the effectiveness of a financing statement filed in the same office in that jurisdiction before the revision takes effect continues for the period provided by the law of that jurisdiction.

(e) Subsection (c)(2) applies to a financing statement that, before the revision takes effect, is filed against a transmitting utility and satisfies the applicable requirements for perfection under the law of the jurisdiction governing perfection as provided in Section 9.103, as it existed immediately before the effective date of the revision, only to the extent that Subchapter C, as revised, provides that the law of a jurisdiction other than the jurisdiction in which the financing statement is filed governs perfection of a security interest in collateral covered by the financing statement.

(f) A financing statement that includes a financing statement filed before the revision takes effect and a continuation statement filed after the revision takes effect is effective only to the extent that it satisfies the requirements of Subchapter E, as revised, for an initial financing statement.

(g) Subsection (c)(2) does not apply to a financing statement that was filed before July 1, 2001, in the proper office in this state pursuant to Section 9.401, as that section existed immediately before July 1, 2001, and as to which the proper filing office was not changed pursuant to Section 9.501 of the revision. The lapse date of such a financing statement is the day when the financing statement would have ceased to be effective under Section 9.403(b), as that section existed immediately before July 1, 2001. On timely filing of a continuation statement within

six months before that lapse date, the effectiveness of the financing statement continues for another period of five years commencing on the lapse date, and succeeding continuation statements may be filed within six months before the expiration of the five-year period and each additional five-year period to continue the effectiveness of the financing statement.

Reenacted from Acts 1999, 76th Leg., ch. 414, Sec. 3.05 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. [565](#), Sec. 5, eff. June 16, 2007.

Sec. 9.706. WHEN INITIAL FINANCING STATEMENT SUFFICES TO CONTINUE EFFECTIVENESS OF FINANCING STATEMENT. (a) The filing of an initial financing statement in the office specified in Section 9.501, as revised, continues the effectiveness of a financing statement filed before the revision takes effect if:

(1) the filing of an initial financing statement in that office would be effective to perfect a security interest under this chapter, as revised;

(2) the pre-effective-date financing statement was filed in an office in another state or another office in this state; and

(3) the initial financing statement satisfies Subsection (c).

(b) The filing of an initial financing statement under Subsection (a) continues the effectiveness of the pre-effective-date financing statement:

(1) if the initial financing statement is filed before the revision takes effect, for the period provided in Section 9.403, as it existed immediately before the effective date of the revision, with respect to a financing statement; and

(2) if the initial financing statement is filed after the revision takes effect, for the period provided in Section 9.515, as revised, with respect to an initial financing statement.

(c) To be effective for purposes of Subsection (a), an initial financing statement must:

(1) satisfy the requirements of Subchapter E, as revised, for an initial financing statement;

(2) identify the pre-effective-date financing statement by indicating the office in which the financing statement was filed and providing the dates of filing and file numbers, if any, of the financing statement and of the most recent continuation statement filed with respect to the financing statement; and

(3) indicate that the pre-effective-date financing statement remains effective.

Reenacted from Acts 1999, 76th Leg., ch. 414, Sec. 3.06 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Sec. 9.707. AMENDMENT OF PRE-EFFECTIVE-DATE FINANCING STATEMENT. (a) In this section, "pre-effective-date financing statement" means a financing statement filed before the revision takes effect.

(b) After the revision takes effect, a person may add or delete collateral covered by, continue or terminate the effectiveness of, or otherwise amend the information provided in a pre-effective-date financing statement only in accordance with the law of the jurisdiction governing perfection as provided in Subchapter C. However, the effectiveness of a pre-effective-date financing statement also may be terminated in accordance with the law of the jurisdiction in which the financing statement is filed.

(c) Except as otherwise provided in Subsection (d), if the law of this state governs perfection of a security interest, the information in a pre-effective-date financing statement may be amended after the revision takes effect only if:

(1) the pre-effective-date financing statement and an amendment are filed in the office specified in Section 9.501;

(2) an amendment is filed in the office specified in Section 9.501 concurrently with, or after the filing in that office of, an initial financing statement that satisfies Section 9.706(c); or

(3) an initial financing statement that provides the information as amended and satisfies Section 9.706(c) is filed in the office specified in Section 9.501.

(d) If the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement may be continued only under Sections 9.705(d) and (f) or Section 9.706.

(e) Whether or not the law of this state governs perfection of a security interest, the effectiveness of a pre-effective-date financing statement filed in this state may be terminated after the revision takes effect by filing a termination statement in the office in which the pre-effective-date financing statement is filed, unless an initial financing statement that satisfies Section 9.706(c) has been filed in the office specified by the law of the jurisdiction governing perfection as provided in Subchapter C as the office in which to file a financing statement.

Reenacted from Acts 1999, 76th Leg., ch. 414, and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Sec. 9.708. PERSONS ENTITLED TO FILE INITIAL FINANCING STATEMENT OR CONTINUATION STATEMENT. A person may file an initial financing statement or a continuation statement under this subchapter if:

(1) the secured party of record authorizes the filing; and

(2) the filing is necessary under this subchapter:

(A) to continue the effectiveness of a financing statement filed before the revision takes effect; or

(B) to perfect or continue the perfection of a security interest.

Reenacted from Acts 1999, 7th Leg., ch. 414, Sec. 3.07 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

Sec. 9.709. PRIORITY. (a) This chapter, as revised, determines the priority of conflicting claims to collateral. However, if the relative priorities of the claims were established before the revision takes effect, this chapter, as it existed before the effective date of the revision, determines priority.

(b) For purposes of Section 9.322(a), as revised, the priority of a security interest that becomes enforceable under

Section 9.203, as revised, dates from the time the revision takes effect if the security interest is perfected under this chapter, as revised, by the filing of a financing statement before the revision takes effect that would not have been effective to perfect the security interest under this chapter, as it existed immediately before the effective date of the revision. This subsection does not apply to conflicting security interests each of which is perfected by the filing of such a financing statement.

Reenacted from Acts 1999, 76th Leg., ch. 414, Sec. 3.08 and amended by Acts 2001, 77th Leg., ch. 705, Sec. 23, eff. June 13, 2001.

LOCAL GOVERNMENT CODE

TITLE 6. RECORDS

SUBTITLE B. COUNTY RECORDS

CHAPTER 192. INSTRUMENTS TO BE RECORDED BY COUNTIES

Sec. 192.001. GENERAL ITEMS. The county clerk shall record each deed, mortgage, or other instrument that is required or permitted by law to be recorded.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 192.0015. SUBDIVISION PLAT. In recording a plat or replat of a subdivision of real property, the county clerk and a deputy of the clerk are subject to the requirements and prohibitions established by Section 12.002, Property Code.

Added by Acts 1989, 71st Leg., ch. 624, Sec. 3.07, eff. Sept. 1, 1989.

Sec. 192.002. MILITARY DISCHARGE RECORDS. (a) The county clerk shall record the official discharge of persons who after 1915 have served as members of the United States armed forces, the United States armed forces reserve, or an armed forces auxiliary.

(b) The county clerk may not charge a fee for the recording and keeping of a military discharge record.

(c)(1) This subsection applies only in relation to a military discharge record that is recorded with a county clerk under this section before September 1, 2003.

(2) The veteran who is the subject of the record or the legal guardian of the veteran may direct, in writing, that the county clerk destroy all copies of the record that the county clerk makes readily available to the public for purposes of Section 191.006, such as paper copies of the record in the county courthouse or a courthouse annex, microfilm or microfiche copies of the record in the county courthouse or a courthouse annex, and electronic copies of the record that are available to the public. The county clerk shall comply with the direction within 15 business days after the date the direction is received. The county clerk's compliance does not violate any law of this state relating to the preservation,

destruction, or alienation of public records. The direction to destroy the copies of the record, the county clerk's compliance, and any delay between the time the direction is made and the time the county clerk destroys the copies may not be used to limit or restrict the public's access to the real property records of the county.

(3) A county clerk who receives a request under Chapter 552, Government Code, for inspection or duplication of a military discharge record recorded before September 1, 2003, is only required to search for the record in places where or media in which the county clerk makes records readily available to the public for purposes of Section 191.006, such as paper records stored in the county courthouse or a courthouse annex, microfilmed or microfiched records stored in the county courthouse or a courthouse annex, and electronically stored records made available to the public. This subdivision does not apply to a request made by the veteran who is the subject of the military discharge record or the legal guardian of the veteran.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 2003, 78th Leg., ch. 438, Sec. 2, eff. Sept. 1, 2003.

Sec. 192.003. RECORDS OF NEW OR ENLARGED COUNTY. (a) If a new county is created in whole or in part from the territory of another county or if territory is added to an existing county from another county, the commissioners court of the new county or the enlarged county shall require the county clerk to rerecord each deed, mortgage, conveyance, encumbrance, or muniment of title that affects or relates to real property in the territory taken from the other county and that is recorded in the other county. If the territory is acquired from more than one county, the clerk shall maintain separate sets of records for the records obtained from each county. The records shall be indexed and arranged as provided by law.

(b) After the records are legibly rerecorded, the county clerk or the clerk's deputies who rerecorded them shall compare them with the original record. The county clerk or the clerk's deputies who rerecorded the records shall certify to the

correctness of the records under their official oath and shall impress the commissioners court's seal on the records.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 192.005. CERTAIN PROBATE RECORDS. The commissioners court of a county may require the county clerk to record any previously unrecorded probate records if the commissioners court determines that the recording is necessary.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

Sec. 192.006. COUNTY COURT RECORDS. (a) The county clerk is the custodian of the records of the county court in civil and criminal cases and in matters of probate. The county clerk shall record each act and proceeding of the county court, record under direction of the judge each judgment of the court, and record the issuance of and return on each execution issued by the court.

(b) The county clerk shall keep the records of the county court properly indexed and arranged.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987. Amended by Acts 1989, 71st Leg., ch. 1248, Sec. 52, eff. Sept. 1, 1989.

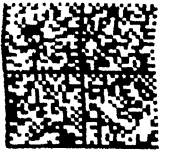
Sec. 192.007. RECORDS OF RELEASES AND OTHER ACTIONS. (a) To release, transfer, assign, or take another action relating to an instrument that is filed, registered, or recorded in the office of the county clerk, a person must file, register, or record another instrument relating to the action in the same manner as the original instrument was required to be filed, registered, or recorded.

(b) An entry, including a marginal entry, may not be made on a previously made record or index to indicate the new action.

Added by Acts 1989, 71st Leg., ch. 1248, Sec. 53, eff. Sept. 1, 1989.

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3451 Hammond Avenue
PO Box 780
Waterloo, IA 50704-9978

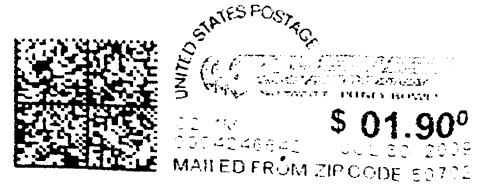
EXHIBIT 302



UNITED STATES
02
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MA

*GREGORY MORSE
223 HIGH POINT DR
PLANO TX 75094*

EXHIBIT 302



*GREGORY MORSE
223 HIGH POINT DR
PLANO TX 75094*



EXHIBIT 302

GMAC Mortgage

3451 Hammond Ave
P.O. Box 780
Waterloo, IA 50704-0780

07/30/09

GREGORY C MORSE

223 HIGH POINT DRIVE

PLANO TX 75094

RE: Account Number 0476868450
Property Address 223 HIGH POINT DRIVE
PLANO TX 75094

Dear GREGORY C MORSE

We have received your authorization allowing GMAC Mortgage, LLC to release account information to Alois Goldstein. A copy of the request is now in your file.

For security purposes, an authorized individual must confirm the last four digits of one of the borrower's Social Security numbers when contacting our office.

If you have any questions, please contact Customer Care at 800-766-4622 between the hours of 6:00 am and 10:00 pm CT Monday through Friday and 9:00 am to 1:00 pm CT on Saturday.

Customer Care
Loan Servicing

2:18

GMAC Mortgage

July 30, 2009

Alois Goldstein
7380 S Eastern Avenue Suite 124265
Las Vegas NV 89123

RE: Account Number 0476868450
 Property Address 223 High Point Drive
 Plano TX 75094

Dear Alois Goldstein:

Please be advised that this letter serves as our response to a Qualified Written Request ("QWR") for information regarding the above-referenced GMAC Mortgage account dated July 21, 2009 and received on July 23, 2009. In the correspondence, detailed information and documentation regarding nearly every aspect of the mortgage loan transaction was requested, beginning with its origination.

In response to the inquiry, GMAC Mortgage has enclosed a copy of the account's payment history as required by the Real Estate Settlement Procedures Act ("RESPA").

Because the letter appears to be questioning nearly every aspect of the loan transaction, it is difficult for GMAC Mortgage to identify any specific concern(s) you have regarding the servicing of the account. Nevertheless, in an effort to be responsive to the request, copies of pertinent documentation GMAC Mortgage has in its records are enclosed.

- Note
- Deed of Trust/Mortgage
- HUD-I Settlement Statement

If after reviewing this information, you have any specific questions or concerns regarding the mortgage loan servicing of this account, please contact Customer Care at 1-800-766-4622 between the hours of 6:00 am to 10:00 pm CT Monday through Friday and 9:00 am to 1:00 pm CT on Saturday.

Customer Care
Loan Servicing
Enclosures
KB
C: Gregory C Morse

EXHIBIT 302

NOTE

MARCH 3RD, 2008

[Date]

HOUSTON

[City]

TEXAS

[State]

223 HIGH POINT DRIVE, PLANO, TX 75094

[Property Address]

1. BORROWER'S PROMISE TO PAY

In return for a loan that I have received, I promise to pay U.S. \$ 414,500.00 (this amount is called "Principal"), plus interest, to the order of the Lender. The Lender is HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.)

I will make all payments under this Note in the form of cash, check or money order.

I understand that the Lender may transfer this Note. The Lender or anyone who takes this Note by transfer and who is entitled to receive payments under this Note is called the "Note Holder."

2. INTEREST

Interest will be charged on unpaid principal until the full amount of Principal has been paid. I will pay interest at a yearly rate of 6.0000 %.

The interest rate required by this Section 2 is the rate I will pay both before and after any default described in Section 6(B) of this Note.

3. PAYMENTS

(A) Time and Place of Payments

I will pay principal and interest by making a payment every month.

I will make my monthly payment on the FIRST day of each month beginning on MAY 1ST, 2008. I will make these payments every month until I have paid all of the principal and interest and any other charges described below that I may owe under this Note. Each monthly payment will be applied as of its scheduled due date and will be applied to interest before Principal. If, on APRIL 1ST, 2036, I still owe amounts under this Note, I will pay those amounts in full on that date, which is called the "Maturity Date."

I will make my monthly payments at 14850 QUORUM DRIVE, SUITE 500, DALLAS, TX 75254 or at a different place if required by the Note Holder.

(B) Amount of Monthly Payments

My monthly payment will be in the amount of U.S. \$ 2,485.14

4. BORROWER'S RIGHT TO PREPAY

I have the right to make payments of Principal at any time before they are due. A payment of Principal only is known as a "Prepayment." When I make a Prepayment, I will tell the Note Holder in writing that I am doing so. I may not designate a payment as a Prepayment if I have not made all the monthly payments due under the Note.

I may make a full Prepayment or partial Prepayments without paying a Prepayment charge. The Note Holder will use my Prepayments to reduce the amount of Principal that I owe under this Note. However, the Note Holder may apply my Prepayment to the accrued and unpaid interest on the Prepayment amount, before applying my Prepayment to reduce the Principal amount of the Note. If I make a partial Prepayment, there will be no changes in the due date or in the amount of my monthly payment unless the Note Holder agrees in writing to those changes.

MULTISTATE FIXED RATE NOTE-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
Amended for Texas



5N(TX) 100111

Form 3200 1/01

VMP MORTGAGE FORMS - (800)521-7281

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Initials: Mon

MFTX8064 - 10/2/2006 / 047-682845-0



5. LOAN CHARGES

If a law, which applies to this loan and which sets maximum loan charges, is finally interpreted so that the interest or other loan charges collected or to be collected in connection with this loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from me which exceeded permitted limits will be refunded to me. The Note Holder may choose to make this refund by reducing the Principal I owe under this Note or by making a direct payment to me. If a refund reduces Principal, the reduction will be treated as a partial Prepayment.

6. BORROWER'S FAILURE TO PAY AS REQUIRED

(A) Late Charge for Overdue Payments

If the Note Holder has not received the full amount of any monthly payment by the end of 15 calendar days after the date it is due, I will pay a late charge to the Note Holder. The amount of the charge will be 5.00 % of my overdue payment of principal and interest. I will pay this late charge promptly but only once on each late payment.

(B) Default

If I do not pay the full amount of each monthly payment on the date it is due, I will be in default.

(C) Notice of Default

If I am in default, the Note Holder may send me a written notice telling me that if I do not pay the overdue amount by a certain date, the Note Holder may require me to pay immediately the full amount of Principal which has not been paid and all the interest that I owe on that amount. That date must be at least 30 days after the date on which the notice is mailed to me or delivered by other means.

(D) No Waiver By Note Holder

Even if, at a time when I am in default, the Note Holder does not require me to pay immediately in full as described above, the Note Holder will still have the right to do so if I am in default at a later time.

(E) Payment of Note Holder's Costs and Expenses

If the Note Holder has required me to pay immediately in full as described above, the Note Holder will have the right to be paid back by me for all of its costs and expenses in enforcing this Note to the extent not prohibited by applicable law. Those expenses include, for example, reasonable attorneys' fees.

7. GIVING OF NOTICES

Unless applicable law requires a different method, any notice that must be given to me under this Note will be given by delivering it or by mailing it by first class mail to me at the Property Address above or at a different address if I give the Note Holder a notice of my different address.

Any notice that must be given to the Note Holder under this Note will be given by delivering it or by mailing it by first class mail to the Note Holder at the address stated in Section 3(A) above or at a different address if I am given a notice of that different address.

8. OBLIGATIONS OF PERSONS UNDER THIS NOTE

If more than one person signs this Note, each person is fully and personally obligated to keep all of the promises made in this Note, including the promise to pay the full amount owed. Any person who is a guarantor, surety or endorser of this Note is also obligated to do these things. Any person who takes over these obligations, including the obligations of a guarantor, surety or endorser of this Note, is also obligated to keep all of the promises made in this Note. The Note Holder may enforce its rights under this Note against each person individually or against all of us together. This means that any one of us may be required to pay all of the amounts owed under this Note.

9. WAIVERS

I and any other person who has obligations under this Note waive the rights of Presentment and Notice of Dishonor. "Presentment" means the right to require the Note Holder to demand payment of amounts due. "Notice of Dishonor" means the right to require the Note Holder to give notice to other persons that amounts due have not been paid.

EXHIBIT 302

10. UNIFORM SECURED NOTE

This Note is a uniform instrument with limited variations in some jurisdictions. In addition to the protections given to the Note Holder under this Note, a Mortgage, Deed of Trust, or Security Deed (the "Security Instrument"), dated the same date as this Note, protects the Note Holder from possible losses which might result if I do not keep the promises which I make in this Note. That Security Instrument describes how and under what conditions I may be required to make immediate payment in full of all amounts I owe under this Note. Some of those conditions are described as follows:


If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

THIS WRITTEN LOAN AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.

THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

WITNESS THE HAND(S) AND SEAL(S) OF THE UNDERSIGNED

 (Seal) _____ (Seal)
GREGORY C. MORSE -Borrower -Borrower

____ (Seal) _____ (Seal)
-Borrower -Borrower

____ (Seal) _____ (Seal)
-Borrower -Borrower

____ (Seal) _____ (Seal)
-Borrower -Borrower

[Sign Original Only]

**Without Recourse
Pay to the Order of**



Melissa Windler
Assistant Secretary
Homestead Financial LLC

EXHIBIT 302

Return To:

Pinnacle Title Co.

5080 Montrose Blvd. 3rd floor
Houston, TX 77006



20080314000310130 03/14/2008 04:17:56 PM DT 1/21

Filed by 0712270/ro
Pinnacle Title Co., L.P.

47681045110

Return To: Homecomings Financial
One Meridian Crossing, Ste. 100
Minneapolis MN 55423
Loan Number: 047-686845-0

Prepared By: Homecomings Financial
14850 Quorum Drive, Suite 500
Dallas, TX 75254

[Space Above This Line For Recording Data]

DEED OF TRUST

MIN 100062604768684500

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated MARCH 3RD, 2008 together with all Riders to this document.

(B) "Borrower" is
GREGORY C. MORSE, AN UNMARRIED MAN

Borrower is the grantor under this Security Instrument.

(C) "Lender" is
HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.)

TEXAS-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS
MFTX7770 (06/2007) / 047-686845-0
Wolters Kluwer Financial Services

Form 3044 1/01

VMP®-6A(TX) (0704)

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EXHIBIT 302

Lender is a LIMITED LIABILITY COMPANY
organized and existing under the laws of DELAWARE
Lender's address is 14850 QUORUM DRIVE, SUITE 500
DALLAS, TX 75254

Lender includes any holder of the Note who is entitled to receive payments under the Note.

(D) "Trustee" is Atty. Don W. Ledbetter

Trustee's address is

17130 Dallas Parkway, #115, Dallas, TX 75248

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is a beneficiary under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated MARCH 3RD, 2008

The Note states that Borrower owes Lender FOUR HUNDRED FOURTEEN THOUSAND FIVE HUNDRED AND NO/100

Dollars

(U.S. \$ 414,500.00) plus interest. Borrower has promised to pay this debt in regular Periodic Payments and to pay the debt in full not later than APRIL 1ST, 2038

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

- | | | |
|--|--|---|
| <input type="checkbox"/> Adjustable Rate Rider | <input type="checkbox"/> Condominium Rider | <input type="checkbox"/> Second Home Rider |
| <input type="checkbox"/> Balloon Rider | <input checked="" type="checkbox"/> Planned Unit Development Rider | <input type="checkbox"/> 1-4 Family Rider |
| <input type="checkbox"/> VA Rider | <input type="checkbox"/> Biweekly Payment Rider | <input type="checkbox"/> Other(s) [specify] |

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.

EXHIBIT 302

(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the COUNTY of COLLIN

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction]

Legal description attached hereto and made a part hereof

Parcel ID Number: R445700B00401

223 HIGH POINT DRIVE

PLANO

("Property Address"):

which currently has the address of

[Street]

[City], Texas 75094

[Zip Code]

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this

Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

3. **Funds for Escrow Items.** Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. **Charges; Liens.** Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any

interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. **Occupancy.** Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld; or unless extenuating circumstances exist which are beyond Borrower's control.

7. **Preservation, Maintenance and Protection of the Property; Inspections.** Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. **Borrower's Loan Application.** Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. **Protection of Lender's Interest in the Property and Rights Under this Security Instrument.** If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable

attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

12. **Borrower Not Released; Forbearance By Lender Not a Waiver.** Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. **Joint and Several Liability; Co-signers; Successors and Assigns Bound.** Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. **Loan Charges.** Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. **Notices.** All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually

received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan

servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. **Hazardous Substances.** As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.

NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice will result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence. For the purposes of this Section 22, the term "Lender" includes any holder of the Note who is entitled to receive payments under the Note.

If Lender invokes the power of sale, Lender or Trustee shall give notice of the time, place and terms of sale by posting and filing the notice at least 21 days prior to sale as provided by Applicable Law. Lender shall mail a copy of the notice to Borrower in the manner prescribed by Applicable Law. Sale shall be made at public venue. The sale must begin at the time stated in the notice of sale or not later than three hours after that time and between the hours of 10 a.m. and 4 p.m. on the first Tuesday of the month. Borrower authorizes Trustee to sell the property to the highest bidder for cash in one or more parcels and in any order Trustee determines. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying indefeasible title to the Property with covenants of general warranty from Borrower. Borrower covenants and agrees to defend generally the purchaser's title to the Property against all claims and demands. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

If the Property is sold pursuant to this Section 22, Borrower or any person holding possession of the Property through Borrower shall immediately surrender possession of the Property to the purchaser at that sale. If possession is not surrendered, Borrower or such person shall be a tenant at sufferance and may be removed by writ of possession or other court proceeding.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall provide a release of this Security Instrument to Borrower or Borrower's designated agent in accordance with Applicable Law. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24. Substitute Trustee; Trustee Liability. All rights, remedies and duties of Trustee under this Security Instrument may be exercised or performed by one or more trustees acting alone or together. Lender, at its option and with or without cause, may from time to time, by power of attorney or otherwise, remove or substitute any trustee, add one or more trustees, or appoint a successor trustee to any Trustee without the necessity of any formality other than a designation by Lender in writing. Without any further act or conveyance of the Property the substitute, additional or successor trustee shall become vested with the title, rights, remedies, powers and duties conferred upon Trustee herein and by Applicable Law.

Trustee shall not be liable if acting upon any notice, request, consent, demand, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

25. Subrogation. Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

26. Partial Invalidity. In the event any portion of the sums intended to be secured by this Security Instrument cannot be lawfully secured hereby, payments in reduction of such sums shall be applied first to those portions not secured hereby.

27. Purchase Money; Owelty of Partition; Renewal and Extension of Liens Against Homestead Property; Acknowledgment of Cash Advanced Against Non-Homestead Property. Check box as applicable:

☐ **Purchase Money.**

The funds advanced to Borrower under the Note were used to pay all or part of the purchase price of the Property. The Note also is primarily secured by the vendor's lien retained in the deed of even date with this Security Instrument conveying the Property to Borrower, which vendor's lien has been assigned to Lender, this Security Instrument being additional security for such vendor's lien.

☐ **Owelty of Partition.**

The Note represents funds advanced by Lender at the special instance and request of Borrower for the purpose of acquiring the entire fee simple title to the Property and the existence of an owelty of partition imposed against the entirety of the Property by a court order or by a written agreement of the parties to the partition to secure the payment of the Note is expressly acknowledged, confessed and granted.

☒ **Renewal and Extension of Liens Against Homestead Property.**

The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens and remedies securing the original holder of a note evidencing Borrower's indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

☐ **Acknowledgment of Cash Advanced Against Non-Homestead Property.**

The Note represents funds advanced to Borrower on this day at Borrower's request and Borrower acknowledges receipt of such funds. Borrower states that Borrower does not now and does not intend ever to reside on, use in any manner, or claim the Property secured by this Security Instrument as a business or residential homestead. Borrower disclaims all homestead rights, interests and exemptions related to the Property.

28. Loan Not a Home Equity Loan. The Loan evidenced by the Note is not an extension of credit as defined by Section 50(a)(6) or Section 50(a)(7), Article XVI, of the Texas Constitution. If the Property is used as Borrower's residence, then Borrower agrees that Borrower will receive no cash from the Loan evidenced by the Note and that any advances not necessary to purchase the Property, extinguish an owelty lien, complete construction, or renew and extend a prior lien against the

EXHIBIT 302

Property, will be used to reduce the balance evidenced by the Note or such Loan will be modified to evidence the correct Loan balance, at Lender's option. Borrower agrees to execute any documentation necessary to comply with this Section 28.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

GREGORY C. MORSE (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

EXHIBIT 302

STATE OF TEXAS
County of Collin

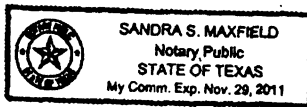
Before me Sandra S. Maxfield
GREGORY C. MORSE, AN UNMARRIED MAN

on this day personally appeared

known to me (or proved to me on the oath of
or through TEXAS DRIVERS LICENSE) to be the person whose name is subscribed to the
foregoing instrument and acknowledged to me that he/she/they executed the same for the purposes and
consideration therein expressed.

Given under my hand and seal of office this 3rd day of March 2008 .

(Seal)



Sandra S Maxfield
Notary Public

My Commission Expires: 11/29/2011

Escrow File No.: 0712270

EXHIBIT "A"

LOT 4, BLOCK B , ROLLING RIDGE ESTATES - PHASE 1, AN ADDITION TO THE CITY OF MURPHY, COLLIN COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME N, PAGE 304, MAP RECORDS, COLLIN COUNTY, TEXAS.TOGETHER WITH A CERTIFICATE OF CORRECTION, FILED SEPTEMBER 4, 2002, RECORDED IN VOLUME 5246, PAGE 545, DEED RECORDS, COLLIN COUNTY, TEXAS.

RENEWAL AND EXTENSION RIDER

The note hereby secured is given in renewal and extension of the sum(s) left owing and unpaid by Grantor(s) herein upon the following indebtedness(es):

That one certain promissory note in the original principal amount of \$324,000.00, dated December 18, 2002, executed by GREGORY C. MORSE, payable to the order of "MERS" AS NOMINEE FOR GREENPOINT MORTGAGE FUNDING, INC., more fully described in a Deed of Trust of even date therewith, executed by GREGORY C. MORSE to G. TOMMY BASTIAN, TRUSTEE(S) and recorded in Volume 6005, Page 3912, of the Deed of Trust Records of COLLIN County, Texas, and said note being secured by said Deed of Trust Lien and being additionally secured by a Vendor's Lien retained in Deed of even date therewith recorded in Volume 5323, Page 5242 of the Deed Records of COLLIN County, Texas;

That one certain promissory note in the original principal amount of \$40,500.00, dated December 18, 2002, executed by GREGORY C. MORSE, payable to the order of "MERS" AS NOMINEE FOR GREENPOINT MORTGAGE FUNDING, INC., more fully described in a Deed of Trust of even date therewith, executed by GREGORY C. MORSE to G. TOMMY BASTIAN, TRUSTEE(S) and recorded in Volume 6005, Page 3937, of the Deed of Trust Records of COLLIN County, Texas, and said note being secured by said Deed of Trust Lien and being additionally secured by a Vendor's Lien retained in Deed of even date therewith recorded in Volume 5323, Page 5242 of the Deed Records of COLLIN County, Texas;

said lien(s) being against the herein described property and which said lien(s) have this day been transferred and assigned to HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.), and it is expressly agreed by Grantor(s) herein that said note(s) and lien(s) are hereby renewed, extended and carried forward in full force and effect to secure payment of the note hereby secured; and if not the original owner and holder or if not previously subrogated, the holder of the Note hereby secured is hereby subrogated to all the rights, powers and equities of the original owner(s) and holder(s) of the above described indebtedness.



GREGORY C. MORSE

EXHIBIT 302

PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this 3RD day of MARCH, 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date, given by the undersigned (the "Borrower") to secure Borrower's Note to HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.)

(the "Lender") of the same date and covering the Property described in the Security Instrument and located at:
223 HIGH POINT DRIVE
PLANO, TX 75094

[Property Address]

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in COVENANTS, CONDITIONS, AND RESTRICTIONS

(the "Declaration"). The Property is a part of a planned unit development known as ROLLING RIDGE ESTATES #01

[Name of Planned Unit Development]

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

PUD COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. PUD Obligations. Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

MULTISTATE PUD RIDER - Single Family - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
Form 3150 1/01 MPD08086 (08/2008) / 047-688845-0
Wolters Kluwer Financial Services Page 1 of 3 Initials: *llm*
VMP®-7R (0411).01



B. Property Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts (including deductible levels), for the periods, and against loss by fire, hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes and floods, for which Lender requires insurance, then: (i) Lender waives the provision in Section 3 for the Periodic Payment to Lender of the yearly premium installments for property insurance on the Property; and (ii) Borrower's obligation under Section 5 to maintain property insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

What Lender requires as a condition of this waiver can change during the term of the loan.

Borrower shall give Lender prompt notice of any lapse in required property insurance coverage provided by the master or blanket policy.

In the event of a distribution of property insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Section 11.

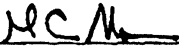
E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to: (i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain; (ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender; (iii) termination of professional management and assumption of self-management of the Owners Association; or (iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

Initials: 

EXHIBIT 302

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this PUD Rider.

 (Seal) _____ (Seal)
-Borrower -Borrower
GREGORY C. MORSE

_____ (Seal) _____ (Seal)
-Borrower -Borrower

_____ (Seal) _____ (Seal)
-Borrower -Borrower

_____ (Seal) _____ (Seal)
-Borrower -Borrower

VMP®-7R (0411).01
MFCD8065 (08/2006) / 047-638845-0

Page 3 of 3

Form 3150 1/01

Filed and Recorded
Official Public Records
Stacey Kemp
Collin County, TEXAS
03/14/2008 04:17:56 PM
\$96.00 DLAIRD
20080314000310130





EXHIBIT 302

A. Settlement Statement

U.S. Department of Housing
and Urban DevelopmentThe undersigned does hereby certify
that this instrument is a true and
correct copy of the original.
PINNACLE TITLE COMPANY

B. Type of Loan

1. ☐ FHA 2. ☐ FmHA 3. ☐ Conv Unins
4. ☐ VA 5. ☐ Conv Ins. 6. ☐ Seller Finance6. File Number
07122707. Loan Number
047-686845-0

By 8. Mortgage Case Number

C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked
"(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.D. Name & Address of Borrower
Gregory C. Morse
223 High Point Dr.
Plano, TX 75094

E. Name & Address of Seller

F. Name & Address of Lender
Homecomings Financial, LLC
14850 Quorum Drive #500
Dallas, TX 77027

G. Property Location

Rolling Ridge Estates #01, Block B, Lot 4, Collin County
223 High Point Dr.
Murphy, TX 75094H. Settlement Agent Name
Pinnacle Title Company, LP
19 Briar Hollow #115
Houston, TX 77027 Tax ID: 201052870Place of Settlement
Pinnacle Title Company, LP
19 Briar Hollow Lane, Suite 115
Houston, TX 77027I. Settlement Date
3/3/2008
Fund: 3/7/2008

J. Summary of Borrower's Transaction

100. Gross Amount Due from Borrower

101. Contract Sales Price

102. Personal Property

103. Settlement Charges to borrower

\$16,371.89

104. 1st Lien Payoff - EMC Mortgage

\$367,642.40

105. 2nd Lien Payoff - Homecomings

\$40,242.77

Adjustments for items paid by seller in advance

106. City property taxes

107. County property taxes

108. Annual assessments

109. School property taxes

110. MUD Taxes

111. HOA Dues

112.

113.

114.

115.

116.

120. Gross Amount Due From Borrower

\$424,257.06

200. Amounts Paid By Or in Behalf Of Borrower

201. Deposit or earnest money

202. Principal amount of new loan(s)

\$414,500.00

203. Existing loan(s) taken subject to

204. Loan Amount 2nd Lien

205.

206.

207.

208.

209.

Adjustments for items unpaid by seller

210. City property taxes

211. County property taxes

212. Annual assessments

213. School property taxes

214. MUD Taxes

215. HOA Dues

216.

217.

218.

219.

220. Total Paid By/For Borrower

\$414,500.00

300. Cash At Settlement From/To Borrower

301. Gross Amount due from borrower (line 120)

\$424,257.06

302. Less amounts paid by/for borrower (line 220)

\$414,500.00

303. Cash From Borrower

\$9,757.06

K. Summary of Seller's Transaction

400. Gross Amount Due to Seller

401. Contract Sales Price

402. Personal Property

403.

404.

405.

Adjustments for items paid by seller in advance

406. City property taxes

407. County property taxes

408. Annual assessments

409. School property taxes

410. MUD Taxes

411. HOA Dues

412.

413.

414.

415.

416.

420. Gross Amount Due to Seller

\$0.00

500. Reductions in Amount Due to Seller

501. Excess Deposit

502. Settlement Charges to Seller (line 1400)

503. Existing Loan(s) Taken Subject to

504. Payoff of first mortgage loan

505. Payoff of second mortgage loan

506.

507.

508.

509.

Adjustments for items unpaid by seller

510. City property taxes

511. County property taxes

512. Annual assessments

513. School property taxes

514. MUD Taxes

515. HOA Dues

516.

517.

518.

519.

520. Total Reduction Amount Due Seller

\$0.00

600. Cash At Settlement To/From Seller

601. Gross Amount due to seller (line 420)

\$0.00

602. Less reductions in amt. due seller (line 520)

\$0.00

603. Cash Seller

\$0.00

Section 5 of the Real Estate Settlement Procedures Act (RESPA) requires the following:

- HUD must develop a Special Information Booklet to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services;
- Each lender must provide the booklet to all applicants from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate;
- Lenders must prepare and distribute with the Booklet a Good Faith Estimate of the settlement costs that the borrower is likely to incur in connection with the settlement. These disclosures are mandatory.

Section 4(a) of RESPA mandates that HUD develop and prescribe this standard form to be used at the time of loan settlement to provide full disclosure of all charges imposed upon the borrower and seller. These are third party disclosures that are designed to provide the borrower with pertinent information during the settlement process in order to be a better shopper.

The Public Reporting Burden for this collection of information is estimated to average one hour per response, including the time for reviewing instructions searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid OMB control number.

The information requested does not lend itself to confidentiality.

EXHIBIT 302

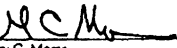
File No. 0712270

L. Settlement Charges					Paid From	Paid From
700. Total Sales/Broker's Commission based on price	\$0.00	@ % = \$0.00			Borrower's	Seller's
Division of Commission (line 700) as follows:					Funds at	Funds at
701.	to				Settlement	Settlement
702.	to					
703. Commission Paid at Settlement					\$0.00	\$0.00
704. The following persons, firms or	to					
705. corporation s received a portion	to					
706. of the real estate commission amount	to					
707. shown above:	to					
890. Items Payable in Connection with Loan						
801. Loan Origination Fee %	to					
802. Loan Discount %	to					
803. Appraisal Fee	to					
804. Broker Origination Fee 0.2413%	to	ABB Mortgage			\$1,000.19	
805. Appraisal Fee	to	ABB Mortgage			\$350.00	
806. Lender Loan Charge	to	Homecomings Financial, LLC			\$550.00	
807. Broker Processing Fee	to	ABB Mortgage			\$495.00	
808. Broker Admin Fee	to	ABB Mortgage			\$595.00	
809. Broker Application Fee	to	ABB Mortgage			\$487.42	
810. Broker Fee from HF	to	ABB Mortgage	FOC (L) \$2,557.47			
811. Flood Cert Fee by Lender	to	First American Flood Data Services, Inc.	POC \$6.00			
812. Tax Service Fee	to	Home Connects Lending Services, LLC	POC \$70.00			
900. Items Required by Lender To Be Paid in Advance						
901. Interest from 3/7/2008 to 4/1/2008 @ \$68.1369 /day					\$1,703.43	
902. Mortgage Insurance Premium for months	to					
903. Hazard Insurance Premium for years	to					
1000. Reserves Deposited With Lender						
1001. Hazard insurance	months @	per month				
1002. Mortgage insurance	months @	per month				
1003. City property taxes	months @	per month				
1004. County property taxes	months @	per month				
1005. Annual assessments	months @	per month				
1006. School property taxes	months @	per month				
1007. MUD Taxes	months @	per month				
1008. HOA Dues	months @	per month				
1011. Aggregate Adjustment						
1100. Title Charges						
1101. Settlement or closing fee	to					
1102. Abstract or title search	to					
1103. Title examination	to					
1104. Title insurance binder	to					
1105. Document preparation	to					
1106. Notary fees	to					
1107. Attorney's fees	to	Don Ledbetter			\$80.00	
(includes above items numbers:)						
1108. Title insurance	to	Pinnacle Title Company, LP			\$2,268.70	
(includes above items numbers: Tax Deletion T17 T19 T36 R8(454.40))						
1109. Lender's coverage		\$414,500.00/\$2,268.70				
1110. Owner's coverage		\$0.00/\$0.00				
1111. Escrow fee	to	Pinnacle Title Company, LP			\$350.00	
1112. State of Texas Policy Guaranty Fee	to	Texas Title Insurance Guaranty Association			\$1.00	\$0.00
1113. Messenger Fee	to	Pinnacle Title Company, LP			\$71.00	
1114. Examination Fee POC \$150	to	LandAmerica Charter Title				
1200. Government Recording and Transfer Charges						
1201. Recording Fees	Deed ; Mortgage \$120.00 ; Rel \$56.00	to Pinnacle Title Company, LP			\$176.00	
1202. City/county tax/stamps	Deed ; Mortgage	to				
1203. State tax/stamps	Deed ; Mortgage	to				
1204. Tax certificates	to	Data Trace			\$65.52	
1300. Additional Settlement Charges						
1301. Survey	to					
1302. Pest Inspection	to					
1303. Home Warranty	to					
1304. 2007 County Taxes	to	Collin County			\$993.18	
1305. 2007 County Community Taxes	to	Collin County			\$352.62	
1306. 2007 City of Murphy Taxes	to	Collin County			\$1,898.39	
1307. 2007 Plano ISD Taxes	to	Collin County			\$4,934.44	
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section I)					\$16,371.89	

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a completed copy of pages 1, 2 and 3 of this HUD-1 Settlement Statement.

EXHIBIT 302

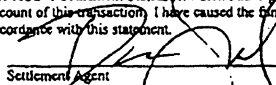
File No. 0712270



Gregory C. Morse

SETTLEMENT AGENT CERTIFICATION

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused the funds to be disbursed in accordance with this statement.



Settlement Agent

3/3/08

Date

Warning: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

Previous Editions are Obsolete

Page 3

form HUD-1 (3/86)
Handbook 4305.2

EXHIBIT 302**A. Settlement Statement**U.S. Department of Housing
and Urban DevelopmentThe undersigned does hereby certify
that this instrument is a true and
correct copy of the original.

PINNACLE TITLE COMPANY

B. Type of Loan1. ☐ FHA 2. ☐ FmHA 3. ☐ Conv Unins
4. ☐ VA 5. ☐ Conv Ins. 6. ☐ Seller Finance6. File Number
07122707. Loan Number
047-686845-0By Mortgage Ins Case Number
18C. Note: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown. Items marked
"(p.o.c.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.D. Name & Address of Borrower
Gregory C. Morse
223 High Point Dr.
Plano, TX 75094

E. Name & Address of Seller

F. Name & Address of Lender
Homecomings Financial, LLC
14850 Quorum Drive #500
Dallas, TX 77027**G. Property Location**Rolling Ridge Estates #01, Block B, Lot 4, Collin County
223 High Point Dr.
Murphy, TX 75094H. Settlement Agent Name
Pinnacle Title Company, LP
19 Briar Hollow #115
Houston, TX 77027 Tax ID: 201052870Place of Settlement
Pinnacle Title Company, LP
19 Briar Hollow Lane, Suite 115
Houston, TX 77027I. Settlement Date
3/3/2008
Fund: 3/7/2008**J. Summary of Borrower's Transaction**

100. Gross Amount Due from Borrower

101. Contract Sales Price	
102. Personal Property	
103. Settlement Charges to borrower	\$16,371.89
104. 1st Lien Payoff - EMC Mortgage	\$367,642.40
105. 2nd Lien Payoff - Homecomings	\$40,242.77

Adjustments for items paid by seller in advance

106. City property taxes	
107. County property taxes	
108. Annual assessments	
109. School property taxes	
110. MUD Taxes	
111. HOA Dues	
112.	
113.	
114.	
115.	
116.	

120. Gross Amount Due From Borrower \$424,257.06

200. Amounts Paid By Or in Behalf Of Borrower

201. Deposit or earnest money	
202. Principal amount of new loan(s)	\$414,500.00
203. Existing loan(s) taken subject to	
204. Loan Amount 2nd Lien	
205.	
206.	
207.	
208.	
209.	

Adjustments for items unpaid by seller

210. City property taxes	
211. County property taxes	
212. Annual assessments	
213. School property taxes	
214. MUD Taxes	
215. HOA Dues	
216.	
217.	
218.	
219.	

220. Total Paid By/For Borrower \$414,500.00

300. Cash At Settlement From/To Borrower

301. Gross Amount due from borrower (line 120)	\$424,257.06
302. Less amounts paid by/for borrower (line 220)	\$414,500.00
303. Cash From Borrower	\$9,757.06

K. Summary of Seller's Transaction

400. Gross Amount Due to Seller

401. Contract Sales Price	
402. Personal Property	
403.	
404.	
405.	

Adjustments for items paid by seller in advance

406. City property taxes	
407. County property taxes	
408. Annual assessments	
409. School property taxes	
410. MUD Taxes	
411. HOA Dues	
412.	
413.	
414.	
415.	
416.	

420. Gross Amount Due to Seller \$0.00

500. Reductions in Amount Due to Seller

501. Excess Deposit	
502. Settlement Charges to Seller (line 1400)	
503. Existing Loan(s) Taken Subject to	
504. Payoff of first mortgage loan	
505. Payoff of second mortgage loan	
506.	
507.	
508.	
509.	

Adjustments for items unpaid by seller

510. City property taxes	
511. County property taxes	
512. Annual assessments	
513. School property taxes	
514. MUD Taxes	
515. HOA Dues	
516.	
517.	
518.	
519.	

520. Total Reduction Amount Due Seller \$0.00

600. Cash At Settlement To/From Seller

601. Gross Amount due to seller (line 420)	\$0.00
602. Less reductions in amt. due seller (line 520)	\$0.00
603. Cash Seller	\$0.00

Section 5 of the Real Estate Settlement Procedures Act (RESPA) requires the following: • HUD must develop a Special Information Booklet to help persons borrowing money to finance the purchase of residential real estate to better understand the nature and costs of real estate settlement services;

• Each lender must provide the booklet to all applicants from whom it receives or for whom it prepares a written application to borrow money to finance the purchase of residential real estate; • Lenders must prepare and distribute with the Booklet a Good Faith Estimate of the settlement costs that the borrower is likely to incur in connection with the settlement. These disclosures are mandatory.

Section 4(a) of RESPA mandates that HUD develop and prescribe this standard form to be used at the time of loan settlement to provide full disclosure of all charges imposed upon the borrower and seller. These are third party disclosures that are designed to provide the borrower with pertinent information during the settlement process in order to be a better shopper.

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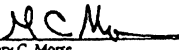
File No. 0712270

L. Settlement Charges						
700. Total Sales/Broker's Commission based on price	\$0.00	@ % =	\$0.00		Paid From	Paid From
Division of Commission (line 700) as follows:					Borrower's	Seller's
701. to					Funds at	Funds at
702. to					Settlement	Settlement
703. Commission Paid at Settlement					\$0.00	\$0.00
704. The following persons, firms or	to					
705. corporation's received a portion	to					
706. of the real estate commission amount	to					
707. shown above:	to					
800. Items Payable in Connection with Loan						
801. Loan Origination Fee %	to					
802. Loan Discount %	to					
803. Appraisal Fee	to					
804. Broker Origination Fee 0.2413%	to	ABB Mortgage			\$1,000.19	
805. Appraisal Fee	to	ABB Mortgage			\$350.00	
806. Lender Loan Charge	to	Homecomings Financial, LLC			\$550.00	
807. Broker Processing Fee	to	ABB Mortgage			\$495.00	
808. Broker Admin Fee	to	ABB Mortgage			\$595.00	
809. Broker Application Fee	to	ABB Mortgage			\$487.42	
810. Broker Fee from HF	to	ABB Mortgage	POC (L)	\$2,557.47		
811. Flood Cert Fee by Lender	to	First American Flood Data Services, Inc.	POC	\$6.00		
812. Tax Service Fee	to	Home Connects Lending Services, LLC	POC	\$70.00		
900. Items Required by Lender To Be Paid in Advance						
901. Interest from 3/7/2008 to 4/1/2008 @ \$68.1369 /day					\$1,703.43	
902. Mortgage Insurance Premium for months	to					
903. Hazard Insurance Premium for years	to					
1000. Reserves Deposited With Lender						
1001. Hazard insurance	months @	per month				
1002. Mortgage insurance	months @	per month				
1003. City property taxes	months @	per month				
1004. County property taxes	months @	per month				
1005. Annual assessments	months @	per month				
1006. School property taxes	months @	per month				
1007. MUD Taxes	months @	per month				
1008. HOA Dues	months @	per month				
1011. Aggregate Adjustment						
1100. Title Charges						
1101. Settlement or closing fee	to					
1102. Abstract or title search	to					
1103. Title examination	to					
1104. Title insurance binder	to					
1105. Document preparation	to					
1106. Notary fees	to					
1107. Attorney's fees	to	Don Ledbetter			\$80.00	
(includes above items numbers:)						
1108. Title insurance	to	Pinnacle Title Company, LP			\$2,268.70	
(includes above items numbers: Tax Deletion T17 T19 T36 R8(454.40))						
1109. Lender's coverage					\$414,500.00/\$2,268.70	
1110. Owner's coverage					\$0.00/\$0.00	
1111. Escrow fee	to	Pinnacle Title Company, LP			\$350.00	
1112. State of Texas Policy Guaranty Fee	to	Texas Title Insurance Guaranty Association			\$1.00	\$0.00
1113. Messenger Fee	to	Pinnacle Title Company, LP			\$71.00	
1114. Examination Fee POC \$150	to	LandAmerica Charter Title				
1200. Government Recording and Transfer Charges						
1201. Recording Fees Deed : Mortgage \$120.00 ; Rel \$56.00	to	Pinnacle Title Company, LP			\$176.00	
1202. City/county tax/stamps Deed : Mortgage	to					
1203. State tax/stamps Deed : Mortgage	to					
1204. Tax certificates	to	Data Trace			\$65.52	
1300. Additional Settlement Charges						
1301. Survey	to					
1302. Pest Inspection	to					
1303. Home Warranty	to					
1304. 2007 County Taxes	to	Collin County			\$993.18	
1305. 2007 County Community Taxes	to	Collin County			\$352.62	
1306. 2007 City of Murphy Taxes	to	Collin County			\$1,898.39	
1307. 2007 Plano ISD Taxes	to	Collin County			\$4,934.44	
1400. Total Settlement Charges (enter on lines 103, Section J and 502, Section K)					\$16,371.89	

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a completed copy of pages 1, 2 and 3 of this HUD-1 Settlement Statement.

EXHIBIT 302

File No. 0712270



Gregory C. Morse

SETTLEMENT AGENT CERTIFICATION

The HUD-1 Settlement Statement which I have prepared is a true and accurate account of this transaction. I have caused the funds to be disbursed in accordance with this statement.

Settlement Agent

Date

3/3/08

Warning: It is a crime to knowingly make false statements to the United States on this or any other similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

Previous Editions are Obsolete

Page 3

Form HUD-1 (3/86)
Handbook 4305.2

EXHIBIT 302

GMAC Mortgage, LLC
PO Box 780

PAGE 1
DATE 07/30/09

Waterloo IA 50704-0780

HISTORY FOR ACCOUNT 476868450

----- MAIL ----- PROPERTY -----

GREGORY C MORSE

223 HIGH POINT DRIVE

223 HIGH POINT DRIVE

PLANO

TX 75094

PLANO

TX 75094

----- DATES -----	----- CURRENT BALANCES -----	----- UNCOLLECTED -----
PAID TO 07/01/09	PRINCIPAL 408089.02	LATE CHARGES 0.00
NEXT DUE 08/01/09	ESCROW 0.00	OPTIONAL INS 0.00
LAST PMT 07/10/09	UNAPPLIED FUND 0.00	INTEREST 0.00
AUDIT DT 03/17/08	UNAPPLIED CODES	FEES 0.00
	BUYDOWN FUND 0.00	----- YEAR TO DATE -----
LAST ACTIVITY	BUYDOWN CODE	INTEREST 14344.46
07/10/09		TAXES 0.00

POST	TRN	DUE	TRANSACTION	PRINCIPAL	INTEREST	ESCROW
DATE	CDE	DATE	AMOUNT	PAID	PAID	PAID
031708	SR	040108	1703.43 CLOSING INTEREST			
031908	ITR	040108	OLD INV 50110 10014 P-BAL	414500.00	INT	.00
			NEW INV 51710 10014 PERCENT OWNED	.0000	ACTION CD	000
041008	ITR	040108	OLD INV 51710 10014 P-BAL	414500.00	INT	.00
			NEW INV 10025 29651 PERCENT OWNED	.0000	ACTION CD	000
050708	AP	050108	2485.14	412.64	2072.50	.00
060908	AP	060108	2485.14	414.70	2070.44	.00
071008	AP	070108	2485.14	416.78	2068.36	.00
081208	AP	080108	2485.14	418.86	2066.28	.00
090808	AP	090108	2485.14	420.95	2064.19	.00
101308	AP	100108	2485.14	423.06	2062.08	.00
111208	AP	110108	2485.14	425.17	2059.97	.00
121008	AP	120108	2485.14	427.30	2057.84	.00
010809	AP	010109	2485.14	429.44	2055.70	.00
021109	AP	020109	2485.14	431.58	2053.56	.00
030909	AP	030109	2485.14	433.74	2051.40	.00
040809	AP	040109	2485.14	435.91	2049.23	.00
051409	AP	050109	2485.14	438.09	2047.05	.00
061509	AP	060109	2485.14	440.28	2044.86	.00
071009	AP	070109	2485.14	442.48	2042.66	.00

END OF HISTORY

INQ 1250

Payment History Code Key

EXHIBIT 302

Subject Type	Explanation
Column Headings	<p>Reading from left to right:</p> <ul style="list-style-type: none"> • Post Date = the date the transaction was completed. • TRN Code= transaction codes (see table) • Due Date= the date interest is due from as of that posting • Transaction Amount = the dollar amount for that particular posting • Principal Paid= the amount of funds affecting the principal balance. • Interest Paid= the amount of funds affecting the interest payment • Escrow Paid= the amount of funds affecting the escrow balance
Escrow Codes	<ul style="list-style-type: none"> • M90 or E90= county tax payment • M91 or E91= City tax payment <p>Note: any escrow transaction starting with a 9 is a tax related disbursement.</p> <ul style="list-style-type: none"> • EI= interest on escrow • M20 or E20= hazard insurance payment • M21 or E21= flood insurance payment <p>Note: any escrow transaction starting with a 2 is an insurance related disbursement.</p> <ul style="list-style-type: none"> • R20= Insurance Refund • R90/R91= Tax Refund • E01/ M01 or M00/E00= escrow refund to customer <p>Note: any transaction starting with a 4 is for Private Mortgage Insurance</p>

Payment Codes	Payment TRN Description
AA	Administrative Adjustment (late charge waiver- fee adjustments etc)
AP	Payment Application
ADR	Advance Reversal For Home Equity Line of Credit loans, this transaction type represents the reversal of an advance on the line
ADV	Advance. For Home Equity Line of Credit loans, this transaction type represents an advance that the borrower takes on the line
ASP	Autopost Short Payment
ATP	Autopost Total Payment
APP	Acceptable Partial Payment
AND	Funding Advance on Home Equity Line of Credit
AAP	Automated Acceptable Payment
AMC	Adjustable Rate, P & I Subsidy, Term Changes
CT	Curtailment/ Additional Principal
CTA	Curtailment/Additional Principal Reversal
FB	Fee Billed
FE, FEA OR FWA	Fee Paid
GP	Government Payment
PA	Payment posted manually
POST	Post petition payment
PP	Partial Payment
PRE	Petition payment
PRN	Payment reversal ('N' = reason code)
PT	Reapplication of payment due to an investor transfer
RP	Regular payment
RT	Payment reversal due to an investor transfer
SHP	Short Payment
SR	Single item receipt commonly applied to escrow, uncollected late charges, closing interest, buydown funds, uncollected credit insurance, or unapplied funds
SRA	Single receipt posted
SRN	Reversal
UFN	Unapplied funds transaction ('N' = unapplied funds code after the transaction)
UI	Uncollected items including interest, credit insurance, and late charges
UIE	Uncollected late charges collected from the escrow overage during analysis
ITR	Investor transfer

SANDERS, O'HANLON & MOTLEY, P.L.L.C.

LAWYERS:

ROGER D. SANDERS
W. ANTHONY O'HANLON
LUKE MOTLEY, IV

111 South Travis Street
Sherman, Texas 75090
(903) 892-9133
(903) 892-4302

LAWYERS:

UPENDAR T. REDDY*

L. MICHAEL YOUNG

*Of Counsel

March 29, 2011

GMAC Mortgage
3451 Hammond Ave.
Waterloo, IA 50701

By Regular and Certified Mail

Re: Gregory C. Morse
GMAC Account No. 0476868450

Dear Sir or Madam:

We have your letter of March 17, 2011. Frankly it is unhelpful to the questions raised in our letter to you of March 4, 2011. You mistakenly assert that if we "still consider your client not financially obligated for the above-referenced account...", then we should provide information to you as you may request. We did not assert as you suggest in our letter of March 4. What we did set out was a request for information:

"... please accept this as a request for prompt information (detailed below) to clarify certain questions which have arisen in the process of reviewing Mr. Morse's refinancing transaction which involves you or your company. Those questions currently center on:

- a) an accounting for funds purportedly disbursed in a loan closing on or about March 3, 2008 (hereafter March 3, 2008), and
- b) the status of Mr. Morse's clear title."

We asked for information from GMAC and others with whom GMAC (or its affiliate or subsidiary agent, Homecomings Financial) had worked to secure our client's signature on refinancing documents. We did so for the relatively mundane purpose of trying to get to the bottom of the responsibility for the mess that you, in apparent cooperation or combination with those others, have created for our client.

"Mr. Morse seeks this information so that he may understand your role in this troubling transaction, and your assurance that you have produced such documents as you possess which illuminates the nature and extent of the connections between 1) Mr. Robert Stanley, ABB Mortgage, and/or Pinnacle Title, on the one hand, and 2) Homecomings, Wholesale, MERS, GMAC, Fannie Mae, or any other purported assignee/transferee of Homecomings' position or interests in this transaction, on the other. It is his hope that this documentation be produced with the least expense to all parties so that we may focus on those whose actions contributed to any overcharge of Mr. Morse or any cloud on his property title. At bottom he is seeking assurance that all applicable Federal and state statutes and regulations have been complied with in the refinancing. How you choose to respond is, of course, your call."

That mess was more particularly described in the letter of March 4. Reference is made to it for that purpose.

You declined to provide the requested information, responding instead with an apparent form letter. Perhaps a non-responsive form letter works in Iowa, but that remains an unproved notion in Texas. The absence of your explanation of a) facts relating to the relationships between you and other parties which were apparently set in motion by your policies and actions which led to, and b) the responsibly for that mess of unclear title, unaccounted funds, and compliance with Federal and/or state statutes and regulations leads to one conclusion. GMAC, at least, is in apparent and unexplained breach of the agreement(s) which emerged from the March 3, 2008 purported refinancing of Mr. Morse's home at 223 High Point, Murphy, Texas 75094.

Accordingly, demand is made to cure the default of a) failure to account for and make my client whole regarding the funds exchanged or represented to be exchanged at said refinancing, and b) the unclear title with which he is apparently saddled. His view is that he should not be required to pay for what he was to receive at closing, but apparently has not: refinancing toward a title clear subject only to the amount left due and owing after calculating remained after honest charges made at closing.

Sincerely,



Roger D. Sanders

**HOMEcomings WHOLESALE FUNDING ("HWF") RESEARCH SUMMARY OF EXHIBITS
(MERS LENDER ORG ID: 1000626)**

EXHIBIT 1: Deed of Trust (page 1) showing the filed MIN Number assigned by MERS on behalf of lender HWF

EXHIBIT 2: MERS Lender Membership List (1/27/2009). See explanation at top of Exhibit 2, page 1, for complete description. Neil Garfield (Attorney/JD/Trial Attorney, Phoenix, AZ) is, and has been, one of the lead investigators and document discoverers on MERS. Until recently, MERS archived all lender member lists. Neil Garfield has for years been saving all member lists. The attached Exhibit 2 is the official MERS member list, effective 1/27/2009, showing "HWF" on page 63 as a current member with the member ORG ID as 1000626. If you click on the hyperlink on page 63, it will take you to the official MERS web page previously designated for "HWF" which shows effective 4/20/2011 "No Member Match Found." See Exhibit 3 for this screenshot.

EXHIBIT 3: MERS web page screenshot "HWF" - "No Member Match Found"

EXHIBIT 4: Attorney Neil Garfield website screenshot

MERS ORG ID SUMMARY (with screen shots)

<u>EXHIBIT 5:</u>	EMC Holdings, LLC	1003559
<u>EXHIBIT 6:</u>	Greenpoint Mortgage Funding, Inc	1000138
<u>EXHIBIT 7:</u>	Homecomings Financial, LLC	1000474
<u>EXHIBIT 8:</u>	Homecomings Wholesale Funding	1000626
<u>EXHIBIT 9:</u>	GMAC Mortgage, LLC	1000375
<u>EXHIBIT 10:</u>	GMAC Bank Asset Management Co	1005727
<u>EXHIBIT 11:</u>	Fannie Mae	1000130
<u>EXHIBIT 12:</u>	Fannie Mae (Reverse Mortgage)	1005586

(THERE ARE NO DUPLICATE ORG ID'S FOR THE ENTITIES IN QUESTION BASED ON THE MERS WEBSITE.)

EXHIBIT 13: This is a random screenshot from Douglas County, GA Superior Court Clerk that shows "HWF" as the Grantee from the Grantor MERS and (note the name) Residential Funding Corporation dated 7/7/2003. I included this as one random document to show that, in fact, MERS was transferring, which they say they can't/won't do, to "HWF" who obviously was a MERS member at least as early as 7/7/2003 and remained as a member until at least 1/27/2009.

It is apparent that each entity has its own ORG ID which translated to the specific intentioned act of listing and including "HWF" in the assignment of the MIN to our account. This means it was not an oversight, mistake or an intentioned joint use of one ORG ID that applied to more than one entity. The ORG ID 1000626 was assigned to "HWF", used only by "HWF" and this indicates that "HWF" was involved in our transaction as evidenced by the MIN, thus corroborating all other known pieces of "HWF" and MIN involvement.

EXHIBIT 14: MERS - MIN Number Description (from MERS FAQ website section)

Return To: Homecomings Financial
One Meridian Crossing, Ste. 100
Minneapolis MN 55423
Loan Number: 047-686845-0

Prepared By: Homecomings Financial
14850 Quorum Drive, Suite 500
Dallas, TX 75254

[Space Above This Line For Recording Data]

DEED OF TRUST

MIN 100062604768684500

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated MARCH 3RD, 2008 together with all Riders to this document.

(B) "Borrower" is
GREGORY C. MORSE, AN UNMARRIED MAN

Borrower is the grantor under this Security Instrument.

(C) "Lender" is
HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.)

TEXAS-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS
MFTX7770 (06/2007) / 047-686845-0
Wolters Kluwer Financial Services
VMP®-6A(TX) (0704)

Form 3044 1/01



MERS LENDER MEMBERSHIP LIST - (1-27-2009)
Printed 4-20-2011 from Attorney Neil Garfield Website
(Garfield Website Screenshot attached as Exhibit 4)

SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

(Click on the HWF link, it will take you to the MERS website & confirm that the HWF Org
ID Number was 1000626, there is no current 2011 match,
**BUT AS OF 1-27-2009 HWF WAS A MERS MEMBER, IN THE DATABASE, AND THE
NUMBER 1000626 WAS VALID FOR HWF.)**

#1 Lending LLC

1 Wave Mortgage, LLC

123 Mortgage LLC

1-800-East-West Mortgage Co., Inc.

1952 LLC dba First Mortgage America

1G & Associates International Inc.

1Priceloan.com, LLC

1st 2nd Mortgage Co. of NJ, Inc.

1st Alliance Lending, LLC

1st Alliance Mortgage, LLC

1st American Mortgage, Inc.

1st Central Mortgage, Inc.

1st Chesapeake Home Mortgage

1st Choice Mortgage Banc LLC

1st Choice Mortgage dba for Mikilrobin, Inc.

1st Choice Mortgage Inc

1st Choice Mortgage/Equity Corp. of Lexington

1st Constitution Bank

1st Equity Funding Group Inc.

1st Independence Mortgage Group div of 1st Independence Bank

1st Los Angeles Mortgage Corporation

1st Mariner Bank

1st Maryland Mortgage Corporation

1st Medallion Mortgage Corp.

1st National Lending Services

1st Nationwide Mortgage

1st New England Mortgage Corp. dba 1st Mass.Mtg, 1st Pref Mt

1st Place Mortgage, LLC

1st Point Lending, Inc

1st Point Lending, LLC

1st Preference Mortgage Corporation

1st Republic Mortgage Bankers, Inc.

1st Service Bank

1st Source Bank

1st State Bank

[1st Step Mortgage Group, Inc.](#)
[1st Trust Bank for Savings FSB](#)
[1st Trust Mortgage Corporation](#)
[1st United Bank](#)
[21 Asset Management Holdings LLC](#)
[215 Holding Co](#)
[21st Mortgage Corporation](#)
[22 Asset Management Holding, LLC](#)
[2CI Direct](#)
[360 Mortgage Group, LLC](#)
[3RD Financial Service Corporation](#)
[406 Partners](#)
[7 Bay Traders, LLC](#)
[A & N Mortgage Services, Inc.](#)
[A Great Mortgage Company, Inc.](#)
[A Great Southern Mortgage Corp](#)
[A&A Mortgage Inc.](#)
[A&C Mortgage LLC](#)
[A&D Financial Corp.](#)
[A. Anderson Scott Mortgage Group, Inc.](#)
[A. M. Robbins Mortgage, Inc.](#)
[AA Mortgage Corp](#)
[AAA Worldwide Financial, Co.](#)
[Aaron Lending, LLC](#)
[Aasent Mortgage Corporation](#)
[Abacus Financial Inc. dba Get Your Mortgage Here.com](#)
[ABBA First Mortgage, Inc.](#)
[ABC America's Best Choice Financial Group, Inc.](#)
[ABC Mortgage](#)
[ABCO Federal Credit Union](#)
[ABI Mortgage, Inc.](#)
[ABN AMRO Mortgage Group Inc.](#)
[ABS Financial Inc dba Greater Ohio Mortgage](#)
[Absolute Home Mortgage Corp.](#)
[Absolute Lending Group, LLC](#)
[Absolute Mortgage Company](#)
[Absolute Mortgage Corporation](#)
[Absolute Mortgage Corporation of NC](#)
[Abundance Home Mortgage LLC](#)
[Abundant Mortgage Inc.](#)
[Abwin Mortgage Corporation](#)
[Acacia Federal Savings Bank](#)
[Academy Mortgage Corporation](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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NUMBER 1000626 WAS VALID FOR HWF.)**

[Acadia National Mortgage, LLC](#)
[Acceptance Capital Mortgage Corporation](#)
[Access Capital Funding LLC](#)
[Access Capital Group Inc](#)
[Access Mortgage and Financial](#)
[Access National Mortgage Corporation.](#)
[Access One Mortgage Company, LLC](#)
[Access Texas Mortgage](#)
[AccessPlus Mortgage](#)
[Accord Financial](#)
[Accredited Home Lenders](#)
[ACCU Funding Corporation](#)
[Accunetmortgage.com, LLC](#)
[Accurate Fidelity Mortgage Corporation](#)
[Ace Mortgage Funding LLC dba Millennium Funding Group](#)
[Ace Mortgage Funding, LLC](#)
[Acopia, LLC](#)
[Acre Mortgage & Financial, Inc.](#)
[ACT Lending Corporation](#)
[Action Mortgage, LLC](#)
[Adams Mortgage, LLC & Adams Mortgage LLC dba Front Range Mtg](#)
[Added Value Inc](#)
[Adelo Mortgage, Inc.](#)
[Admiral Mortgage, Inc](#)
[Advance Mortgage & Investment Company of N. Florida Inc.](#)
[Advance Mortgage Corporation](#)
[Advance Mortgage Source Inc dba S. Carolina Mortgage Assc](#)
[Advanced Concepts Enterprises Inc](#)
[Advanced Financial Services, Inc. \(aka AFS Financial, Inc.\)](#)
[Advanced Lending Group dba Nationwide Lending Group](#)
[Advanced Mortgage Marketing LLC dba Equity One Mortgage](#)
[Advanced Mortgage Services](#)
[Advanced Mortgage Systems, LLC](#)
[Advantage Home Loans, LLC](#)
[Advantage Investors Mortgage Corporation](#)

[Advantage Loans, Inc.](#)
[Advantage Mortgage of Michigan](#)
[Advantage Mortgage of S. Florida](#)
[Advantage One Mortgage, Inc.](#)
[Advantage Residential Mortgage Company](#)
[Advantage/Universal Mortgage Inc dba Advantage Mortgage](#)
[Advantix Lending, Inc.](#)
[Advent Mortgage Corp.](#)
[Advent Mortgage LLC](#)
[Adventas, Inc.](#)
[Adventure Mortgage, Inc.](#)
[Advisor Net Mortgage LLC](#)
[Advisors Mortgage Group LLC](#)
[Advisor's Mortgage, LLC](#)
[Aegis Correspondent Corporation](#)
[Aegis Funding Corporation](#)
[Aegis Lending Corporation](#)
[Aegis Mortgage Corporation](#)
[Aegis Wholesale Corporation](#)
[AFC Mortgage](#)
[Affiliated Funding Corporation](#)
[Affiliated Mortgage Company](#)
[Affiliated Mortgage LLC dba YSU Lending](#)
[Affinity Bank](#)
[Affinity Group Mortgage Services LLC](#)
[Affinity Mortgage Brokers Inc](#)
[Affinity Mortgage LLC dba Catholic Home Loan](#)
[Agape Financial Group](#)
[Agency Mortgage Corporation \(Retail\)](#)
[Agency Mortgage Corporation \(Wholesale\)](#)
[Agents & Builders Mtg. Co., LLC](#)
[Agfirst Farm Credit Bank](#)
[Aggressive International, Inc](#)
[Aggressive Mortgage](#)
[AGI Mortgage Lending of Indiana](#)
[Agire Mortgage Corporation](#)
[AHL, Mortgage, Inc.](#)
[AHM Acceptance, Inc.](#)
[AIG Federal Savings Bank](#)
[Air Academy Federal Credit Union](#)
[Air Academy Service Corp.](#)
[AKT American Capital Corporation](#)
[Alabama Housing Finance Authority](#)

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[Alabama Telco Credit Union](#)
[Alacrity Lending Company](#)
[Alameda Mortgage Corporation, A California Corporation](#)
[Alarion Bank](#)
[Alaska Eastern Partners](#)
[Alaska Louisiana Partners](#)
[Alaska Seaboard Partners Limited Partnership](#)
[Alaska USA Federal Credit Union](#)
[Albany Mortgage Group](#)
[Alcova Mortgage](#)
[Alera Financial LLC](#)
[Alerus Financial, N.A.](#)
[Alethes, LLC](#)
[Aliant Bank](#)
[Alkan Mortgage Corp dba Certified Mortgage Planners](#)
[All Access Mortgage Corporation](#)
[All American Consulting, LLC dba All American Mortgage](#)
[All American Home Lending LLC](#)
[All American Home Lending, Inc.](#)
[All American Home Mortgage Corp.](#)
[All American Home Mortgage, LLC](#)
[All American Lending, LLC](#)
[All American Mortgage Corporation](#)
[All California Mortgage dba All American Mortgage](#)
[All Finance Mortgage, Inc.](#)
[All Home Lending, Inc](#)
[All Nation Funding Corp.](#)
[All Star Mortgage](#)
[All Star Mortgage Corp](#)
[All Star Mortgage Corporation](#)
[All State Home Mortgage Inc.](#)
[All Western Mortgage, Inc.](#)
[Allegro Home Loans LLC](#)
[Allegro-Mortgage Inc.](#)
[Allen Mortgage LC](#)

[Allen Tate Mortgage Services, Inc.](#)
[Alliance Bancorp](#)
[Alliance Bank Corporation](#)
[Alliance Financial Resources](#)
[Alliance Financing Mortgage Corp.](#)
[Alliance Home Funding LLC](#)
[Alliance Home Mortgage](#)
[Alliance Home Mortgage Inc.](#)
[Alliance Lending Inc.](#)
[Alliance Mortgage Banking Corp.](#)
[Alliance Venture Mortgage, LLC](#)
[Allied Commercial Services Inc. dba Capital Mortgage Group](#)
[Allied Financial, LLC dba Iron Mortgage](#)
[Allied Home Mortgage Capital Corporation](#)
[Allied Home Mortgage Corporation](#)
[Allied Mortgage Group, Inc.](#)
[Allied Mortgage Professionals, Inc.](#)
[Allsource Mortgage Inc.](#)
[Allstar Mortgage Services LLC](#)
[Allstate Home Mortgage, LLC](#)
[All-Times Mortgage, Inc.](#)
[Alpha Mortgage Corporation](#)
[Alpha Mortgage USA](#)
[Alpine Bank](#)
[Alpine Mortgage LLC](#)
[Alpine Mortgage Services, Inc.](#)
[ALS - Wilmington Trust Co](#)
[ALS 2000-1](#)
[ALS 2000-2](#)
[ALS 2001-2](#)
[ALS FNMA Trust 2001-T1](#)
[ALS FNMA Trust 2001-T3](#)
[ALS FNMA Trust 2001-T4](#)
[ALS in Trust for SASCO](#)
[ALS PRIVATE INVESTOR - Bank United](#)
[ALS PRIVATE INVESTOR - Mass Mutual](#)
[ALS PRIVATE INVESTOR - ONE WILLIAM STREET](#)
[ALS Private Investor - Washington Trust](#)
[ALS PRIVATE INVESTOR-Quaker City](#)
[ALS SASCO 2001-4A](#)
[ALS SASCO 2001-5](#)
[ALS SASCO 2001-6](#)
[ALS SASCO 2001-7A](#)

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[ALTA Financial Corp](#)
[Alta Financial Inc. dba Alta Financial Mortgage](#)
[Alterna Mortgage Co.](#)
[Alternative Financing Corporation](#)
[Alternative Funding Corp](#)
[Alternative Mortgage Options, Inc.](#)
[Alternative Mortgage Solutions, Inc.](#)
[Alternative Resource Services Inc](#)
[Altura Credit Union](#)
[Amalgamated Bank](#)
[Amalgamated Bank \(NY\)](#)
[Ambeck Mortgage Associates](#)
[Amber Financial Group, LLC](#)
[AMC Mortgage Services Inc.](#)
[AmCap Mortgage Ltd](#)
[Amera Corporation dba Amera Mortgage Corporation](#)
[Amera Mortgage Corporation](#)
[Ameribanc Corporation](#)
[Ameribank - Warehouse](#)
[Ameribank Mortgage Company LLC](#)
[America South Mortgage Corp.](#)
[AmericaHomeKey](#)
[American Acceptance Mortgage, Inc](#)
[American Acceptance Mortgage, Inc.](#)
[American Advantage Mortgage Company, L.L.C.](#)
[American Bancshares Mortgage Corporation](#)
[American Bank](#)
[American Bank & Trust](#)
[American Bank and Trust](#)
[American Bank of Commerce](#)
[American Bank of Texas N.A.](#)
[American Benefit Mortgage Inc.](#)
[American Capital Home Loans, LLC](#)
[American Capital Mortgage Bankers, Ltd.](#)
[American Chartered Bank](#)

[American Dream Funding Corporation](#)
[American Eagle Federal Credit Union](#)
[American Eagle Mortgage Inc](#)
[American Enterprise Bank of Florida](#)
[American Equity Mortgage](#)
[American Family Funding, Inc.](#)
[American Family Mortgage, Inc.](#)
[American Federal Bank](#)
[American Federal Mortgage Corporation](#)
[American Fidelity Mortgage Bankers, Inc.](#)
[American Fidelity Mortgage Corp.](#)
[American Fidelity Mortgage Services, Inc.](#)
[American Fidelity, Inc.](#)
[American Financial Funding Corp.](#)
[American Financial Lending, Inc.](#)
[American Financial Mortgage Corporation](#)
[American Financial Network, Inc DBA Realty Mortgage Alliance](#)
[American Financial Resources Inc.](#)
[American Financial Resources Incorporated](#)
[American Financial Services](#)
[American Financing Corporation](#)
[American First Credit Union](#)
[American First Real Estate Services, Inc.](#)
[American Freedom Group, Inc](#)
[American Freedom Mortgage Inc.](#)
[American General Financial Services of Arkansas dba MorEquit](#)
[American General Mortgage](#)
[American Guardian Financial Group Inc.](#)
[American Heritage Capital, LP](#)
[American Heritage Mortgage Co, LLC](#)
[American Home Equity Corporation](#)
[American Home Free Mortgage, LLC](#)
[American Home Lending Inc. DBA American Home Residential Inc](#)
[American Home Lending USA, LLC](#)
[American Home Loan Center, LLC dba Centric Mtg & Natl Invest](#)
[American Home Loans LLC](#)
[American Home Mortgage Company](#)
[American Home Mortgage Corp dba American Home Mortgage](#)
[American Home Mortgage Holdings, Inc.](#)
[American Home Mortgage Investment Corp.](#)
[American Home Mortgage Services, Inc.](#)
[American Home Mortgage Servicing, Inc.](#)
[American Home Mortgage, Inc.](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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(Garfield Website Screenshot attached as Exhibit 4)

SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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NUMBER 1000626 WAS VALID FOR HWF.)**

[American Homefront Mortgage Funding](#)
[American Homestar Mortgage, LLC](#)
[American Homestead Mtg. LLC](#)
[American Independent Association](#)
[American Interbanc Mortgage](#)
[American Internet Mortgage, Inc.](#)
[American Investors Bank and Mortgage](#)
[American Land Title Association](#)
[American Lending Group](#)
[American Lending Group, Inc.](#)
[American Lending Network, Inc.](#)
[American Liberty Mortgage & Loan Corporation](#)
[American Liberty Mortgage Inc](#)
[American Loan Centers](#)
[American Midwest Mortgage Corp](#)
[American Money Centers Inc.](#)
[American Mortgage & Financial Services LLC](#)
[American Mortgage Advisors, Inc.](#)
[American Mortgage Associates, Inc AR](#)
[American Mortgage Company](#)
[American Mortgage Corp of South Alabama DBA Mid America Mort](#)
[American Mortgage Corporation](#)
[American Mortgage Corporation.](#)
[American Mortgage Exchange, Inc.](#)
[American Mortgage Express](#)
[American Mortgage Express dba Millennium Funding Group](#)
[American Mortgage Express Financial](#)
[American Mortgage Funding Corporation](#)
[American Mortgage Group, Inc. \(AZ\)](#)
[American Mortgage Group, LLC](#)
[American Mortgage Home, Inc.](#)
[American Mortgage Investment Partners II](#)
[American Mortgage Investment Partners LLC](#)
[American Mortgage Network, Inc.](#)
[American Mortgage of Montana, Inc.](#)

[American Mortgage Service Company](#)
[American Mortgage Services, Inc.](#)
[American Mortgage Specialists Inc.](#)
[American Mortgage, Inc](#)
[American National Bank - Denver](#)
[American National Bank dba Res Mort Services & Peoples Nat'l](#)
[American National Mortgage Corp DBA Affordable Mortgage Solu](#)
[American Pacific Mortgage Corp. dba American Pacific Funding](#)
[American Partners Bank](#)
[American Pioneer Financial Services, Inc.](#)
[American Portfolio Mortgage Corp.](#)
[American Prime Finance Services](#)
[American Residential Mortgage LP](#)
[American Savings Bank](#)
[American Security Mortgage Corp.](#)
[American South Lending, Inc.](#)
[American Southwest Mortgage Corp](#)
[American State Bank/Home Loan Center](#)
[American Sterling Bank](#)
[American Trust & Savings Bank](#)
[American Trust Bank Mortgage LLC](#)
[American Unified Mortgage, Inc.](#)
[American Union Financial Services, Inc.](#)
[American United Mortgage Corp](#)
[American USA Mortgage P.A.](#)
[American West Bank](#)
[Americana Mortgage, Inc](#)
[AmericanBank, NA](#)
[Americanwest Bank](#)
[Americap Financial, Inc](#)
[Americapital Funding Corp](#)
[Americare Inv Group dba Premier Capital Lending Group](#)
[Americas First Choice Lending](#)
[Americas First Home Mortgage Company](#)
[America's First Mortgage Lending Co](#)
[America's Home Loan Inc.](#)
[America's Home Mortgage, LLC](#)
[America's Lending Solutions LTD](#)
[America's Mortgage Alliance, Inc](#)
[America's Mortgage Banc, Inc.](#)
[America's Mortgage LLC](#)
[America's Mortgage Resource Inc.](#)
[America's Servicing Company](#)

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[AmericasBANK](#)

[Americash](#)

[Americasun Financial](#)

[Americor Lending Group](#)

[Americorp Credit Corporation](#)

[AmeriCU Credit Union](#)

[Amerifinancial Mortgage Corp.](#)

[Amerifirst Financial Corp](#)

[AmeriFirst Financial, Inc.](#)

[Amerifund Financial Inc. dba All Fund Mortgage](#)

[Amerifund Home Mortgage LLC](#)

[Amerifund Lending Group dba ALG Real Estate Services Inc.](#)

[Amerihome Loan Inc.](#)

[Amerihome Mortgage Company, LLC](#)

[AmeriMortgage Bankers, LLC](#)

[Ameri-National a div of National Bank of Kansas City](#)

[Ameripath Mortgage](#)

[Ameriprise Financial Inc DBA Ameriprise Bank FSB](#)

[AmeriPro Funding, Inc.](#)

[Amerisave Mortgage Corporation](#)

[AmeriServ Financial Bank](#)

[AmeriSouth Mortgage Company](#)

[AmeriStar Home Mortgage Corp of Pennsylvania](#)

[AmeriStar Mortgage Corporation](#)

[Ameristar Mortgage.](#)

[Ameritrust Mortgage Bankers, Inc.](#)

[Ameritrust Mortgage Company, LLC](#)

[Ameritrust Mortgage Corporation](#)

[Amherst Funding Group LP](#)

[Ampro/HicStar](#)

[AMS Financial, Inc, dba Advanced Mortgage Services](#)

[Amstar Mortgage Corporation](#)

[AMTEC Funding Group LLC](#)

[AmTrust Bank, A Federal Savings Bank](#)

[Amtrust Mortgage Corporation](#)

[Anchor Bank Farmington NA](#)
[Anchor Bank, N.A.](#)
[Anchor Funding Inc.](#)
[Anchor Home Mortgage](#)
[Anchor Mortgage Services, Inc.](#)
[Ancient City Mortgage, Inc.](#)
[Andes Financial Inc.](#)
[Ann Arbor Mortgage Company LLC](#)
[Annandale State Bank](#)
[Answer Capital Incorporated dba Answer Capital Mortgage](#)
[Answer One Mortgage, Inc.](#)
[Anthem Enterprises Inc](#)
[Apex Funding Inc.](#)
[Apex Lending Inc.](#)
[APEX MORTGAGE INC](#)
[Apex Mortgage LLC](#)
[Appalachian Community Bank](#)
[Apple Valley Mortgage, Inc.](#)
[Approved Financial Corp](#)
[Approved Funding Corp.](#)
[Approved Home Lending, Inc.](#)
[Approved Home Mortgage, Inc \(ME\)](#)
[Approved Home Mortgage, Inc.](#)
[Approved Mortgage Funding LLC](#)
[Approved Mortgage Loans, Inc.](#)
[Approved Mortgages Inc.](#)
[Apreva Financial Corporation dba Apreva Funding](#)
[Arbor Homes Mortgage LLC](#)
[Arbor Mortgage Corporation](#)
[Arbor Realty NPAP Holdings LLC](#)
[Arboretum Mortgage Corporation](#)
[Arbotco Financial Corporation](#)
[ARC 2000 BC-1](#)
[ARC Westwood Home Saver Fund I, LP](#)
[Arcadian Mortgage Corporation](#)
[Arcata Investments 2, LLC](#)
[Arce Financial, LLC](#)
[Arch Mortgage Corporation](#)
[Archer Mortgage](#)
[Archway Mortgage, LLC](#)
[Archwood Mortgage LLC](#)
[Arden Mortgage Co](#)
[Ardent Financial Corporation](#)

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[Arisen Mortgage Corporation](#)
[Aristar Mortgage Company](#)
[Arizona Federal Credit Union](#)
[Arizona State Credit Union](#)
[ARK LA TEX Financial Services dba Benchmark Mortgage](#)
[Ark Mortgage, Inc.](#)
[Arlington Capital Mortgage LLC](#)
[ARMC - Alliance Residential Mtg Corp dba Alliance Res Mtg](#)
[Array Financial Group Inc.](#)
[Arrowhead Central Credit Union dba Arrowhead Credit Union](#)
[Artisan Mortgage, LLC \(OH\)](#)
[Arvest Mortgage Company](#)
[Ascella Mortgage, LLC.](#)
[Ascent Home Loans, Inc.](#)
[Asheford Funding Group LLC](#)
[Ashore Funding, Inc.](#)
[Ashworth Funding Inc.](#)
[Ask for a Loan, Inc.](#)
[Aspen Leaf Mortgage, LLC](#)
[Aspen Mortgage LLC](#)
[Aspire Financial Inc dba Texaslending.com](#)
[Asset Capital Mortgage, Inc.](#)
[Asset Direct Mortgage LLC](#)
[Asset Management Holdings, LLC](#)
[Asset Management West 10 LLC](#)
[Asset Management West 6, LLC](#)
[Asset Management West 7, LLC](#)
[Asset Management West 8 LLC](#)
[Asset Management West 9, LLC](#)
[Asset Management West LLC](#)
[Asset Mortgage Corporation](#)
[Assets Recovery Center Investments, LLC](#)
[Assets Recovery Center LLC](#)
[Associated Bank NA](#)
[Associated Mortgage Corporation](#)

[Assurance Financial Group LLC](#)
[Assured Lending Corp.](#)
[Assured Mortgage Bankers Corp.](#)
[Assured Mortgage, Inc.](#)
[Assurity Financial Services, LLC](#)
[Astoria Federal Savings and Loan Association](#)
[At Home Mortgage Corp.](#)
[Atlanta Intown Mortgage, Inc.](#)
[Atlantic Pacific Mortgage Corporation](#)
[Atlantic Bay Mortgage Group LLC](#)
[Atlantic Coast Federal](#)
[Atlantic Coast Mortgage Group, Inc.](#)
[Atlantic Coast Mortgage Services](#)
[Atlantic Federal Credit Union](#)
[Atlantic Financial, Inc.](#)
[Atlantic First Financial Corporation](#)
[Atlantic Home Lending Inc.](#)
[Atlantic Home Loans d/b/a Atlantic Home Loans Lcnsd Mtg Bnkr](#)
[Atlantic Home Mortgage, Inc.](#)
[Atlantic Mortgage Services Inc.](#)
[Atlantic National Bank](#)
[Atlantic States Bank - Florida](#)
[Atlantis Financial Group, Inc. dba Atlantis Mortgage](#)
[Atlantis Mortgage Co., Inc.](#)
[Atlas Mortgage Company LLC](#)
[Atlas Mortgage, Inc.](#)
[Auburn Bank](#)
[Augusta Mortgage Co.](#)
[Augustine E Asinobi dba Zomek Mortgage/Realty Inc.](#)
[Aurgroup Financial Credit Union](#)
[Aurora Contract Services, Inc.](#)
[Aurora Financial Group, Inc.](#)
[Aurora Loan Services LLC](#)
[Aurora Loan Services, Inc., Repurchase Lending Division](#)
[Aurora Mortgage LLC](#)
[AUS Financial Services, Inc.](#)
[Austin Perry Financial Corporation](#)
[Automated Finance Corporation](#)
[Availent Mortgage](#)
[Avalon Mortgage, Inc.](#)
[Avanta Federal Credit Union](#)
[Avanti Financial Network LLC](#)
[Avaris Capital](#)

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[Avelo Mortgage, L.L.C.](#)
[Aventus, Inc.](#)
[Avenue Bank](#)
[Avenue Mortgage Corporation](#)
[Avery Financial Group Inc.](#)
[Avex Funding Corporation](#)
[Avista Solutions](#)
[Avizen Lending Solutions Inc](#)
[Avrus Financial and Mortgage Services Inc](#)
[Axent Funding LLC](#)
[Axia Financial LLC](#)
[Axiom Financial, LLC](#)
[Axiom Mortgage Bankers Corp.](#)
[Axis Bancorp Inc.](#)
[Axis Financial, LLC](#)
[Axis Mortgage & Investments, a/d/o The Biltmore Bank of Ariz](#)
[Axis Mortgage & Investments, L.L.C.](#)
[B&A Mortgage, Inc.](#)
[B. R. Mortgage LTD](#)
[Back Bay Inc dba Mtg Approval Serv\(MA\), Approved Mtg Serv\(FL](#)
[Badger Funding Corp](#)
[Bahl & Bahl, Inc.](#)
[Baker Mortgage Company, Inc.](#)
[Baker Ronan Financial dba First Nations Financial](#)
[Baker Street Mortgage](#)
[Baltimore County Savings Bank, FSB](#)
[Banc Investments Group/Pacific Coast Bankers' Bancshares](#)
[Banc of America Securities LLC \(Global ABS\)](#)
[Banc Ohio Financial](#)
[BancCap Advisors LLC](#)
[BancFirst](#)
[Banco Popular National Association](#)
[Banco Popular North America, South Florida Region](#)
[Bancocorp Mortgage Inc](#)
[BancorpSouth Bank Mortgage Division](#)

[Bangor Savings Bank](#)
[Bank Independent \(Mortgage Lending\)](#)
[Bank Mortgage Solutions LLC](#)
[Bank of America Warehouse Lender](#)
[Bank of America, N.A.](#)
[Bank of America, N.A.](#)
[Bank of America, NA - Reverse Mortgage](#)
[Bank of America, NA \(formerly Fleet National Bank\)](#)
[Bank of America, National Association](#)
[Bank of America, Ntnl Assoc Trustee/Custodian for WAMU/WMMSC](#)
[Bank of America.](#)
[BANK OF ANN ARBOR](#)
[Bank of Ann Arbor Wholesale Lending Division](#)
[Bank of Bartlett](#)
[Bank of Blue Valley \(Internet\)](#)
[Bank of Blue Valley \(Retail\)](#)
[Bank of Charles Town](#)
[Bank of Colorado](#)
[Bank of Commerce](#)
[Bank of Elmwood](#)
[Bank of England Mortgage Company dba England Lending](#)
[Bank of Florida](#)
[Bank of Idaho](#)
[Bank of Illinois in Normal](#)
[Bank of Internet USA](#)
[Bank of Jackson Hole](#)
[Bank of Lake Mills](#)
[Bank of Lee's Summit](#)
[Bank of Little Rock Mortgage Corporation](#)
[Bank of New England](#)
[Bank of New York Trust Company, N.A.](#)
[Bank of North Carolina](#)
[Bank of Oklahoma](#)
[Bank of Ruston](#)
[Bank of San Angelo, N.A., a Branch of First Natl Bk of Balli](#)
[Bank of St. Augustine](#)
[Bank of Tennessee](#)
[Bank of the Cascades](#)
[Bank of the Prairie](#)
[BANK OF THE WEST, A CALIFORNIA STATE BANKING CORPORATION](#)
[Bank of the Wichitas](#)
[Bank of Utah](#)
[Bank of Whitman](#)

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[Bank One Trust Company, NA](#)
[Bank One, NA \(Conduit\)](#)
[Bank United FSB](#)
[Bank VI](#)
[Bank2](#)
[BankAnnapolis](#)
[BankAtlantic](#)
[bankcda](#)
[Bankers Bank](#)
[Bankers Choice Mortgage Corp.](#)
[Bankers' Financial, Inc](#)
[Bankers First Mortgage Inc.](#)
[Bankers Home Mortgage, Inc](#)
[Bankers Mortgage Corporation](#)
[Bankers Mortgage of Pasco County, Inc.](#)
[Bankers Mortgage Trust Inc](#)
[Bankers Trust Co NA](#)
[Bankerswest Funding Corporation](#)
[BankFirst](#)
[BankIowa](#)
[Bankline Mortgage Corporation](#)
[BankPlus](#)
[BankTennessee](#)
[Banktrust of AL](#)
[BankVista](#)
[Bankwest \(MN\)](#)
[Banner Bank](#)
[Banner County Bank](#)
[Banyan Financial Group Inc.](#)
[Barclays Bank PLC](#)
[Barclays Pacific Lending Corp.](#)
[Barkwood Mortgage Solutions, Inc.](#)
[Barnacle Mortgage, Inc.](#)
[Barnes Banking Company](#)
[Barr Group, Inc.](#)

[Barrington Capital Corporation](#)
[Barrington Mortgage Corp](#)
[Barrons Mortgage Corporation](#)
[Barrons Mortgage Group LTD dba goodmortgage.com](#)
[Bartlett Mortgage, Inc.](#)
[BasePoint Analytics](#)
[Bay Banc Mortgage Corporation](#)
[Bay Capital Corp.](#)
[Bay Equity LLC](#)
[Bay Financial Savings Bank FSB](#)
[Bay Lending Corp](#)
[Bay National Bank](#)
[Bay to Bay Lending LLC](#)
[Bay Valley Mortgage Group d/b/a Pacific Bay Lending Group](#)
[BayCal Financial Mortgage Corporation](#)
[Baymont Financial, LTD](#)
[BayPort Credit Union](#)
[BayRock Mortgage Corporation](#)
[Bayshore Financial Corporation](#)
[Bayside Mortgage Services Inc.](#)
[Baytree Lending Company](#)
[Bayview Financial Group, LLC dba Garrow Mortgage](#)
[Bayview Home Mortgage Corp](#)
[Bayview Loan Servicing, LLC](#)
[BBC Funding Corporation, DBA X Loan](#)
[BBVA Bancomer USA](#)
[Beach First National Bank](#)
[Beach Mortgage Co. Inc.](#)
[Beacon Financial Mortgage Bankers](#)
[Bear Stearns](#)
[Beazer Mortgage Corporation](#)
[Bednar Inc.](#)
[Bell America Mortgage, LLC Dba Bell Mortgage](#)
[Bell Home Loans Inc.](#)
[Bella Home Mortgage](#)
[Bellevue Home Mortgage](#)
[Belmont Savings Bank](#)
[Beltway Capital, LLC](#)
[Belvidere Networking Enterprises](#)
[Benchmark Financial Services, Inc.](#)
[Benchmark Funding Corporation](#)
[Benchmark Home Mortgage Inc.](#)
[Benchmark Lending Group, Inc.](#)

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[Benchmark Mortgage, Inc.](#)
[Benchmark Mortgage, LLC DBA Grandmark Mortgage](#)
[Beneficial Capital Management Corp.](#)
[Benefit Equity Mortgage LLC](#)
[Benefit Funding Corporation](#)
[Bentwood & Bowden Mortgage Group, Inc](#)
[Bergin Financial, Inc.](#)
[Berkshire Bank](#)
[Berry Hill Inc dba Blue Heron Mortgage Company](#)
[Best Mortgage, Inc.](#)
[Best Rate Funding Corp.](#)
[Bi-Coastal Mortgage Inc.](#)
[Big Sky Western Bank](#)
[Billings Federal Credit Union](#)
[Biltmore Financial Bancorp, Inc.](#)
[Biltmore Mortgage & Associates](#)
[Birmingham Bancorp Mortgage Corporation](#)
[BJK Winston Enterprises Inc dba Financial Advantage Home Loa](#)
[BJV Financial Services Inc dba Forum Mortgage Bancorp](#)
[Blackhorse Mortgage Corp](#)
[Blair Services of America Inc.](#)
[Bloomfield State Bank](#)
[Blount Ventures, Inc. dba Blount Mortgage](#)
[Blue Chip Mortgage Wholesale, LLC](#)
[Blue Ridge Investments LLC](#)
[Blue Sapphire Investments, \(CA\) Inc](#)
[Blue Star Financial Services, Inc.](#)
[Blueleaf Lending LLC](#)
[BM Real Estate Service Inc](#)
[BNC Mortgage, Inc.](#)
[BNC National Bank](#)
[Boehck Mortgage Co](#)
[Boeing Employees' Credit Union DBA BECU](#)
[Bogman, Inc.](#)
[Bondcorp Realty Services, Inc.](#)

[Boone Bank & Trust Co](#)
[Borel Private Bank & Trust Company](#)
[Borrowers Choice Mortgage, Inc.](#)
[Boston Private Bank & Trust Company](#)
[Bottomline Mortgage, Inc.](#)
[Boulder West Financial Services Inc.](#)
[Boulevard Bank](#)
[Boulevard Mortgage Corporation](#)
[Bradford Bank](#)
[Bradford Mortgage Company](#)
[Bradford National Bank](#)
[Brainerd Savings and Loan Association](#)
[Branch Banking & Trust Company](#)
[Brand Mortgage Group LLC](#)
[Bravo Credit Corp.](#)
[Bremer Bank, N.A.](#)
[Brenner Mortgage Corp.](#)
[Brentwood Mortgage Services, Inc.](#)
[Brian A. Cole & Associates LTD dba First Nations Mtg of Ohio](#)
[Bridgeport Lending LLC](#)
[Bridgewater Capital, Inc.](#)
[Bridgewater Savings Bank](#)
[Brier Mortgage Corp.](#)
[Bright Mortgage Group, Inc.](#)
[Bright Vision Mortgage Inc.](#)
[Brighten Lending](#)
[Brimfield Bank](#)
[Briner, Incorporated](#)
[Britton & Koontz Bank National Association](#)
[Broadview Mortgage Corporation](#)
[BrooksAmerica Mortgage Corp.](#)
[Brookside Mortgage Corporation](#)
[Brownstone Mortgage & Investments LLC](#)
[Bryco Funding Inc](#)
[BSI Financial Services, Inc](#)
[BSM Financial DBA Bank Source Mortgage](#)
[Buckingham Mortgage Corporation](#)
[Buddy's Little Man Inc dba Harbor Financial Mortgage](#)
[Budget Mortgage Bankers, L.T.D.](#)
[Buffalo Federal Savings Bank](#)
[Builder Mortgage Company, Inc.](#)
[Builders Mortgage LLC](#)
[Burke & Herbert Bank & Trust Company](#)

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[Busey Bank](#)
[Bush & Hewitt Holding, Inc dba Direct Funding](#)
[Business Bank of Skagit County](#)
[Butler Mortgage Inc.](#)
[Buyers Way Home, LLC](#)
[BWM Mortgage LLC](#)
[Byron Bank](#)
[C & T Mortgage LLC](#)
[C and F Mortgage Corporation](#)
[C&G Financial Services Inc](#)
[C.U. Financial, Inc](#)
[C2CL, Inc.](#)
[Cadence Bank, N.A.](#)
[Cal Coast Mortgage Corp.](#)
[CALFED CAP REIT](#)
[California Bank & Trust](#)
[California Empire Bancorp, Inc.](#)
[California Financial Group Inc dba California Financial Serv](#)
[California Housing Finance Agency](#)
[California Mortgage Advisors, Inc.](#)
[California Mutual Funding](#)
[California Nova Financial, Inc.](#)
[California State Teachers' Retirement System](#)
[Cali-Land, Inc. DBA Cali-Land Bankers Home Loan](#)
[Calisto Group Inc dba Metro Lending Services](#)
[Calliance Realty Fund, LLC](#)
[CalPacific Mortgage Inc.](#)
[CALPERS \(Private\)](#)
[CalPers Retained Servicing](#)
[Calvert Mortgage Company](#)
[Cambridge Financial Serivces dba Cambridge Home Loans](#)
[Cambridge Funding Group Inc](#)
[Cambridge Home Capital, LLC](#)
[Cambridge Mortgage Corporation](#)
[Cambridge Mortgage Group, LLC](#)

[Cambridge Savings Bank](#)
[Cameron Financial Group, Inc.](#)
[Campbell & Fetter Bank](#)
[Campbell Financial Services, Inc.](#)
[Canyon National Bank](#)
[Capaha Bank](#)
[Cape Bank](#)
[CapFund Lending](#)
[CapGrow Home Mortgage, LLC](#)
[Capital Access Mortgage, Inc.](#)
[Capital Advantage Mortgage, Inc.](#)
[Capital Alliance Advisors Incorporated](#)
[Capital American Mortgage Company](#)
[Capital Assistance Corp](#)
[Capital Bank](#)
[Capital Center LLC](#)
[Capital City Bank](#)
[Capital Concepts, Inc](#)
[Capital Credit Union](#)
[Capital Direct Financial](#)
[Capital Financial Associates, Inc. dba CFA Mortgage](#)
[Capital Financial Bancorp, Inc.](#)
[Capital Financial Ent. Inc. dba Capital Mortgage Services](#)
[Capital Financial Group](#)
[Capital Financial Mortgage Corp](#)
[Capital Financial Services](#)
[Capital Funding Mortgage Company LLC](#)
[Capital Hill Mortgage Co., Inc.](#)
[Capital Lending](#)
[Capital Lending Group LLC](#)
[Capital Lending Source, LLC](#)
[Capital Mortgage Associates LLC](#)
[Capital Mortgage Corporation](#)
[Capital Mortgage Finance Corp](#)
[Capital Mortgage Funding L.L.C.](#)
[Capital Mortgage Inc](#)
[Capital Mortgage Services, Inc](#)
[Capital One Home Loans LLC](#)
[Capital One Home Loans, LLC](#)
[Capital One, National Association](#)
[Capital Plus Mortgage and Underwriting Services Inc.](#)
[Capital Quest Mortgage, Inc.](#)
[Capital Reverse Mortgage Group](#)

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[Capitalbank](#)
[CapitalMark Bank & Trust](#)
[CapitalSouth Bank](#)
[Capitol Commerce Mortgage Company](#)
[Capitol Credit Union Service Organization, LLC](#)
[Capitol Mortgage Services, Inc.](#)
[Capstar Lending, LLC](#)
[Capstar Mortgage Bankers, Inc.](#)
[Capstone Bank](#)
[Capstone Direct Inc.](#)
[Capstone Lending Corp](#)
[Capstone Mortgage Ind. dba Baker Group](#)
[CapWest Mortgage Corporation](#)
[Cardinal Banc and Mortgage Corp](#)
[Cardinal Financial Company, Limited Partnership](#)
[Cardinal Mortgage Inc.](#)
[Cardinal Mortgage, P.L.L.C](#)
[Carlton Mortgage Services, Inc.](#)
[Carnegie First Lending Services](#)
[Carolina Bank](#)
[Carolina Commerce Bank](#)
[Carolina Mortgage / CDJ, Inc](#)
[Carolina Mortgage Company of Fayetteville](#)
[Carolina Mortgage Group, Inc](#)
[Carolina State Mortgage Corporation](#)
[Carr and Carr Enterprises Inc. dba Carr Mortgage Funding](#)
[Carrington Mortgage Services LLC](#)
[Carrollton Mortgage Services, Inc.](#)
[Carter Lending Inc.](#)
[Carver Federal Savings Bank](#)
[Casa Blanca Mortgage Inc. d/b/a Shearson Mortgage](#)
[Casa Gran Real Estate Inc dba Padre Mortgage](#)
[Casa Linda Mortgage, LTD](#)
[Casa Mortgage Inc.](#)
[Cascade Bank](#)

[Cash Fast Finance, LLC dba Blue Financial](#)
[Cash Out Mortgage Corporation](#)
[CashCall, Inc.](#)
[Cass County Bank](#)
[Castle & Cooke Mortgage LLC dba Box Home Loans for Utah loan](#)
[Castle Mortgage](#)
[Castle Mortgage of Green Bay, Corp.](#)
[Castle Rock Financial Corp](#)
[Castlerock Mortgage, LTD](#)
[Castleview Home Loans](#)
[Castlewood Home Loans, LLC](#)
[Catalyst Lending Inc.](#)
[Catholic and Community Credit Union](#)
[CB&T Mortgage, LLC](#)
[CBC Companies](#)
[CBC National Bank dba First National Bank of Nassau County](#)
[CBSK Financial Group dba American Home Loans](#)
[CDC Federal Credit Union](#)
[CDC Financial Group Inc](#)
[CDC Mortgage Capital Inc.](#)
[Cedar Mortgage Company](#)
[Cedar Rapids Bank and Trust Company](#)
[Cedar River Mortgage L.L.C.](#)
[CedartStone Mortgage, LLC](#)
[Celbrity Mortgage LLC](#)
[Celink](#)
[Celtic Bank Corporation](#)
[Cenlar FSB](#)
[Cenlar FSB - AGGREGATOR](#)
[Centennial Bank](#)
[Centennial Bank \(AR\)](#)
[Centennial Bank Inc.](#)
[Centennial Bank.](#)
[Centennial Mortgage and Funding, Inc.](#)
[Center State Mortgage](#)
[Centier Bank](#)
[Centra Credit Union](#)
[Central Alabama Mtg., Inc.](#)
[Central Banc Mortgage Corporation](#)
[Central Bancompany](#)
[Central Bancshares](#)
[Central Bank](#)
[Central Bank and Trust Co](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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**BUT AS OF 1-27-2009 HWF WAS A MERS MEMBER, IN THE DATABASE, AND THE
NUMBER 1000626 WAS VALID FOR HWF.)**

[Central Bank of Jefferson County, Inc.](#)
[Central Bank of Kansas City](#)
[Central Jersey Mortgage Corporation](#)
[Central Mortgage Bancorp, Inc.](#)
[Central Mortgage Company](#)
[Central National Bank](#)
[Central National Mortgage](#)
[Central Pacific Bank](#)
[Central Pacific Home Loans](#)
[Central Pacific Mortgage](#)
[Central Rockies Mortgage Corp.](#)
[Central Texas Mortgage Corp.](#)
[CentreBank](#)
[Centric Mortgage](#)
[Centrue Bank](#)
[Centurion Mortgage Inc.](#)
[Century Bank](#)
[Century Bank \(New Mexico\)](#)
[Century Bank FSB](#)
[Century Bank of Kentucky Inc](#)
[Century Mortgage Company dba Century Lending Company](#)
[Century Pacific Mortgage Corporation](#)
[CEREF Partners 1 LP](#)
[Certified Funding, LP](#)
[Certified Home Loans of Florida](#)
[CES Credit Union, Inc.](#)
[CF Bank](#)
[CFS Mortgage Corporation](#)
[CFSC Capital Corp. VIII](#)
[Challenge Financial Investors Corp.](#)
[Champion Bank](#)
[Chapel Hill Mortgage, LLC](#)
[Chapel Mortgage Corporation](#)
[Charlotte Home Equity LLC](#)
[Charter Bank](#)

[Charter Capital Corp dba First Capital Group](#)
[Charter Mortgage Company, Inc.](#)
[Charter One Bank N.A.](#)
[Charter Wholesale Mortgage](#)
[CharterWest Mortgage, LLC](#)
[CharterWest National Bank](#)
[Chartwell Mortgage Funding, LLC](#)
[Chase Home Finance LLC](#)
[Chase Manhattan Mtg. - Deerfield](#)
[Chatham & Associates, Inc.](#)
[Chemical Bank](#)
[Chemtov Mortgage Group Corp.](#)
[Cherry Creek Mortgage Company, Inc.](#)
[Chervenic Mortgage Group LLC](#)
[Chesapeake Bank of Maryland](#)
[Chesapeake Unlimited, Inc. dba Chesapeake Home Mortgage](#)
[Cheviot Savings Bank](#)
[Chevy Chase Bank, FSB](#)
[Cheyenne State Bank](#)
[CHI Financial, LP](#)
[Chicago Bancorp](#)
[Chicago Financial Services, Inc.](#)
[Chicago Mortgage Funding, LLC](#)
[Chicago Mortgage House, LLC](#)
[Chicago Mortgage Solutions Co dba Interbank Mortgage Co](#)
[Chicago United Mortgage, Inc.](#)
[Chicagoland Home Mortgage Corp.](#)
[Chimera Investment Corporation](#)
[CHL for CAMC \(Distressed Assets\)](#)
[CHL for Hudson SB, N.A.](#)
[CHL for Ohio SB](#)
[CHL for Truman Capital Advisors](#)
[CHL Mortgage Buyout Trust 98-A](#)
[CHL PRIVATE INVESTOR 3001045 \(NON-MEMBER\)](#)
[CHL PRIVATE INVESTOR 7001023 \(NON-MEMBER\)](#)
[CHL PRIVATE INVESTOR 7001178 \(NON-MEMBER\)](#)
[CHL PRIVATE INVESTOR 7001388 \(NON-MEMBER\)](#)
[CHL PRIVATE INVESTOR 7001624 \(NON-MEMBER\)](#)
[CHL PRIVATE INVESTOR 7001627 \(NON-MEMBER\)](#)
[CHL PRIVATE INVESTOR 7001671 \(NON-MEMBER\)](#)
[CHL PRIVATE INVESTOR 7001716 \(NON-MEMBER\)](#)
[Choice Bank](#)
[Choice Bank \(AZ\)](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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[Choice Capital Funding, Inc](#)
[Choice Finance Corp.](#)
[Choice Lending Corp. dba Choice Lending Group](#)
[Choice Lending Group, L.L.C.](#)
[Choice Lending Inc.](#)
[Choice Mortgage Corp.](#)
[Choice One Mortgage, Inc](#)
[ChoiceAmerica Lending, LLC](#)
[Christen E. Keller dba 1st Sheffield Mortgage](#)
[Christopher E. Hobson, Inc. dba Franklin Fin. Integrated Mtg](#)
[Churchill Mortgage Corporation](#)
[Cimarron Mortgage Company](#)
[Cincinnati Federal Savings and Loan Association](#)
[Circle One Mortgage Company](#)
[Cirrus Mortgage](#)
[CIS Financial Services, Inc.](#)
[CIT Group, Inc.](#)
[Citadel Servicing Corporation](#)
[Citi Residential Lending](#)
[Citibank \(West\) FSB](#)
[Citibank, FSB](#)
[Citibank, NA](#)
[Citifinancial Mortgage Company, Inc.](#)
[Citigroup Global Markets Realty Corp](#)
[Citiline Mortgage Company of Colorado Springs, Inc.](#)
[CitiMortgage, Inc. as Master Servicer for TVLB](#)
[CitiMortgage, Inc.](#)
[CitiMortgage, Inc. as Master Servicer for Various Investors](#)
[Citimutual Corporation dba CIMU Wholesale](#)
[Citizens Bank](#)
[Citizens Bank \(Delaware\)](#)
[Citizens Bank \(OR\).](#)
[Citizens Bank \(TN\)](#)
[Citizens Bank Mortgage Company, LLC](#)
[Citizens Bank Mortgage Corporation, LLC](#)

[Citizens Bank N.A.](#)
[Citizens Bank of Ada](#)
[Citizens Bank of Connecticut](#)
[Citizens Bank of Massachusetts](#)
[Citizens Bank of New Hampshire](#)
[Citizens Bank of Pennsylvania](#)
[Citizens Bank of Rhode Island](#)
[Citizens Bank Tri-Cities](#)
[Citizens Commerce National Bank](#)
[Citizens Community Bank](#)
[Citizens Community Bank Mortgage Division](#)
[Citizens Fidelity Mortgage Corp.](#)
[Citizens Financial Mortgage Inc.](#)
[Citizens First Mortgage](#)
[Citizens First Mortgage LLC](#)
[Citizens First Wholesale Mortgage Company](#)
[Citizens Home Loan, Inc.](#)
[Citizens Mortgage Corp](#)
[Citizens Mortgage Corporation.](#)
[Citizens National Bank of Greater St. Louis](#)
[Citizens Security Bank & Trust Company](#)
[Citizens South Bank](#)
[Citizens State Bank dba CSB Mortgage](#)
[Citizens State Bank Norwood Young America](#)
[Citizens State Bank of Cortez](#)
[Citizens Trust Mtg Corp dba CTM Finance Corp.](#)
[Citizens Union Bank](#)
[City Bank & Trust Co.](#)
[City Bank dba City Bank Mortgage](#)
[City Capital Mortgage Banking Corp.](#)
[City National Bank](#)
[Citybank](#)
[Cityfirst Mortgage Services, LLC](#)
[Citywide Home Loans, A Utah Corporation](#)
[Citywide Mortgage Associates, Inc.](#)
[Citywide Mortgage Corp.](#)
[CJ Unlimited](#)
[Clarion Mortgage Capital, Inc.](#)
[Clark Welsh Mortgage Group, Inc.](#)
[Classic Bank, N.A.](#)
[Classic Home Financial, Inc.](#)
[Classic Home Loans](#)
[Classic Mortgage Corp and Delaware Classic Mortgage Corp](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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**BUT AS OF 1-27-2009 HWF WAS A MERS MEMBER, IN THE DATABASE, AND THE
NUMBER 1000626 WAS VALID FOR HWF.)**

[Clayson Mitchell Mortgage Services, LC](#)
[Clayton Lender Solutions](#)
[Clear 2 Close Mortgage Co. LLP](#)
[Clear Progress, Inc.](#)
[Clear Vue Capital Corporation](#)
[Clearinghouse Community Development Financial Institution](#)
[Clearwater Holdings Inc. dba Clearwater Home Mortgage](#)
[Clearwater Mortgage, LLC DBA Clearwater Mortgage](#)
[Cleveland Street Mortgage](#)
[Clifton Savings Bank](#)
[CLO Funding Corporation](#)
[ClosingHouse.com, Inc.](#)
[Clybourn Financial Services, Inc.](#)
[CMG Lending](#)
[CMG Mortgage, Inc.](#)
[CML Direct DBA Creative Mortgage Lending](#)
[CMLC Funding Inc](#)
[CMMI, LLC](#)
[CMS Capital Group, Inc., dba Clear Mortgage Solutions](#)
[CNBS Financial Group Inc](#)
[CNLBank](#)
[Coast 2 Coast Funding Group](#)
[Coast Capital Inc dba Coast Capital Mortgage](#)
[Coast Mortgage Corporation](#)
[Coastal Bend Mortgage Inc dba Global Mortgage Group](#)
[Coastal Capital Corp dba Clearlight Mort. dbaThe Mort. Shop](#)
[Coastal Federal Credit Union](#)
[Coastal Finance LLC](#)
[Coastal Mortgage](#)
[Coastal Mortgage Corporation](#)
[Coastal Mortgage Services, Inc.](#)
[Coastal States Mortgage Corporation](#)
[CoastalStates Bank](#)
[Coastway Credit Union](#)
[Cobalt Mortgage, Inc.](#)

[Coconut Grove Bank](#)
[Collateral Security LLC](#)
[Colombo Bank FSB](#)
[Colonial Bank](#)
[Colonial Bank \(AL\)](#)
[Colonial Home Mortgage Company](#)
[Colonial Mortgage Services Co of America](#)
[Colonial Savings, F.A.](#)
[Colonial Virginia Mortgage LLC](#)
[Colony Mortgage Lenders, Inc.](#)
[Colorado Capital Bank](#)
[Colorado Capital Funding, Inc.](#)
[Colorado Capital Group, LLC](#)
[Colorado Federal Savings Bank](#)
[Colorado Home Funding Inc dba American Home Funding](#)
[Coltate Capital LLC dba Onyx Financial Group LLC](#)
[Columbia Mortgage & Funding Corp](#)
[Columbia Mortgage Corp.](#)
[Columbia River Bank dba CRB Mortgage Team](#)
[Com Unity Lending](#)
[Combank Mortgage Company](#)
[ComCor Mortgage, a division of Southport Bank](#)
[Comerica Bank \(Warehouse Lending\)](#)
[Comerica Bank, A Texas State Chartered Bank](#)
[Commander Financial Corporation](#)
[Commerce Bank/ North](#)
[Commerce Bank/Harrisburg NA](#)
[Commerce Mortgage Corp.](#)
[Commercial Bank](#)
[Commercial Bank - TN](#)
[Commercial Bank & Trust Co.](#)
[Commonfund Mortgage Corp](#)
[Commonwealth Bank](#)
[Commonwealth Bank and Trust Company](#)
[Commonwealth Mortgage Group LLC](#)
[Commonwealth Mortgage of Texas LP](#)
[Commonwealth of Massachusetts, Division of Banks](#)
[Community Banc Mortgage Corp.](#)
[Community Banc Mortgage LLC](#)
[Community Bancshares Mortgage Co.](#)
[Community Bank](#)
[Community Bank - Wheaton/Glen Ellyn](#)
[Community Bank & Trust](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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[Community Bank Missoula, Inc.](#)
[Community Bank of Mississippi](#)
[Community Bank of Northern Virginia](#)
[Community Bank of Oak Park River Forest](#)
[Community Bank of the Ozarks, Inc.](#)
[Community Bank of the South](#)
[Community Banks of Colorado dba Bankers Mortgage](#)
[Community Banks of Colorado Mortgage Division AFG](#)
[Community Central Mortgage Company, LLC](#)
[Community Financial Corporation](#)
[Community Financial Services Bank](#)
[Community First Bank](#)
[Community First Bank \(AR\)](#)
[Community First Bank \(IN\)](#)
[Community First Bank of Howard County](#)
[Community First Mortgage Inc.](#)
[Community First National Bank](#)
[Community First National Bank of West Plains](#)
[Community FirstBank](#)
[Community Home Financial Services, Inc](#)
[Community Home Loans LLC](#)
[Community Home Mortgage LLC](#)
[Community Lending Services](#)
[Community Mortgage](#)
[Community Mortgage Co. dba Community Mortgage Corp.](#)
[Community Mortgage Corporation](#)
[Community Mortgage Group Inc.](#)
[Community Mortgage Services, Inc.](#)
[Community National Bank](#)
[Community National Bank & Trust of Texas](#)
[Community National Bank \(KS\)](#)
[Community National Mortgage Inc dba First Community Mortgage](#)
[Community Pride Bank](#)
[Community Pride Mortgage Company](#)
[Community Resource Bank](#)

[Community Resource Mortgage, inc.](#)
[Community Shores Bank](#)
[Community Trust Bank](#)
[Community West Bank NA](#)
[CommunityBank of Texas, N.A.](#)
[Companion of Greer Mortgage Corp LLC](#)
[Compass Bank](#)
[Compass Bank f/k/a Texas State Bank](#)
[Compass Mortgage, Inc.](#)
[Competitive Capital Corporation](#)
[Competitive Mortgage Services Corp. dba Competitive Mortgage](#)
[Complete Mortgage, Inc.](#)
[Complete Service Lending dba Complete Mortgage & Financial S](#)
[Comstock Mortgage](#)
[Conaught Enterprise Corporation dba Sterling Financial Inves](#)
[Concord Financial Inc.](#)
[Concord Mortgage Company.](#)
[Concord Mortgage Corp](#)
[Concord Mortgage, Inc](#)
[Concordia Bank & Trust Company](#)
[Confidence Mortgage LLC](#)
[Conglomerated Mortgage Services, Inc.](#)
[Connecticut Community Bank, N.A.](#)
[Consolidated Capital Mortgage](#)
[Consolidated Consultants Inc](#)
[Consolidated Funding Corp. dba Consolidated Home Mortgage](#)
[Consolidated Mortgage Services, Inc.](#)
[Construction Capital Source, LC](#)
[Consumer First Mortgage Inc.](#)
[Consumer Home Mortgage Corp of America](#)
[Consumer Research Mortgage, LLC](#)
[Consumer Solutions, LLC](#)
[Consumers Choice Mortgage Company](#)
[Consumers Morgage, LLC](#)
[Consumers Mortgage Corporation](#)
[Consumers Mortgage Corporation of Ohio](#)
[Contemporary Mortgage Services, Inc](#)
[Contemporary Realty Solutions, Inc.](#)
[Continental American Mortgage Corporation](#)
[Continental Home Loans Inc.](#)
[Continental Mortgage](#)
[Continental Mortgage Bankers, Inc](#)
[Continental Mortgage Corporation](#)

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[Contour Mortgage Corporation](#)
[Convergent Financial LLC dba Convergent Financial](#)
[Coppermark Bank](#)
[Coral Mortgage Bankers Corp](#)
[Corby Mortgage Services Inc.](#)
[Core Mortgage Group LLC](#)
[Core Star Financial Group](#)
[Corinthian Capital Group, Inc.](#)
[Corinthian Mortgage Corporation](#)
[Cornerstone Bancor Mortgage Corp](#)
[Cornerstone Bank](#)
[Cornerstone Bank \(ND\)](#)
[Cornerstone Bank \(ND.\)](#)
[Cornerstone Bank.](#)
[Cornerstone Community Bank](#)
[Cornerstone Credit Union](#)
[Cornerstone Federal Credit Union](#)
[Cornerstone Home Mortgage Corp dba MHI Mortgage](#)
[Cornerstone Lenders LLC](#)
[Cornerstone Mortgage Center Inc.](#)
[Cornerstone Mortgage Company](#)
[Cornerstone Mortgage Group, LTD](#)
[Cornerstone Mortgage, Inc.](#)
[Corporate Investors Mortgage Group, Inc.](#)
[Corridor Mortgage Group Inc.](#)
[Corvus Funding, Inc.](#)
[Coulombe & Evered LLC](#)
[Country Bank](#)
[Country Bank for Savings](#)
[Country Club Bank NA](#)
[Country Club Mortgage](#)
[CountryPlace Mortgage, Ltd.](#)
[Countrywide Bank, FSB](#)
[Countrywide Financial Corporation](#)
[Countrywide Warehouse Lending](#)

[County Bank](#)
[County Trust Mortgage Bankers Corp](#)
[Countybank](#)
[Countywide Mortgage Company](#)
[Courtesy Mortgage Company, A California Corporation](#)
[Courtyard Financial Inc.](#)
[Covenant Bank](#)
[Covenant Mortgage LLC](#)
[Coverdale Mortgage Corp.](#)
[Cowlitz Bank dba Bay Mortgage](#)
[CPCA Trust, I](#)
[Craig Kuper dba Shorecrest Mortgage](#)
[Cream City Mortgage Company, Inc.](#)
[Creative Mortgage Concepts, Inc.](#)
[Creative Mortgage Solutions](#)
[Creative Mortgage Solutions, Inc.](#)
[Credit Financial Services, LLC dba Alliance Mortgage Group](#)
[Credit Northeast Inc.](#)
[Credit Suisse Financial Corporation](#)
[Credit Suisse First Boston LLC](#)
[Credit Union Mortgage Association](#)
[Credit-Based Asset Servicing and Securitization LLC](#)
[Crescent Bank](#)
[Crescent Mortgage Company, a Delaware Corp.](#)
[Crescent Mortgage Services, Inc.](#)
[Crest Financial Inc](#)
[Crestar Mortgage Corporation](#)
[Crestline Funding Corp](#)
[Crestwood Financial, LTD](#)
[Crete Tomalka Mortgage, LLC](#)
[CreveCor Mortgage Inc.](#)
[Cromwell Mortgage, Inc](#)
[Cronin Financial Services LLC](#)
[Cronus Capital Group Corp.](#)
[Cross Capital LLC](#)
[Cross Keys Bank](#)
[Cross River Bank](#)
[Crosscountry Mortgage, Inc.](#)
[Crossfire Financial Network, Inc.](#)
[Crystal Clear Mortgage, LLC](#)
[Crystal Mortgage Corp.](#)
[CS Financial Inc.](#)
[CSMC Inc. dba Direct Mortgage Funding](#)

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[CSW Financial LLC dba Titan Wholesale](#)
[CTHM, LLC](#)
[CTW Financial Services Inc.](#)
[CTX Mortgage Company](#)
[CU Home Mortgage Solutions, LLC](#)
[CU Mortgage Network, LLC](#)
[CU Mortgage Service LLC](#)
[CU WEST MORTGAGE #1002900](#)
[Cullman Savings Bank](#)
[Cunningham and Company](#)
[Curtis Mortgage Company, Inc.](#)
[CUSO Mortgage, Inc.](#)
[CUSO of Hawaii Inc.](#)
[CUsource, LLC](#)
[Custom Equity Mortgage LLC](#)
[Custom Home Lending LLC](#)
[Custom Home Loans](#)
[Custom Mortgage Corp dba Custom Residential Mortgage](#)
[Custom Mortgage Lenders](#)
[Custom Mortgage Solutions, Inc.](#)
[Custom Mortgage, Inc.](#)
[CVK Enterprises, Inc. dba Affinity Mortgage Service](#)
[CWM Partners LP dba Citywide Mortgage](#)
[CWMBS 2000-11](#)
[CWMBS 2001-2](#)
[CWMBS 2001-6 Group 1](#)
[CWMBS2000-1, Bank of New York as Trustee](#)
[CWMBS2000-2, Bank of New York as Trustee](#)
[Cypress Point Funding, Inc.](#)
[CyVex Group, Inc. dba CyVex Mortgage, Inc.](#)
[D&C Financial Corp](#)
[D&E Realty Financing and Investment LLC](#)
[D&L Enterprises LLC dba Arch City Lending](#)
[D&R Financial Group LLC](#)
[D. White & Co. LLC](#)

[D.L. Evans Bank](#)
[Dacotah Bank](#)
[Dakota Blue Mortgage LTD](#)
[Dakota Community Bank](#)
[Dallas Home Loans, Inc.](#)
[Danversbank](#)
[Darien Financial Services Inc.](#)
[Darren Mitchell Brennan dba Brennan Mortgage Group](#)
[DAS Acquisition Company, LLC](#)
[Dash Funding, LP.](#)
[Data Mortgage Inc, dba Essex Mortgage](#)
[DataVerify, Inc.](#)
[DATCU](#)
[David M. Whitsell dba Principal Results](#)
[David Petrie](#)
[Davis Insurance, Inc](#)
[Daylight Discount Mortgage Corp.](#)
[DB EMT LLC](#)
[DB Structured Products, Inc.](#)
[DCG Home Loans Inc.](#)
[DD Acquisition Sub LLC](#)
[De Anza Capital Inc](#)
[De Oro Inc dba De Oro Home Loans](#)
[Dean S. Berrett dba Berrett Mortgage Services](#)
[Deborah M. Gorman & Associates Home Loans, LLC](#)
[Decade Systems Corporation](#)
[Decision One Mortgage Company, LLC](#)
[Deere Employees Credit Union](#)
[Deichmann Mortgage Inc](#)
[Del Mar Datatrac Inc. dba Del Mar Database](#)
[Del Norte Refi, LLC](#)
[Del Norte, Inc.](#)
[Del Sur Corp dba Camino Real Mortgage & Star One Mortgage](#)
[Del Webb Mortgage Corporation](#)
[Delaware State Housing Authority](#)
[Dell Franklin Financial](#)
[Delta Funding Corporation](#)
[Delta Home Loans, Inc dba Go Loan](#)
[Delta Trust Mortgage Corporation](#)
[Denali Alaskan Federal Credit Union](#)
[Denny Hecker Mortgage, LLC](#)
[Denver Mortgage Company](#)
[Department of Housing and Urban Development](#)

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[Derek A. Jones dba Legacy Mortgage Group](#)
[Desert Community Bank, a division of East West Bank](#)
[Desert Hills Bank](#)
[Design Mortgage Group.com](#)
[Desportes & Selig LLC](#)
[Destin First Bank](#)
[Deutsche Bank AG New York Branch](#)
[Deutsche Bank National Trust Company](#)
[Deutsche Bank National Trust Company Americas](#)
[Deutsche Bank National Trust Company Americas as Trustee](#)
[Deutsche Bank National Trust Company as Trustee](#)
[Deutsche Bank Trust Company Americas.](#)
[Developer's Mortgage Company](#)
[Devine Lending, LLC](#)
[DFB Mortgage, Inc.](#)
[DFC Mortgage Services, Inc.](#)
[DGG Financial Corporation dba Drexel Lending Group](#)
[DHA Financial, Inc. dba Denver Home Approval](#)
[DHI Mortgage Company](#)
[Diablo Funding Group, Inc dba Bay Bancorp](#)
[Diamond Bank](#)
[Diamond Bank FSB](#)
[Diamond Hills Investment Inc. dba Bankers Direct](#)
[Diamond Mortgage, Inc.](#)
[Digital Docs](#)
[Digital Docs, Inc.](#)
[Digital Docs.](#)
[Digital Risk, LLC.](#)
[Direct Access LLC](#)
[Direct Equity Mortgage, LLC](#)
[Direct Lending Inc](#)
[Direct Loan America, Inc \(R\)](#)
[Direct Mortgage Corp](#)
[Direct Mortgage Inc.](#)
[Directions Equity LLC](#)

[Directors Financial Corp.](#)
[Directors Mortgage, Inc.dba USA Direct Funding](#)
[Distinctive Home Lending Inc](#)
[Diversified Capital Corporation of Tennessee](#)
[Diversified Home Mortgage](#)
[Diversified Mortgage](#)
[Diversified Mortgage Corporation](#)
[DMH Mortgage LLC](#)
[Doc Tech Inc](#)
[Doc Tech, Inc. dba Document Express, Inc.](#)
[Document Processing Systems, Inc.](#)
[Document Processing Systems, Inc. \(DPS\)](#)
[Document Systems, Inc - Doc Magic](#)
[Document Systems, Inc. - Doc Magic](#)
[Dollar Mortgage Corporation](#)
[Dollarhide Mortgage & Lending](#)
[Domestic Bank](#)
[Dominion Mortgage Corporation](#)
[Domond Financial Services, Inc. dba First Executive Mortgage](#)
[Double Tree Mortgage](#)
[Douglas County Bank](#)
[Dovenmuehle Mortgage, Inc.](#)
[Dover Mortgage Company](#)
[Downeast Mortgage Corporation](#)
[Downs Financial](#)
[Dragas Mortgage Company](#)
[Drake Mortgage Corp](#)
[Draper & Kramer Mortgage Corp. DBA 1st Advantage Mortgage \(1](#)
[Draper & Kramer Mortgage Corp. DBA 1st Advantage Mortgage \(2](#)
[Dream America, LLC](#)
[Dream Home Financial, LLC](#)
[Dream House Mortgage Corporation](#)
[Dreambuilder Investments Funding III](#)
[Dreambuilder Investments, LLC](#)
[Drew Mortgage Associates](#)
[Dryades Savings Bank FSB](#)
[Duke University Federal Credit Union](#)
[Dunne & Company Mortgage Lenders Inc](#)
[Durango Mortgage LLC](#)
[DuTrac Community Credit Union](#)
[Duxford Financial, Inc.](#)
[Dwight B. Delozier dba LoanStarr Mortgage](#)
[DYBN Financial Corporation](#)

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[Dyck-O'Neal, Inc](#)
[Dynamax Mortgage, Inc.](#)
[Dynamic Capital Mortgage, Inc.](#)
[Dynamic Financial Consultants, Inc](#)
[Dynamic Mortgage Financial Corp](#)
[Dynamic Mortgage Solutions, LLC](#)
[Dynasty Mortgage, Inc.](#)
[Dyne Financial LLC](#)
[E Mortgage Direct, Inc.](#)
[E*Trade Bank](#)
[E*Trade Mortgage](#)
[E*Trade Savings Bank](#)
[E*Trade Wholesale Lending Corp.](#)
[Eagle Home Loans Inc.](#)
[Eagle Home Mortgage, LLC](#)
[Eagle National Bank](#)
[Eagle Savings Bank](#)
[EagleBank](#)
[Earth Mortgage, LP](#)
[East West Mortgage Company](#)
[East Bay Mortgage, Inc.](#)
[East Coast Mortgage and Financial Services Inc.](#)
[East Coast Mortgage Corporation](#)
[East Coast Mortgage Group, Inc.](#)
[East Coast Mortgage Lenders Inc](#)
[East Penn Bank division of Harleysville National Bank](#)
[East West Bank](#)
[East West Home Loan Corporation](#)
[Eastern Bank](#)
[Eastern Financial Home Loans Corp dba Pacific Direct Lending](#)
[Eastern Mortgage Co. Inc.](#)
[Eastern Utah Community Federal Credit Union](#)
[Eastland Financial Corporation](#)
[ebanc Funding, Your Mortgage Lender, LLC](#)
[ECC Capital Corp.](#)

[Edgartown National Bank](#)
[Edgewater Lending Group Inc](#)
[Edmond Mortgage, Inc.](#)
[Educated Mortgage Services LLC](#)
[Effective Mortgage, Inc.](#)
[e-Lend Mortgage, LLC](#)
[Elite Financial Investments Inc.](#)
[Elite Home Loans, Inc.](#)
[Elite Mortgage & Investments, LLC](#)
[Elite Mortgage Group, Inc.](#)
[Elite Mortgage Network, Inc](#)
[Elizabeth A. Smith dba The Mortgage Group](#)
[Ellie Mae](#)
[Elm Street Financial, LLC](#)
[E-Loan, Inc.](#)
[Elpis Lending Group Inc](#)
[Embassy Mortgage Group, Inc.](#)
[EMC Holdings LLC dba Englewood Mortgage Company](#)
[EMC Mortgage Corporation](#)
[Emerald Financial LTD.](#)
[Emerald Lending, LLC](#)
[Emery Federal Credit Union](#)
[eMortgage Management LLC](#)
[Empire Financial](#)
[Empire Home Loan Corp.](#)
[Empire Mortgage IX, Inc.](#)
[Empire Mortgage LLC](#)
[Empire Mortgage LLC V](#)
[Empire Mortgage LLC VII](#)
[Empire Mortgage VI, Inc.](#)
[Empire Mortgage X, Inc.](#)
[Empire Mortgage XI, Inc.](#)
[Empire Mortgage XIII, Inc.](#)
[Empire State Bank NA](#)
[EmpireAmerica LLC](#)
[Empirica Development Corporation](#)
[Encompass Lending Corp](#)
[Encore Credit Corporation](#)
[Endeavor Capital LLC dba Homestead Financial Mortgage](#)
[Enterprise Mortgage Group, LLC](#)
[Enterprise Bank & Trust](#)
[Enterprise Bank and Trust Company](#)
[Enterprise Bank, N.A.](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
Printed 4-20-2011 from Attorney Neil Garfield Website
(Garfield Website Screenshot attached as Exhibit 4)

SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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NUMBER 1000626 WAS VALID FOR HWF.)**

[Entrust Financial Corporation](#)
[Entrust Mortgage, Inc](#)
[eOption Loan, LLC](#)
[EPI Mortgage Center, Inc.](#)
[Equifirst Corporation](#)
[Equifund, Inc.](#)
[Equihome Mortgage Corp](#)
[EquiPlus, Inc.](#)
[Equipoint Financial Network, Inc.](#)
[Equisource Home Mortgage Corporation](#)
[Equitable Home Mortgage, Inc.](#)
[Equitable Mortgage Corp.](#)
[Equitable Mortgage Corporation](#)
[Equitable Mortgages of Nebraska Inc](#)
[Equitable Trust Mortgage Corporation](#)
[Equity Achievement Group, LLC](#)
[Equity Bank, NA](#)
[Equity Consultants, LLC](#)
[Equity Financial Inc](#)
[Equity Lending, LLC](#)
[Equity Loans LLC](#)
[Equity Mortgage Corporation](#)
[Equity National Funding Group, Inc.](#)
[Equity Now Inc.](#)
[Equity One, Inc.](#)
[Equity Plus, Inc.](#)
[Equity Resources, Inc.](#)
[Equity Services, Incorporated](#)
[ESB Financial](#)
[Essex Mortgage dba Alliance Lending Group](#)
[Essex Savings Bank, FSB](#)
[Etecapital, LLC](#)
[Euro Mortgage Bankers Inc.](#)
[Eustis Mortgage Corporation](#)
[EvaBank](#)

[Evanston Insurance Company c/o Universal Assurors Agency Inc](#)
[Ever Bank](#)
[Everbank Reverse Mortgage Company, LLC](#)
[Everest Group, Inc. dba Kapt Mortgage](#)
[Everett Financial Inc dba Supreme Lending](#)
[Evergreen Home Loans](#)
[Evergreen Mortgage Corporation dba Evergreen Ohana Group](#)
[Evergreen Mortgage Services LLC](#)
[EverHome Mortgage Company](#)
[Evest Mac Funding 1](#)
[Evestmac Funding II LLC](#)
[EVOFI ONE](#)
[Evolution Funding Group, LLC.](#)
[Evolve Mortgage Services Inc.](#)
[Excel Bank dba Excel Mortgage Company](#)
[Excel Financial Group, LLC](#)
[Excel Funding](#)
[Excel Home Loan, Inc.](#)
[Excel Mortgage Network Inc](#)
[Excellence Mortgage, LTD.](#)
[Executive Financial Services Co Inc](#)
[Executive Home Loans, Inc.](#)
[Executive Lending Group, Inc.](#)
[Executive Mortgage Group](#)
[Executive Mortgage LLC](#)
[Executive Mortgage of Michigan LLC](#)
[Executive Mortgage Services, Inc.](#)
[Expedia Mortgage Company](#)
[Expedient Mortgage, Inc.](#)
[Expedited Financial Services Inc., dba MORTGAGE EXPEDITORS](#)
[Experience Mortgage Inc](#)
[Experienced Mortgage Professionals, Inc.](#)
[Expert Mortgage Company of Northeast Ohio LTD](#)
[Express Capital Lending](#)
[Express Financial Corp](#)
[Express Loan America, Inc. dba Express Loan America](#)
[Express Mortgage](#)
[Express Mortgage Group Inc dba Express Mtg Fndg Group Inc](#)
[Express One Mortgage Corp.](#)
[Extraco Banks, N.A., d.b.a. Extraco Mortgage](#)
[Eykis Financial Services, Inc.](#)
[EZ Funding Corporation](#)
[EZ Mortgage Lending](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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[ezEscrow, Inc., dba Settleware Secure Services](#)

[F and B Acquisition Group LLC](#)

[F&M Bank Iowa](#)

[F&T Mortgage, Inc.](#)

[F.T. Financial Inc](#)

[Fairfield County Bank](#)

[Fairfield Financial Mortgage Group, Inc.](#)

[Fairmont Funding Ltd.](#)

[Fairpark Mortgage Inc.](#)

[Fairway Funding Group, Inc](#)

[Fairway Independent Mortgage Corp.](#)

[Fairway Mortgage Inc.](#)

[Faith Financial Group](#)

[Faith Mortgage, LLC](#)

[Falcon Capital Funding LLC](#)

[Family Choice Mortgage Corporation](#)

[Family Finance Mortgage LLC](#)

[Family First Mortgage](#)

[Family First Mortgage Inc](#)

[Family Home Finance LLC](#)

[Family Trust Mortgage Group LLC](#)

[Fannie Mae](#)

[Fannie Mae \(Reverse Mortgages\)](#)

[Farmers & Merchants Bank](#)

[Farmers & Merchants Bank of St. Clair](#)

[Farmers and Merchants Bank](#)

[Farmers and Merchants Bank \(FL\)](#)

[Farmers and Merchants Bank of Long Beach](#)

[Farmers Bank & Trust N.A.](#)

[Farmers State Bank](#)

[Farmers State Bank of Alto Pass](#)

[Farwell Lending LLC a subsidiary of Cambridge Savings Bank](#)

[FASLO Solutions, LLC](#)

[Fay Servicing LLC](#)

[Fayette County National Bank](#)

FBC Mortgage LLC

FBI

FBT MORTGAGE L.L.C.

FCI Lender Services, Inc.

FDB Mortgage, Inc.

FDIC as Receiver for First National Bank of Nevada

FDIC as receiver for Franklin Bank SSB

FDIC As Receiver for Franklin Bank, S.S.B.

FDIC as receiver for Miami Valley Bank

FDIC as Receiver of Netbank

Fearon Financial, LLC

Fed Funding Mortgage Corporation

Federal Deposit Insurance Corporation

Federal Guaranty Mortgage Corporation

Federal Home Loan Bank of Atlanta

Federal Home Loan Bank of Boston

Federal Home Loan Bank of Chicago, as MPF

Federal Home Loan Bank of Cincinnati

Federal Home Loan Bank of Dallas

Federal Home Loan Bank of Indianapolis

Federal Home Loan Bank of New York

Federal Home Loan Bank of Pittsburgh

Federal Home Loan Bank of San Francisco

Federal Home Loan Bank of Seattle

Federal Home Loan Bank of Topeka

Federal Home Loan Mortgage Corporation

Federal Mortgage Company Inc

Federated Home Mortgage, Inc.

Federated Lending Corporation

Federated Mortgage Corporation

Federation of Appalachian Housing Enterprises, Inc.

Fidelity & Trust Mortgage, Inc.

Fidelity Bank

Fidelity Bank (MI)

Fidelity Bank, Wichita Falls

Fidelity Financial Mortgage Corp dba Fidelity Mtg Capital

Fidelity Funding Mortgage Corp.

Fidelity Home Mortgage Corporation

Fidelity Information Services

Fidelity Mortgage Corporation

Fidelity Mortgage Group Inc.

Fidelity Mortgage Lending, Inc.

Fidelity Mortgage, Inc.

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[Fidelity One Mortgage](#)
[Fidelity One Mortgage, LLC](#)
[Fidelity Savings Bank \(PA\)](#)
[Fidelity State Bank & Trust Co.](#)
[Fieldstone Mtg. dba Broad Street Mtg.](#)
[Fifth Third Bank](#)
[Fifth Third Bank \(f/n/a Crown Bank FSB\)](#)
[Fifth Third Bank \(f/n/a Crown Bank\)](#)
[Fifth Third Bank \(f/n/a First Charter Bank\)](#)
[Fifth Third Mortgage Company](#)
[FIMI dba Forum Mortgage](#)
[Finance America, LLC](#)
[Finance Factors,. LTD](#)
[Financial Builders FCU](#)
[Financial Capital Inc.](#)
[Financial Consolidation & Mortgage Corp. dba FCMC](#)
[Financial Mortgage Corporation](#)
[Financial Mortgage, Inc.](#)
[Financial One Mortgage Corporation](#)
[Fine Mark National Bank & Trust](#)
[First Access Mortgage Corp.](#)
[First Alliance Mortgage Corp of Delaware](#)
[First Allied Mortgage, dba Federal Finance](#)
[First Alternative Mortgage Corp.](#)
[First American Bank and Trust Company](#)
[First American Bank Home Mortgage](#)
[First American Bank, NA](#)
[First American CoreLogic](#)
[First American Default Information Services LLC](#)
[First American Equity Corporation](#)
[First American Fulfillment Solutions](#)
[First American Funding Co. LLC](#)
[First American Mortgage Trust](#)
[First American National Bank Association](#)
[First Arkansas Mortgage Company](#)

[First Atlantic Bank](#)
[First Atlantic Mortgage Services, Inc.](#)
[First Bank \(VA\)](#)
[First Bank and Trust of Mississippi](#)
[First Bank d.b.a. First Bank Mortgage](#)
[First Bank Mortgage, A Division of First Bank of Georgia](#)
[First Bank NC](#)
[First Bank of Idaho](#)
[First Bank of the Lake](#)
[First Banking Center](#)
[First Brunswick Mortgage](#)
[First California Bank](#)
[First California Mortgage Company](#)
[First Call Mortgage Company](#)
[First Capital Financial Resources](#)
[First Capital Fin'l Services Corp dba Full Compass Lending](#)
[First Capital Mortgage Group, Inc.](#)
[First Capital Mortgage Services Inc.](#)
[First Capital Mortgage, LLC](#)
[First Capstone Mortgage LLC](#)
[First Centennial Mortgage Corp.](#)
[First Central Savings Bank](#)
[First Central State Bank](#)
[First Century Bank, N.A.](#)
[First Choice Bank](#)
[First Choice Financial Corp.](#)
[First Choice Funding Group Ltd.](#)
[First Choice Funding, Inc.](#)
[First Choice Lending Group, LP](#)
[First Choice Mortgage](#)
[First Choice Mortgage Services Inc.](#)
[First Citizens Bank & Trust Co.](#)
[First Citizens Bank and Trust Company Inc](#)
[First Citizens National Bank](#)
[First City Bank of Florida](#)
[First City Mortgage, Inc.](#)
[First Coast Lending Inc](#)
[First Coastal Mortgage LLC dba HH Mortgage](#)
[First Collateral Services, Inc.](#)
[First Collinsville Bank](#)
[First Colony Mortgage Corporation](#)
[First Colorado Trust LLC](#)
[First Commercial Bank](#)

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[First Commercial Bank of Florida, Inc.](#)
[First Commonwealth Mortgage Corp](#)
[First Community Bank](#)
[First Community Bank \(MO\)](#)
[First Community Bank of Crawford County](#)
[First Community Credit Union](#)
[First Community Credit Union of Houston](#)
[First Community Mortgage](#)
[First Community Mortgage](#)
[First Community Mortgage a Division of First Community Bank](#)
[First Community Mortgage Inc.](#)
[First Consolidated Mortgage Company](#)
[First Continental Mortgage and Investment Corp.](#)
[First Continental Mortgage, Ltd.](#)
[First County Bank](#)
[First Covenant Financial Group, LLC](#)
[First Credit Union](#)
[First Dakota National Bank](#)
[First Eastern Mortgage Corporation](#)
[First Educators Credit Union](#)
[First Equity Financial Corp. dba First Equity Home Loans](#)
[First Equity Financial LLC dba First Equity Financial](#)
[First Equity Lending, Inc.](#)
[First Equity Mortgage Bankers, Inc.](#)
[First Equity Mortgage Inc.](#)
[First Equity Mortgage Services, Inc.](#)
[First Equity Mortgage, Inc. \(AL\)](#)
[First Family Mortgage, Inc.](#)
[First Fed Mortgage, Inc](#)
[First Federal Bank](#)
[First Federal Bank of California](#)
[First Federal Bank of the Midwest](#)
[First Federal Bank, FSB](#)
[First Federal of Charleston](#)
[First Federal Savings and Loan Association of Newark](#)

[First Federal Savings Bank](#)
[First Federal Savings Bank \(IN\)](#)
[First Federal Savings Bank of Twin Falls](#)
[First Federal Savings Bank- TN](#)
[First Fidelity Bank, NA](#)
[First Fidelity Financial, Inc.](#)
[First Financial Bank NA](#)
[First Financial Bank, NA](#)
[First Financial Bank.](#)
[First Financial Company](#)
[First Financial Equities, Inc.](#)
[First Financial Home Mortgage Corp](#)
[First Financial Mortgage](#)
[First Financial Mortgage Corp](#)
[First Financial Mortgage Corp \(KY\)](#)
[First Financial Services Inc \(MI\)](#)
[First Financial Services, Inc.](#)
[First Financial Solutions LLC](#)
[First Financial Trust Mortgage, LLC](#)
[First FL Lending of Tampa Bay, Inc.](#)
[First Florida Bank](#)
[First Florida Home Loans](#)
[First Florida Lending Corporation](#)
[First Florida Mortgage Network, Inc.](#)
[First Franklin Financial Corporation](#)
[First Funding Financial Services, Inc.](#)
[First Funding Group, LLC](#)
[First Greensboro Home Equity, Inc.](#)
[First Guaranty Financial Corporation](#)
[First Guaranty Mortgage Corporation](#)
[First Hallmark Mortgage Corp](#)
[First Harrison Bank](#)
[First Hawaiian Bank](#)
[First Home Financial Services, Inc](#)
[First Home Mortgage Corporation](#)
[First Home Savings Bank](#)
[First Hope Bank](#)
[First Horizon Home Loans, a div. of FTB](#)
[First Houston Mortgage Ltd](#)
[First Illinois Mortgage Inc.](#)
[First Independent National Bank](#)
[First Integrity Mortgage Services, Inc.](#)
[First International Bank and Trust](#)

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[First Internet Bank of Indiana](#)
[First Interstate Bank](#)
[First Interstate Financial](#)
[First Jersey Mortgage Services Inc.](#)
[First Liberty Financial Group LLC dba First Liberty Fin Mtg](#)
[First Liberty Mortgage LLC](#)
[First Lincoln Loan Services, LLC](#)
[First Lincoln Mortgage Corp.](#)
[First Madison Loan Services LLC](#)
[First Madison Mortgage Corp](#)
[First Magnus Financial Corporation](#)
[First Maine Mortgage LLC](#)
[First Mark Mortgage Company, Inc](#)
[First Merchants Corporation](#)
[First Michigan Bank](#)
[First Mid-Illinois Bank & Trust N.A.](#)
[First Minnesota Bank](#)
[First Missouri National Bank](#)
[First Mortgage Banc Corporation](#)
[First Mortgage Company, L.L.C.](#)
[First Mortgage Corp.](#)
[First Mortgage Corporation of South Carolina](#)
[First Mortgage Group, Inc.](#)
[First Mortgage of Indiana, Inc.](#)
[First Mutual Bank](#)
[First Mutual Corp](#)
[First Mutual Mortgage Corporation](#)
[First Mutual Mortgage, Inc.](#)
[First National Bank](#)
[First National Bank Alaska](#)
[First National Bank Crossett](#)
[First National Bank Fox Valley](#)
[First National Bank Garden City](#)
[First National Bank In Alamogordo](#)
[First National Bank of America](#)

[First National Bank of Arizona \(RAPP\)](#)
[First National Bank of Bastrop](#)
[First National Bank of Central Florida](#)
[First National Bank of Chester Cnty through American Home Bk](#)
[First National Bank of Christiansburg](#)
[First National Bank of Durango](#)
[First National Bank of Fabens](#)
[First National Bank of Midland](#)
[First National Bank of Monahans dba Texas Hills Bank](#)
[First National Bank of Montana](#)
[First National Bank of Nassau County a/d/o CBC National Bank](#)
[First National Bank of Northern California](#)
[First National Bank of Omaha](#)
[First National Bank of Pennsylvania](#)
[First National Bank of Santa Fe](#)
[First National Bank of the South](#)
[First National Bank of Trenton](#)
[First National Bank of Wyoming](#)
[First National Bank South Dakota](#)
[First National Bank, Sallisaw](#)
[First National Home Mortgage Corp](#)
[First National Mortgage Banc Inc. dba Eagle Mortgage](#)
[First Nation's Home Finance Corp.](#)
[First Niagara Bank](#)
[First NLC Financial Services, LLC](#)
[First Northstar Inc. dba Minnesota Mortgage Connection](#)
[First Ohio Banc & Lending](#)
[First Old Capital Inc dba Old Capital Residential Lending](#)
[First Omni Mortgage Lending](#)
[First Option Mortgage](#)
[First Pacific Mortgage Co. Inc](#)
[First Pacific, Inc.](#)
[First Palmetto Mortgage, Inc.](#)
[First Peoples Bank](#)
[First Portfolio Mortgage Corporation](#)
[First Quality Mortgage Company](#)
[First Rate Capital Corp.](#)
[First Reliance Bank](#)
[First Republic Mortgage Corporation dba](#)
[First Residential Mortgage Network, Inc.](#)
[First Residential Mortgage Services Corporation](#)
[First Roosevelt, LLC](#)
[First Savings Mortgage Corporation](#)

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[First Security Bank - AR](#)
[First Security Bank of Bozeman](#)
[First Security Bank of Missoula](#)
[First Security Mortgage Company](#)
[First Security Mortgage Services, Inc.](#)
[First Security Trust Bank](#)
[First Service Mortgage](#)
[First Service Mortgage, Inc.](#)
[First Solution Lending, Inc.](#)
[First Source Mortgage, Inc.](#)
[First Southwestern Financial Services](#)
[First State Bank](#)
[First State Bank - IL](#)
[First State Bank \(27364\)](#)
[First State Bank \(IN\)](#)
[First State Bank \(TX\)](#)
[First State Bank and Trust Co](#)
[First State Bank Mortgage Company, LLC](#)
[First State Bank of Middlebury](#)
[First State Bank of the Florida Keys](#)
[First State Bank of Wyoming](#)
[First State Home Loan](#)
[First State Mortgage](#)
[First Suffolk Mortgage Corporation](#)
[First Switzerland Financial](#)
[First Tennessee Bank National Association](#)
[First United Bank](#)
[First United Bank and Trust Company](#)
[First United Home Loans](#)
[First United Mortgage Banking Corp.](#)
[First United Mortgage Company Inc](#)
[First United Mortgage Corporation](#)
[First West Mortgage Bankers LTD](#)
[First Western Bank & Trust](#)
[First Western Funding, LLC](#)

[First Western Mortgage Corporation](#)
[First Western Mortgage, Inc.](#)
[First Wholesale Mortgage Corporation](#)
[First Wisconsin Financial, Inc.](#)
[First World Mortgage Corporation](#)
[FirstBank Holding Company of Colorado/FirstBank of Colorado](#)
[Firstco Mortgage Corp.](#)
[FirsTier Bank Mortgage Division](#)
[Firstline Mortgage Inc.](#)
[FirstMac Corporation](#)
[Firsttrust](#)
[FirsTrust Mortgage](#)
[Fischer and Fritchel Home Mortgage Co. LLC](#)
[Fiserv - Unifi Products Group](#)
[Fiserv -MortgageServ](#)
[Fiserv Solutions, Inc.](#)
[Fisher Financial Group, Inc. dba NationsChoice Mortgage](#)
[Fitzgerald Mortgage Corp.](#)
[Fitzgerald Mortgage, Inc.](#)
[Five Points Bank](#)
[Five Points Bank of Hastings](#)
[Five Star Financial, Inc.](#)
[Five Star Partnership, LLC DBA Five Star Mortgage](#)
[Flagship Financial Services, Inc.](#)
[Flagship Mortgage Banc Inc a Wholly Owned Subsidiary of Old](#)
[Flagship Mortgage Corporation](#)
[Flagstar Bank](#)
[Flaherty Funding Corporation](#)
[Flat Branch Mortgage, Inc](#)
[Flathead Bank](#)
[FlexPoint Funding Corporation](#)
[Florida Capital Bank Mortgage](#)
[Florida Citizens Bank](#)
[Florida Community Bank](#)
[Florida Parishes Bank](#)
[Floridian Financial Mortgage, LLC](#)
[Flower Bank FSB](#)
[FM Financial Services, Inc. dba Foundation Mortgage](#)
[FM Lending Services, LLC](#)
[FM Mortgage Corporation](#)
[FMWF Trust](#)
[FNT Mortgage Series 2000-1](#)
[Focus Financial & Mortgage](#)

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[Forem Capital Inc.](#)
[Foresight Mortgage Corporation](#)
[Forest Park National Bank & Trust Co.](#)
[Fortes Financial, Inc.](#)
[Fortress Financial, LLC](#)
[Fortress Mortgage, Inc](#)
[Fortune Lending Corporation](#)
[Fortune One Mortgage Corporation](#)
[FORUM Credit Union dba FORUM Mortgage](#)
[Foundation Capital Group Inc.](#)
[Foundation Financial Group LLC](#)
[Foundation Financial Services, Inc.](#)
[Foundation Mortgage](#)
[Foundation Mortgage Company Inc.](#)
[Foundation Mortgage Corporation](#)
[Founders Bank](#)
[Founders Bank & Trust](#)
[Fountain Grove Mortgage](#)
[Fowlaw Enterprises, Inc. dba Oakridge Financial Services](#)
[Fox Funding, Inc.](#)
[Fox Mortgage, Inc](#)
[Franek Home Loans dba East Coast Lending](#)
[Frank, Weinberg & Black, P.L.](#)
[Franklin American Mortgage](#)
[Franklin Credit Management Corporation](#)
[Franklin First Financial Ltd dba Franklin First Mtg Bankers](#)
[Franklin Loan Center](#)
[Franklin Mortgage Company](#)
[Franklin Savings and Loan Company](#)
[Freedom Bank](#)
[Freedom Choice Mortgage LLC](#)
[Freedom Financial Mortgage Corporation](#)
[Freedom Financial Solutions, Inc.](#)
[Freedom First Federal Credit Union](#)
[Freedom Lending, LLC](#)

[Freedom Mortgage Corporation](#)
[Freedom Mortgage Corporation - NJ](#)
[Freeland, Rogers, LLC DBA Foundation Mortgage Group](#)
[Freeman Webb Mortgage Corporation](#)
[Freestand Financial Holding Corp](#)
[Freestone Enterprises, Inc. dba Freedom American Mortgage](#)
[Frels Enterprises, Inc dba Mortgage Associates of Texas](#)
[Fremont Bank](#)
[Fremont Reorganizing Corp f/k/a Fremont Investment & Loan](#)
[Friendswood Financial, LTD](#)
[FRMC Financial Inc. dba First Republic Mortgage Corporation](#)
[Frontier 2000 Mortgage & Loan, Inc.](#)
[Frontier Bank FSB dba El Paseo Bank](#)
[Frontier Bank, National Association](#)
[Frontier Financial Inc. dba Frontier Mortgage](#)
[Frontier Investment Co., dba Rainland Mortgage Company](#)
[Frontier Lending Company, LLC](#)
[Frontier National Bank](#)
[FTN Financial Warehouse Lending](#)
[FUCM Private Investor - 1000010455 \(NON MEMBER\)](#)
[FUCM Private Investor - 1000110455 \(NON MEMBER\)](#)
[FUCM Private Investor - 1000210455 \(NON MEMBER\)](#)
[FUCM Private Investor - 1000310455 \(NON MEMBER\)](#)
[Full House Mortgage, Inc.](#)
[Fulton Bank dba Fulton Mortgage Company](#)
[Funding Resources Mortgage Corp.](#)
[Funding Solutions Inc](#)
[Fusion Home Loans, LLC](#)
[G Squared Financial LLC](#)
[Gabriel Mortgage, LLC](#)
[Garden City Bank](#)
[Garden City State Bank](#)
[Gardner Financial Services LTD dba Gardner Financial Service](#)
[Gateway Bank Mortgage, Inc.](#)
[Gateway Bank, F.S.B.](#)
[Gateway Business Bank dba Mission Hills Mortgage Bankers](#)
[Gateway Capital Mortgage Corp](#)
[Gateway Financial Corporation](#)
[Gateway Financial Services, Inc.](#)
[Gateway Funding Diversified Mortgage Services LP](#)
[Gateway Mortgage Group](#)
[Gateway Residential Funding](#)
[GB Home Equity LLC A Wisconsin Limited Liability Company](#)

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[GBC Funding](#)
[GCM Mortgage Inc.](#)
[GCS Federal Credit Union](#)
[GD LLC dba GLF Funding dba Guaranty Lenders Funding](#)
[GD Mortgage Inc](#)
[GE HF Holdings, Inc.](#)
[GE Money Bank](#)
[Gecko Mortgage Incorporated](#)
[Gemini Bancorp, Limited](#)
[GenEquity Mortgage, Inc.](#)
[General Mills Federal Credit Union](#)
[General Mortgage Company](#)
[General Mortgage Corporation of America](#)
[General Mortgage Finance Corp](#)
[Genesee Regional Bank](#)
[Genesis Mortgage Corporation](#)
[Geneva Mortgage Corp](#)
[Geneva Mortgage Services LLC](#)
[Geneva State Bank](#)
[Genisys Financial Corp.](#)
[GEO Financial, Inc dba Blue Water Mortgage Co](#)
[GEO Mortgage Services Inc](#)
[GEO-Corp, Inc. dba Interstate Bancorp](#)
[George Mason Mortgage Corporation](#)
[Georgetown Mortgage Inc dba Home Source Mortgage](#)
[Georgetown Mortgage, Inc.](#)
[Georgia Bank and Trust](#)
[Georgia Banking Company dba GBC Funding](#)
[Georgia Banking Company dba National Mortgage Alliance](#)
[Georgia Home Mortgage Network Inc.](#)
[Gerber Federal Credit Union](#)
[German American Bancorp](#)
[Gershman Investments Corp.](#)
[Gesa Credit Union](#)
[GF Mortgage Inc. dba Greystone Financial](#)

[GFI Mortgage Bankers Inc](#)
[GHS Mortgage dba Windsor Mortgage](#)
[Gilpin Financial Services, Inc.](#)
[GL Financial Services, LLC](#)
[Glacier Bancorp, Inc.](#)
[Glacier Bank](#)
[Glendive BN FCU](#)
[Glenn Computer Corporation](#)
[Glenwood Financial, LLC](#)
[Global Advisory Group dba Mortgage Lending Group](#)
[Global Credit Union](#)
[Global Equity Lending Inc.](#)
[Global Financial Services](#)
[Global Funding Solutions, LLC](#)
[Global Home Loans and Finance](#)
[Global Lending Inc.](#)
[Global Lending Solutions, LLC](#)
[Global Lending, LLC](#)
[Globe Mortgage America LLC](#)
[GMAC Bank](#)
[GMAC Bank - Document Custody Services](#)
[GMAC Bank \(1\)](#)
[GMAC BANK \(TRUSTEE 01\)](#)
[GMAC BANK ASSET MANAGEMENT CO](#)
[GMAC Mortgage, LLC](#)
[GMC Lending Services Inc.](#)
[GMFS, LLC](#)
[GMI Home Loans, LLC dba GMI Funding](#)
[GMS Funding L.L.C.](#)
[GNL Inc., dba Freedom Mortgage & Loan](#)
[Go Blue, Inc. dba The Mortgage Group](#)
[Goal Mortgage Funding, Inc.](#)
[Gold Bank](#)
[Gold Mortgage Banc Inc.](#)
[Gold Star Mortgage Financial Group Corporation](#)
[Golden Empire Mortgage, Inc.](#)
[Golden Equity Mortgage Corp.](#)
[Golden First Mortgage Corp](#)
[Golden Rule Mortgages, Inc.](#)
[Golden West Funding, Inc.](#)
[Goldenwest Credit Union](#)
[Goldman Sachs Bank USA](#)
[Goldman Sachs Mortgage Company](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
Printed 4-20-2011 from Attorney Neil Garfield Website
(Garfield Website Screenshot attached as Exhibit 4)

SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

(Click on the HWF link, it will take you to the MERS website & confirm that the HWF Org
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[Golf Savings Bank](#)
[Gordon Lending Corporation](#)
[Gorman & Gorman Residential Mtg. Svs., Inc.](#)
[Gotham Mortgage Corporation](#)
[Govell Funding Group LLCdba CT Home Loans](#)
[Government National Mortgage Association](#)
[Grabill Bank](#)
[Grace America Mortgage LTD](#)
[Grace Funding Inc.](#)
[Grand Bank, NA](#)
[Grand Rivers Community Bank](#)
[Grand Valley National Bank](#)
[Grande Homes, Inc. dba GHI Mortgage](#)
[Granite Mortgage & Construction Finance Inc](#)
[Granite Mortgage Corp](#)
[Graystone Funding Company LLC dba Graystone Mortgage LLC](#)
[Graystone Mortgage LLC](#)
[Graystone Solutions, Inc.](#)
[Great Country Mortgage Bankers, Corp.](#)
[Great Eastern Mortgage & Investment Inc](#)
[Great Florida Bank](#)
[Great Horizons, Inc. dba Great American Mortgage](#)
[Great Lakes Bank, NA](#)
[Great Lakes Mortgage & Inv Inc.](#)
[Great Lakes Mortgage Brokers LLC](#)
[Great Northern Bank](#)
[Great Northern Financial Corporation](#)
[Great Northern Financial Group, Inc.](#)
[Great River Federal Credit Union](#)
[Great Southern Bank](#)
[Great Western #1 Inc.](#)
[Great Western Bank](#)
[Great Western Financial Group](#)
[Great Western Financial Services, Inc](#)
[Great Western Home Loans](#)

[Greater Acceptance Mortgage Corporation](#)
[Greater Atlanta Mortgage Co.](#)
[Greater Atlantic Mortgage Corporation](#)
[Greater Financial Mortgage Corp](#)
[Greater Iowa Credit Union](#)
[Greater Midwest Mortgage Corp](#)
[Greater Nevada Mortgage Services](#)
[Greater Northwest Mortgage Inc.](#)
[Greater Potomac Mortgage Company](#)
[Greater United Home Funding, Inc.](#)
[GreatHouse Mortgage, Inc](#)
[Green Bay Mortgage Headquarters, LLC DBA Green Bay Mortgage](#)
[Green Planet Mortgage, LLC](#)
[Green Planet Servicing LLC](#)
[Green Tree Servicing LLC](#)
[Greenback Funding Inc.](#)
[GreenBank](#)
[Greenco Financial Mortgage Bankers](#)
[Greenfield Co-Operative Bank](#)
[Greenfield Mortgage Corporation](#)
[Greenlight Financial Services](#)
[Greenpark Mortgage Corporation](#)
[GreenPoint Mortgage Funding Inc.](#)
[Greentree Mortgage Company, L.P.](#)
[Greenwich Capital Financial Products, Inc](#)
[Greenwich Investors XXVI, LLC](#)
[Greenwood Properties LLC](#)
[Greg Bissmeyer dba GB Mortgage](#)
[Gregg & Valby Mortgage Services](#)
[Greystone Bank \(R\)](#)
[Greystone Financial Group](#)
[Griffin Lending LLC #84861](#)
[Grimaldi Capital Funding, Inc.](#)
[Group One Mortgage Corporation](#)
[Group One Mortgage Inc.](#)
[Grovebay Financial, Inc](#)
[Groves Funding Corporation](#)
[GSB Mortgage Inc.](#)
[GSC Capital Corp](#)
[GSF Mortgage Corporation](#)
[GTKY Credit Union Inc](#)
[Guaranteed Home Mortgage Company, Inc.](#)
[Guaranteed Mortgage Brokers Inc](#)

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[Guaranteed Rate, Inc](#)
[Guaranty Bank \(MO\)](#)
[Guaranty Bank \(Texas\)](#)
[Guaranty Bank, FSB](#)
[Guaranty Federal Financial Corp.](#)
[Guaranty Trust Company](#)
[GuardHill Financial Corp.](#)
[Guardian Financial Network Inc.](#)
[Guardian Mortgage, Inc.](#)
[Guardian Nationwide Mortgage Inc.](#)
[Guidance Mortgage Group, LLC](#)
[Guidance Mortgage LLC](#)
[Guild Mortgage Company](#)
[Gulf Atlantic Funding Group, Inc.](#)
[Gulf Coast Bank & Trust Co. Non Mortgage](#)
[Gulf Coast Bank and Trust Company](#)
[Gulf Coast Community Bank](#)
[Gulf Coast Mortgage Inc](#)
[Gulf Coast Principle, LLC](#)
[Gulf States Mortgage](#)
[Gulfstream Business Bank](#)
[Gum Tree Mortgage, LLC](#)
[GVC Mortgage Inc dba Preferred Capital](#)
[H & R Block Mortgage](#)
[H&H Financial Group LLC dba Life Mortgage Group](#)
[H&R Block Bank](#)
[H.M.M. Enterprises, Inc.](#)
[Habersham Bank](#)
[Habitat Mortgage Company Inc](#)
[Hallmark Home Mortgage](#)
[Hallmark Mortgage Services, Inc.](#)
[Hamilton Federal Bank](#)
[Hamilton Group Funding Inc.](#)
[Hamilton Mortgage Corporation](#)
[Hamilton National Mortgage Company](#)

[Hammer Mortgage, Inc.](#)
[Hammond Securities Co., LLC](#)
[Hancock Bank](#)
[Hanover Mortgage Company](#)
[Happy State Bank](#)
[Harbor Financial Mortgage Corporation](#)
[Harbourton Mortgage Investment Corporation](#)
[Hargrow & Associates Inc dba MH&A Financial Service](#)
[Harris Nesbitt Corp. \(As Agent for Fairway Finance Co., LLC.](#)
[Harry Mortgage Company](#)
[Hart West Financial](#)
[Hartford Financial Services Inc.](#)
[Hartland Mortgage Centers Inc](#)
[Harvest Financial.Net, Inc DBA Harvest Financial](#)
[Hawthorn Bank](#)
[Hawthorne Capital Corp](#)
[Hawthorne Credit Union](#)
[Hayhurst Mortgage, Inc.](#)
[HBC Investment Group, Inc. dba All-American Mortgage](#)
[HCI Mortgage](#)
[HCL Finance, Inc.](#)
[Hearthside Lending Corp.](#)
[Heartland Bank](#)
[Heartland Bank.](#)
[Heartland Community Bank](#)
[Heartland Credit Union](#)
[Heartland Funding Corp](#)
[Heartland Home Finance Inc](#)
[Heartland Mortgage Company](#)
[Heartland Mortgage Company LC](#)
[Heartland National Bank](#)
[Heartwell Mortgage Corporation](#)
[Hedlund Mortgage LLC](#)
[Hela Corporation dba Integra Pacific Mortgage](#)
[Helpbringer Mortgage Services, Inc.](#)
[Hemant Shah dba NJ Mortgage Services](#)
[Hemisphere National Bank, Mortgage Division](#)
[HengerRast Mortgage Corporation](#)
[Heritage Financial Group, LLC](#)
[Heritage Mortgage & Loan, Inc](#)
[Heritage Mortgage Services, LLC](#)
[Heritage Oaks Bank](#)
[Heritage Plaza Mortgage, Inc.](#)

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NUMBER 1000626 WAS VALID FOR HWF.)**

[Heritage Savings Bank](#)
[Herman-Morrie Enterprises Inc. dba Hawaii's Premiere Mtg. Co](#)
[Hernandez Services Inc.](#)
[HF Financial Corp](#)
[HFC - Beneficial](#)
[HFN - Consumer Orig.](#)
[High Point Mortgage Corp](#)
[High Tech Lending](#)
[Highland Banc, Inc](#)
[Highland Federal Savings & Loan](#)
[Highland Financial Co., LLC.](#)
[Highmark Federal Credit Union](#)
[Hillcrest Bank](#)
[Hills Bank and Trust Company](#)
[Hilton Head Mortgage, LLC](#)
[Hilton Mortgage Corporation II](#)
[Hinds Mortgage Inc](#)
[HL Mortgage, LLC](#)
[HMC - Home Mortgage Consultants, Inc.](#)
[HMC Funding Inc.](#)
[HNB Mortgage](#)
[Hogar Mortgage](#)
[Home 123/New Century](#)
[Home Bank SB](#)
[Home Capital Funding](#)
[Home Capital, Inc.](#)
[Home City Federal Savings Bank of Springfield](#)
[Home Equity Solutons LTD](#)
[Home Express](#)
[Home Fed Realty Corp](#)
[Home Federal Bank ID](#)
[Home Federal Savings and Loan](#)
[Home Federal Savings Bank](#)
[Home Finance of America](#)
[Home Finance.com Inc.](#)

[Home Financial, Inc.](#)
[Home Financing Center Inc.](#)
[Home Financing Unlimited, Inc.](#)
[Home Funding Corporation](#)
[Home Funding Finders, Inc.](#)
[Home Loan Center dba Lending Tree Loans](#)
[Home Loan Consultants](#)
[Home Loan Consultants Inc](#)
[Home Loan Corporation](#)
[Home Loan Funding Inc](#)
[Home Loan Mortgage Company](#)
[Home Loan Mortgage Corporation](#)
[Home Loan Network](#)
[Home Loan Professionals, LLC dba Home Loan Professionals](#)
[Home Loan Services, Inc.](#)
[Home Loan Specialists Inc.](#)
[Home Loans USA Inc. \(Orange\)](#)
[Home Mortgage Associates, Inc.](#)
[Home Mortgage Corporation](#)
[Home Mortgage Desk Corp.](#)
[Home Mortgage Finance Group Corp](#)
[Home Mortgage Inc.](#)
[Home Mortgage Lending, LLC](#)
[Home Mortgage Resources Inc](#)
[Home Mortgage Solutions, Inc.](#)
[Home Mortgage, Inc.](#)
[Home N Mortgage, Inc.](#)
[Home National Bank N.A.](#)
[Home Savings & Loan Co. of Youngstown, Ohio](#)
[Home Savings & Trust Mortgage](#)
[Home Savings bank](#)
[Home Savings Mortgage](#)
[HOME SAVINGS OF AMERICA](#)
[Home Service Associates, Inc.](#)
[Home South Mortgage Corporation](#)
[Home State Bank & Trust Co](#)
[Home State Mortgage Group](#)
[Home Team Equity, LLC](#)
[Home Town Mortgage Inc](#)
[Home USA Mortgage, Inc.](#)
[Home Vest LLC](#)
[HomeAmerican Mortgage Corporation](#)
[HomeBanc N.A.](#)

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**BUT AS OF 1-27-2009 HWF WAS A MERS MEMBER, IN THE DATABASE, AND THE
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[Homebound Mortgage, Inc.](#)
[Homebuyers Financial LLC](#)
[Homebuyer's Resource Group, LLC](#)
[HomeComings Financial, LLC](#)
[HomeComings Wholesale Funding](#)
[Homefield Financial Inc.](#)
[HomeFirst Mortgage LLC](#)
[HomeFirst Mortgage Services LLC](#)
[Homefront Mortgage Group LLC](#)
[Homeland Capital, LLC](#)
[Homeland Mortgage LLC](#)
[Homeline Mortgage Corp](#)
[Homelink Mortgage Inc](#)
[HomeLoan USA Corporation](#)
[HomeLoan.com, Inc.](#)
[HomeLoanAdvisors.com](#)
[Homeowners Financial Group USA, LLC.](#)
[Homeowners Financial Services, Inc.](#)
[Homeowners Friend Mortgage Company, Inc.](#)
[Homeowners Mortgage Enterprises, Inc.](#)
[HomeOwners Mortgage of America, Inc.](#)
[Homeplaceloans.com, Inc.](#)
[HomePoint Mortgage Group LLC](#)
[HomePromise Corporation](#)
[HomEq Servicing](#)
[Homequest Capital Funding LLC](#)
[Homeservices Financial, LLC](#)
[Homeservices Lending, LLC Series A \(CA\)](#)
[Homeservices Lending, LLC Series A DBA Mortgage South](#)
[Homesource Funding Group](#)
[Homesource Lending Inc.](#)
[Homespring Financial LLC](#)
[Homespun Mortgage Corporation](#)
[HomeStar Financial Corporation](#)
[Homestar Lending Corporation](#)

Homestar Mortgage Services (Vendor)
Homestar Mortgage, Inc.
HomeStart Mortgage Corporation
Homestead Financial Services, Inc.
Homestead Funding Corp
Homestead Mortgage Company LLC dba Homesite Mortgage
Homestead Mortgage Corporation
Homestead Mortgage Inc.
Homestead-USA, Inc.
HomeStreet Bank
HomeTech Mortgage Corporation
Hometown America Incorporated
Hometown Bank of Corbin
Hometown Equity Mortgage of St. Louis, Inc.
HomeTown Financial Group, Inc.
HomeTown Lenders LLC
Hometown Lending
HomeTown Mortgage Services, Inc.
Hometown Security Mortgage Inc
Hometowne Lending L.L.C.
HomeTrust Bank
Hometrust Mortgage Company
HomeTrust Mortgage Inc.
Hometrust Mortgage Services LLC
HomeValue Mortgage, Inc.
Homevest Mortgage Corporation
Homeview Lending
Homewide Lending Corp.
Homewise Inc.
Honda Federal Credit Union
Honesdale National Bank
Honor State Bank
Hopewell Federal Credit Union
Horizon Bank
Horizon Bank (MN)
Horizon Bank, Mortgage Warehousing Division
Horizon Bank, N.A.
Horizon Direct, Inc. dba Commitment Lending
Horizon Financial Group, Inc.
Horizon Mortgage Corp. DBA Americhoice Residential Funding
Horizon National Bank
Horizon National Lending
Housing & Neighborhood Development Services, Inc. dba HANDS

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[Housing Opportunity Comm. - Non-Member Investor](#)
[Housing Solutions, Inc.](#)
[Houston Prime Mortgage, LLC](#)
[Houstonian Mortgage Group, Inc. DBA Westin Mortgage Group](#)
[HoustonMortgage.com](#)
[Howard Bank](#)
[Howard Hanna Financial Services, Inc.](#)
[Howard Hanna Mortgage Services](#)
[HSBC Bank USA](#)
[HSBC Bank USA as Trustee](#)
[HSBC Bank USA, NA - Non-Affiliate](#)
[HSBC Bank USA, National Association](#)
[HSBC Mortgage Corporation, USA](#)
[HSBC Mortgage Services](#)
[HSBC Mortgage Services Warehouse Lending Inc](#)
[HTFC Corporation DBA HTFC Mortgage Bankers, Miracle Funding](#)
[Hudson City Savings Bank](#)
[Humbert Mortgage](#)
[Humphries Mortgage Inc.](#)
[Hunt Mortgage](#)
[Hunter Financial Group LLC](#)
[Huntingdon Valley Bank](#)
[Huntington Community Mortgage Bankers](#)
[Huron Valley Financial Inc](#)
[Hyde Park Bank](#)
[Hyperion Capital Group LLC](#)
[Hyperion Capital Group, LLC](#)
[IAA Credit Union](#)
[iApprove Lending](#)
[Iberia Mortgage Corp.](#)
[IBEX Networks, Inc.](#)
[Idaho Banking Company](#)
[Idaho First Bank](#)
[Idaho Independent Bank](#)
[Ideal Home Loans, Inc](#)

[Ideal Mortgage Specialists, Inc](#)
[Identico Inc. dba Constantine Mortgage Services](#)
[IDS, Inc](#)
[IFG Mortgage Services, Inc.](#)
[iFreedom Direct Corporation](#)
[Ikon Mortgage Lenders, Inc.](#)
[Illinois Mortgage Funding Corporation](#)
[Itis Lending Group Inc.](#)
[Imath Inc dba 21st Century Mortgage](#)
[IMC Funding Group, Inc.](#)
[imortgage.com Inc.](#)
[Impac Funding Corporation](#)
[Impac Mortgage Acceptance Corporation dba Impac Funding Corp](#)
[Impac Warehouse Lending Group](#)
[Impact Mortgage Group, Inc.](#)
[Imperial Lending LLC](#)
[IMS Mortgage Services](#)
[Independence Community Bank](#)
[Independence Financial Corporation](#)
[Independent Capital Group, Inc](#)
[Independent Financial Mortgage, Inc](#)
[Independent Mortgage](#)
[Independent Realty Capital Corp.](#)
[Indiana Members Credit Union](#)
[Indianapolis Neighborhood Housing Partnership](#)
[Indigo Fincancial Group, Inc](#)
[IndyMac Federal Bank FSB](#)
[I-Net Mortgage Corp](#)
[Infinite Financial Corporation dba Metropolitan Home Mtg](#)
[Infinite Mortgage Services, LLC](#)
[Infinity Financial Corp](#)
[Infinity Financial Network LLC](#)
[Infinity Funding Corp.](#)
[Infinity Group Services](#)
[Infinity Home Mortgage Company Inc.](#)
[Infinity Information Solutions LLC, was of First American RE](#)
[Infinity Mortgage Co. Inc](#)
[Infinity Mortgage Corporation](#)
[Infinity Mortgage Corporation.](#)
[Information Engineering Services, Inc.](#)
[Ingle & Associates Mortgage Services, Inc dba Ingle Mortgage](#)
[Ingomar Limited Partnership](#)
[Inland Northwest Bank](#)

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[Innergy Lending LLC](#)
[Innovative Financial Services, Inc.](#)
[Innovative Mortgage Capital, LLC](#)
[Innovative Mortgage Concepts LLC](#)
[Innovative Mortgage Solutions LLC](#)
[Innovative Property Services, Inc.](#)
[Insight Bank](#)
[Insight Financial Corporation](#)
[InSource Financial Services LLC](#)
[InSouth Funding Inc](#)
[InstaFi.com](#)
[Instant Capital Funding Group, Inc.](#)
[Integrated Financial Group, Inc.](#)
[Integrated Lending, Inc.](#)
[Integrated Mortgage Corporation](#)
[Integrated Mortgage Services Inc.](#)
[Integrated Mortgage Strategies Ltd.](#)
[Integrity Bancorp](#)
[Integrity Financial LLC](#)
[Integrity Financial Services of Tampa Bay Inc.](#)
[Integrity Financial Services, Inc.](#)
[Integrity First Financial, Inc.](#)
[Integrity First Home Loans Inc](#)
[Integrity Home Loan of Central Florida Inc](#)
[Integrity Home Mortgage Corporation](#)
[Integrity Lending LLC](#)
[Integrity Mortgage & Financial Incorporated](#)
[Integrity Mortgage LLC](#)
[Integrus Mortgage LLC](#)
[Intelli Mortgage Services, Inc.](#)
[Inter Mountain Mortgage](#)
[Inter National Bank](#)
[Inter Savings Bank, FSB](#)
[InterBay Funding, LLC](#)
[InterContinental Capital Group, Inc.](#)

[Intercontinental Mortgage Partners of Texas, LP](#)
[Interlinc Mortgage, Inc.](#)
[Intermountain Industries, Inc. dba Major Mortgage USA](#)
[Intermountain Mortgage Company Inc](#)
[International Bank of Commerce](#)
[International Bankers Financial Group](#)
[International Home Capital Corporation](#)
[International Lending Solutions, Inc.](#)
[International Mortgage Corporation](#)
[Interra Credit Union](#)
[Interstate Home Loan Center Ind dba myequityloan.com](#)
[Interthinx, Inc](#)
[Intertrust Mortgage LLC](#)
[Intervale Mortgage Company, Inc.](#)
[InTouch Mortgage Inc.](#)
[Intracoastal Mortgage Co. LLC](#)
[Intrust Mortgage, Inc.](#)
[Investaid Corporation](#)
[Investors Mortgage Asset Recovery Company, LLC dba IMARC](#)
[Investors Mortgage Company, Inc.](#)
[Investors Trust Mortgage & Investment Co. Inc.](#)
[Iowa Bankers Mortgage Corporation](#)
[Iowa Mortgage Professionals, Inc.](#)
[iQ Credit Union](#)
[Ireland Bank](#)
[Ires Co.](#)
[IronStone Bank](#)
[Irwin Home Equity](#)
[Irwin Mortgage Corporation](#)
[Irwin Union Bank and Trust](#)
[iServe Servicing Inc.](#)
[ISGN](#)
[Island Community Mortgage Services LLC dba Island Mortgage](#)
[Ivanhoe Financial, Inc.](#)
[iWayloan LP](#)
[IZT Mortgage Inc. dba Ameritech Mortgage](#)
[J and E Mortgage Services LLC](#)
[J&M Mortgage Brokers, LTD dba Mortgages USA](#)
[J&R Lending Inc., dba First Security Lending](#)
[J&S Holdings of Greenville Inc. dba First United Mortgage](#)
[J. Allston Mortgage LLC](#)
[J. Friedman Inc dba J. Friedman Mortgage & JRA Mortgage](#)
[J. Philips Mortgage Inc.](#)

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[J. Powder Mortgage, Ltd.](#)
[J. Virgil, Inc. dba The Lending Factory](#)
[J.D. Martinez Investments, Inc. DBA AllBay Mortgage Services](#)
[J.S. Shirk & Associates, Inc. dba Florida Community Mortgage](#)
[J.S. Smith Mortgage, LLC](#)
[Jabez Financial Services, LLC](#)
[JAC Financial Inc. dba Plaza Loan Services](#)
[Jam Consultants](#)
[Jamsab Realty Corp](#)
[Jason B. Jones dba Halo Capital](#)
[Jayco Capital Group dba Loan Solutions](#)
[JB, LLC dba Precision Mortgage](#)
[JC Reed Mortgage LLC](#)
[JCJ Mortgage Ventures, L.P.](#)
[JDB Mortgage Corp.](#)
[JDH Capital, LLC](#)
[JDJ Financial Group Inc.](#)
[Jefferson Bank](#)
[Jefferson Bank & Trust co.](#)
[Jefferson Mortgage Services, Inc](#)
[Jennifer Farley dba South River Mortgage](#)
[Jersey Mortgage Company](#)
[JFK Financial Inc. dba Equity Direct Funding](#)
[JJAM Corporation](#)
[JJM Investments, Inc.](#)
[JKS Mortgage, LLC](#)
[JLB Corporation dba Golden Oak Lending](#)
[JMAC Lending, Inc.](#)
[JMJ Financial Group dba The Coastal Lending Group](#)
[JMJ Mortgage Capital, LLC](#)
[Joe Klein Enterprises LTD d/b/a The Mortgage Store](#)
[John Adams Mortgage](#)
[John H.D. Goemans, Inc. dba The Mountain Mortgage Centers](#)
[Johnson Mortgage Company, LLC](#)
[Jonah Bank of Wyoming](#)

[Jones Mortgage Group](#)
[Jordon Financial Group, LLC](#)
[JP Morgan Chase Bank](#)
[JP Morgan Chase Bank as Trustee](#)
[JP Morgan Chase Bank NA](#)
[JP Morgan Chase Bank, N.A. - Warehouse Lending](#)
[JP Morgan Chase Bank, N.A. - Warehouse Lending Vendor](#)
[JPMorgan Chase Document Custodian](#)
[JT, Inc dba Nortex Mortgage](#)
[JTM Financial Services, Inc.](#)
[Judith O. Smith Mortgage Group, Inc.](#)
[Just Mortgage, Inc.](#)
[Just Write Funding LP dba CU JWF Associates, Inc.](#)
[JZ Mortgage Inc. dba Equity Funding Co.](#)
[K & G Capital Mortgage LP](#)
[K Bank](#)
[K Hovnanian American Mortgage LLC](#)
[K&B Capital Corp](#)
[K&G Financial, LLC](#)
[K.P. Riley Mortgage Corporation](#)
[Kaiser & Associates Mortgage Services, Inc](#)
[Kaiser Federal Bank](#)
[Kansas City Mortgage Group LLC](#)
[Kastle Mortgage Corporation](#)
[Kaw Valley Home Loans, Inc.](#)
[Kay-Co Investments, Inc. dba Pro30 Funding](#)
[Kaye Financial Corporation](#)
[KCB Bank](#)
[KE Enterprises LLC](#)
[Kellner Mortgage Investments I, LTD](#)
[Kelly Stephens Mortgage Inc. dba KS Mortgage Inc.](#)
[Kelstar Financial Services LLC](#)
[Kemp Mortgage LLC](#)
[Kenilworth Financial Inc.](#)
[Kennedy Mortgage Corp](#)
[Kenney Bank and Trust dba America's Home Loan](#)
[Kentucky Housing Corporation](#)
[Kentucky Neighborhood Bank, Inc.](#)
[Kentucky Telco Federal Credit Union](#)
[Key Financial Corporation](#)
[Key Mortgage Company, Inc.](#)
[Key Mortgage Lenders, L.L.C.](#)
[Key Mortgage Link, Inc.](#)

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[Key Mortgage Services](#)
[Key Mortgage Services Inc dba Baird & Warner Financial Serv.](#)
[Keynote Equity Group, LLC](#)
[KeyPoint Credit Union](#)
[KeySource Commercial Bank](#)
[Keystone Home Mortgage, LLC](#)
[Keystone Mortgage](#)
[Keystone Mortgage Company, Inc.](#)
[KH Financial, LP](#)
[Kiertec Inc. dba US Mortgage Source](#)
[Kinetic Mortgage Group](#)
[King Financial Group, Inc.](#)
[Kings Mortgage Services, Inc.](#)
[Kingswood Mortgage Inc.](#)
[Kirkland Investors LLC](#)
[Kirkwood Bank & Trust Co.](#)
[Kirkwood Financial Corporation](#)
[Kirsten Estes dba Mountain Home Lending](#)
[Kitsap Credit Union](#)
[KleinBank, dba KleinMortgage](#)
[KLW, Inc dba Northside Mortgage](#)
[Knightbridge Mortgage Bankers](#)
[Kohler Credit Union](#)
[Kondaur Capital Corporation](#)
[Kroboth & Helm Mortgage Company, Inc.](#)
[KSC Investment Group, LLC](#)
[Kubrick Financial](#)
[L & G Mortgagebanc Inc](#)
[LA Financial Federal Credit Union](#)
[La Rue Residential Lenders LLC](#)
[Lafayette Bank & Trust Company](#)
[Lafayette Community Bank](#)
[Lake Area Mortgage, A Division of Lake Area Bank](#)
[Lake Community Bank](#)
[Lake Creek Financial LLC](#)

[Lake Dillon Mortgage Services, Inc.](#)
[Lake Michigan Credit Union](#)
[Lake Mortgage Company, Inc.](#)
[Lake Mortgage Group, LLC dba Lake Mortgage](#)
[Lake State Federal Credit Union](#)
[Lakeland Mortgage Corporation](#)
[Lakes Area Mortgage, LLC](#)
[Lakeshore Mortgage Group Inc.](#)
[Lakeside Bank](#)
[Lakeside Lending LTD](#)
[Lakeside Mortgage Company](#)
[Lakeview Bank](#)
[Lakeview Mortgage, Inc.](#)
[Lancaster Mortgage Bankers LLC](#)
[Land Home Financial Services, Inc.](#)
[Landmark Mortgage & Associates Inc](#)
[Landmark Mortgage Corporation](#)
[Landmark Mortgage Lending](#)
[Landmark Mortgage LLC](#)
[Landmark Mortgage of Tampa Bay, Inc.](#)
[Landover Mortgage, LLC](#)
[Langdon Mortgage Company, Inc.](#)
[Laraby Financial Group Inc.](#)
[LaSalle Bank NA Trustee for BancOne Series 2000-2](#)
[LaSalle Bank NA, Trustee for BancOne Series 2000-1](#)
[Lawrence Bank](#)
[Lawrence Residential Funding Corp.](#)
[Lawrence Winslow dba All Texas Mortgage](#)
[Layton State Bank](#)
[LBA Financial Group](#)
[Leader Bank, N.A.](#)
[Leader Financial Services, a div of American National Bank](#)
[Leader Mortgage Company, Inc.](#)
[Leader Mortgage Corp](#)
[LeaderOne Financial Corporation](#)
[Leahy & Walker Financial Services](#)
[Leavitt Inc.](#)
[Lee Financial Corporation](#)
[Legacy Bank](#)
[Legacy Financial Corporation](#)
[Legacy Funding Corp.](#)
[Legacy Group Lending, Inc.](#)
[Legacy Lending, Inc.](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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NUMBER 1000626 WAS VALID FOR HWF.)**

[Legacy Mortgage Group LLC](#)
[Legacy Mortgage Inc.](#)
[Legacy Texas Mortgage, LP](#)
[Legend Lending Corporation](#)
[Legendary Home Loans, Inc.](#)
[Lehman Brothers Bank](#)
[Lehman Brothers Holdings Inc.](#)
[Lehman Commercial Paper, Inc.](#)
[Lehman/FNMA Non-Laser](#)
[Leitchfield Deposit Bank and Trust Company](#)
[Lend America](#)
[Lend America, Inc.](#)
[Lend Smart Mortgage LLC](#)
[LendAmerica Home Loans, Inc.](#)
[Lender Ltd.](#)
[Lender Processing Services, Inc. \(aka LPS\)](#)
[LENDERLIVE, INC.](#)
[Lenders Association, Inc.](#)
[Lenders Depot Inc.](#)
[Lenders Direct Capital Corporation](#)
[Lenders Rate Approval.com, Corp.](#)
[Lendia, Inc.](#)
[Lending 1st Mortgage, LLC](#)
[Lending Bankers Mortgage LLC](#)
[Lending Capital Group, LLC](#)
[Lending Solutions Inc. dba LSI Mortgage Plus](#)
[Lending Street, L.L.C.](#)
[LendingSpace, Inc.](#)
[Lend-Mor Mortgage Bankers Corp](#)
[Lendmor, LLC](#)
[LendSource, Inc.](#)
[LendSouth Mortgage, Inc.](#)
[Lenox Financial Mortgage Corporation](#)
[Level One Bank](#)
[Lewis Hunt Enterprises dba Interactive Financial Corporation](#)

[Lexim Mortgage](#)
[Lexington Capital Corp dba Lexington Mortgage](#)
[LFM Group Inc. DBA LIRA Financial Mortgage](#)
[LG & MG Corporation dba Precise Mortgage Lending](#)
[LHI Mortgage](#)
[LHM Financial dba CNN Mortgage Inc.](#)
[Libertad Bank SSB](#)
[Liberty 2000 Enterprises, Inc.](#)
[Liberty Alliance Federal Credit Union](#)
[Liberty Bank](#)
[Liberty Bank and Trust Company](#)
[Liberty Bank of Arkansas](#)
[Liberty Federal Mortgage LLC, dba First United Inc LLC](#)
[Liberty First Credit Union](#)
[Liberty Home Lending, Inc.](#)
[Liberty Home Loan Corporation](#)
[Liberty Home Loans](#)
[Liberty Mortgage Corp.](#)
[Liberty Mortgage Corporation](#)
[Liberty Mortgage Corporation dba Liberty Home Mortgage](#)
[Liberty Mortgage Funding Inc.](#)
[Liberty Mortgage Group, LLC](#)
[Liberty Mortgage Services, LLC](#)
[Liberty Mortgage, Inc.](#)
[Liberty Savings Bank FSB](#)
[Liberty Savings Bank, F.S.B.](#)
[Liberty State Finance, LLC](#)
[LibertyQuest Financial Inc dba LibertyQuest](#)
[Lifeline Christian Mortgage Inc](#)
[Lifestyle Mortgage Holdings, Inc.](#)
[Lifestyle Mortgage II, LLC](#)
[Lifetime Financial Partners Inc.](#)
[Lifetime Financial Services LP dba Town and Country Mortgage](#)
[Lifeway Lending Group Inc.](#)
[Lighthouse Mortgage Company, Ltd.](#)
[Lighthouse Mortgage Service Co Inc.](#)
[Lighthouse Mortgage USA, Inc.](#)
[Lime Financial Services, LTD.](#)
[Limes Financial Funding, LTD](#)
[Linc Capital LLC](#)
[Linco Capital LLC dba Kirkwood Mortgage](#)
[Lincoln Bank](#)
[Lincoln Capital Advisors, LLC](#)

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[Lincoln County Credit Union](#)
[Lincoln Federal Savings Bank](#)
[Lincoln Mortgage Co.](#)
[Lincoln Mortgage Corporation](#)
[Lincoln Park Savings Bank](#)
[Lincolnway Community Bank](#)
[Lindstrom Financial Group, Inc.](#)
[Link One Mortgage Bankers LLC](#)
[Linn Area Credit Union](#)
[Liquid Financial Group Inc](#)
[Litton Loan Servicing LP](#)
[LJL Mortgage Pool, LLC](#)
[LJL SECURED HIGH YIELD INCOME FUND I, LLC](#)
[Lo, Inc. dba Reliance Mortgage Inc.](#)
[Loan Across America dba Loan America, Inc.](#)
[Loan America Home Mortgage Inc.](#)
[Loan Center of California, Inc.](#)
[Loan Correspondents, Inc. dba Capital Funding Group](#)
[Loan Lines, Inc.](#)
[Loan Link Financial Services](#)
[Loan Management Services, Inc.](#)
[Loan Network, LLC](#)
[Loan Resource Center, Inc. DBA Optima Home Mortgage](#)
[Loan Services, Inc.](#)
[Loan Servicing Solutions, LLC](#)
[LoanCare Servicing Center, Inc](#)
[LoanCity](#)
[Loancorp Financial Inc.](#)
[Loanfinders of SC., Inc.](#)
[Loangistics Mortgage Solutions, LLC](#)
[LoanPlex Mortgage](#)
[LoanStar Mtg, LLC dba LoanStar Mortgage](#)
[Logan Finance Corporation](#)
[Lombard Financial Corp., LLC](#)
[Lone Star Mortgage of DFW](#)

[Lord and Silva, LLC](#)
[Lovell, Hubbard & Associates, Inc. dba LHA Mortgage Services](#)
[LownHome Financial Holdings LLC](#)
[LP Direct LLC](#)
[LPS Field Services, Inc.](#)
[Lubbock Housing Finance Corporation](#)
[Lubbock National Bank Mortgage](#)
[Lucey Mortgage Corp.](#)
[Lumina Mortgage Company](#)
[Luminent Mortgage Capital Inc.](#)
[Lundin & Associates Inc.](#)
[Luxury Mortgage Corp.](#)
[Lydian Data Services, LLC](#)
[Lydian Private Bank](#)
[Lydian Technology Group](#)
[Lyndsey Home Mortgage Express, Inc.](#)
[Lynx Mortgage Bank, LLC](#)
[Lyons Enterprises dba LEI Financial](#)
[Lyons Mortgage Services, Inc.](#)
[M & T Bank](#)
[M&I Bank](#)
[M&I Bank FSB](#)
[M&I Mortgage](#)
[M.I.F. Services Inc.](#)
[M.Point Mortgage Services, LLC](#)
[M/I Financial Corp.](#)
[Mac and Waters Mortgage Group Inc.](#)
[Macarthur & Baker International Inc d/b/a MBI Mortgage Fndg](#)
[Macatawa Bank](#)
[Mac-Clair Mortgage Corporation](#)
[Mackinac Savings Bank](#)
[Macon Mortgage, Inc.](#)
[Madera Financial, Inc.](#)
[Madison Financial LLC](#)
[Madison Home Equities, Inc.](#)
[Madison Mortgage Corporation](#)
[Magellan Harbor Lending, LLC](#)
[Magellan Mortgage Corp](#)
[MagnetBank](#)
[Magnolia Mortgage Company LLC](#)
[Magnolia Mortgage Inc.](#)
[MAI Mortgage Inc.](#)
[MAIA Mortgage Finance Statutory Trust](#)

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[Main Stream Financial, Inc.](#)
[Main Street Financial Group, Inc.](#)
[Main Street Financial, Inc.](#)
[Maine Home Mortgage Corp.](#)
[Mainland Mortgage Corp](#)
[Mainline Mortgage Corporation](#)
[Mainsource Bank](#)
[Mainstreet Mortgage, Inc.](#)
[Maitland Mortgage Lending Company](#)
[Majestic Home Mortgage Corp.](#)
[Majestic Mortgage Services, Inc.](#)
[Majesty Mortgage, Inc.](#)
[Major Mortgage](#)
[Mak Mortgage Consultants Inc](#)
[Malcap Mortgage LLC](#)
[Mandalay Mortgage LLC](#)
[Mandalay Mortgage LLC\(CA\) dba Capital Six Funding](#)
[Manhattan Financial Group, Inc.](#)
[Manhattan Mortgage Corporation](#)
[Mann Financial, LLC](#)
[MAR Group LLC](#)
[Marathon Asset Investment Trust 2007-1](#)
[Marathon Asset Investment Trust 2007-2](#)
[Marathon Asset Management](#)
[Marathon Mortgage](#)
[Marathon REO Management LLC](#)
[Marathon Structured Asset Solutions Trust](#)
[Mardy L Dallas dba Great Western Mortgage](#)
[Maribella Mortgage, LLC](#)
[Marimark Mortgage, LLC](#)
[Mariner's Bank](#)
[Marion State Bank](#)
[Maritime Mortgage Corp](#)
[Marix Servicing](#)
[Mark James Haselhorst dba Arbor Mortgage](#)

[Market Mortgage Co., Ltd.](#)
[Market Street Mortgage Corporation](#)
[Marketline Mortgage](#)
[Marketplace Home Mortgage, LLC](#)
[Marlin Mortgage Company LLC](#)
[Marquis Financial Group](#)
[Marquis Money Inc.](#)
[Marshall BankFirst Mortgage Group](#)
[Marshland Community Federal Credit Union](#)
[Martin Funding Corp](#)
[Marty Cancila Mortgage LLC dba Capital Funding Group](#)
[Maryland Residential Lending LLC dba Nationwide Mortgage Ser](#)
[MAS Associates LLC dba Equity Mortgage Lending](#)
[Mason Dixon Funding, Inc.](#)
[Mason-McDuffie Mortgage Corporation](#)
[Massachusetts Housing Finance Agency](#)
[Massachusetts Mutual Life Insurance Company c/o Babson Cap.](#)
[Master Financial, Inc.](#)
[Matrix Financial Services Corporation](#)
[Mattamy Home Funding, LLC](#)
[Mattocks Mortgage, Inc.](#)
[Maverick Funding Corp](#)
[Maverick Residential Mortgage](#)
[Maxim Capital Inc.](#)
[Maxim Investment Group, LLC](#)
[Maxim Mortgage Corporation](#)
[Maxwell Funding Inc. dba Maxwell Funding Group](#)
[Mayer Home Mortgage Co. LLC](#)
[MBA Financial Solutions, Inc. dba Bay Wholesale Lending](#)
[MBI Mortgage, Inc.](#)
[MBJ Mortgage Services America, LTD. dba Merchants Home Loan](#)
[MBS Mortgage Comapny, LLC](#)
[MBT Credit Company, Inc.](#)
[MC Harbor Investment Co](#)
[McCabe Mortgage Group, Inc.](#)
[McCaughan Mortgage Co., Inc.](#)
[McJab Inc. dba First California Funding](#)
[McLean Mortgage Corporation](#)
[MCM Companies LLC](#)
[McMillin Mortgage, Inc](#)
[MCS Mortgage Bankers, Inc.](#)
[MDKJR Inc.](#)
[Meadowbrook Mortgage Corporation](#)

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[Mecco Financial, Inc.](#)
[MECE Credit Union](#)
[Meetinghouse Cooperative Bank](#)
[MEG Co., LLC](#)
[Mega capital Funding, Inc.](#)
[MegaStar Financial Corp.](#)
[Member First Mortgage LLC dba Michigan First Mortgage LLC](#)
[Member Options LLC](#)
[Members Cooperative Credit Union](#)
[Members Loan Services, Inc.](#)
[Members Mortgage](#)
[Members Mortgage Company, Inc.](#)
[Members Preferred Mtg. Services Inc.](#)
[Members1st Community Credit Union](#)
[MembersAlliance Credit Union](#)
[Menna Company dba Independent Mortgage Associates](#)
[Mennonite Financial Federal Credit Union](#)
[Mercantile Bank d/b/a Florida Wholesale Mortgage](#)
[Mercantile Bank Mortgage Company LLC](#)
[Merchants & Farmers Bank](#)
[Merchants & Southern Bank](#)
[Merchants and Manufacturers Bank](#)
[Merck Sharp and Dohme Federal Credit Union](#)
[Mercury Inc.](#)
[Meridian Lending Corporation](#)
[Meridian Lending Inc. dba All Source mortgage](#)
[Meridian Residential Capital LLC dba First Meridian Mortgage](#)
[Meridias Capital](#)
[Merit Financial Inc.](#)
[Merit Financial Services LLC](#)
[Merit Mortgage Services](#)
[Meritage Home Funding, LLC](#)
[Meritas Mortgage LLC](#)
[Meriwest Credit Union](#)
[Meriwest Mortgage Company LLC](#)

[Merrill Lynch \(surf\)](#)
[Merrill Lynch Bank USA](#)
[Merrill Lynch Credit Corporation](#)
[Merrill Lynch Mortgage Lending, Inc. \(Subprime\)](#)
[Merrimack Mortgage Company, Inc.](#)
[Merrlin Mortgage Corporation](#)
[MERS Link Subscriber](#)
[Metabank](#)
[MetAmerica Mortgage Bankers, Inc.](#)
[Metlife Bank, N.A.](#)
[MetLife Home Loans, a Division MetLife Bank, N.A.](#)
[Metro Atlanta Mortgage Company, Inc.](#)
[Metro Finance](#)
[Metro Funding Corporation](#)
[Metro Health Services FCU dba Metro First Mortgage](#)
[Metro Mortgage Corporation](#)
[Metro One Mortgage LLC](#)
[MetroBoston Mortgage Co., Inc.](#)
[Metrocities Mortgage LLC](#)
[Metropolitan Bank Group](#)
[Metropolitan Financial Services Inc](#)
[Metropolitan Home Mortgage, Inc.](#)
[Metropolitan Mortgage Bankers Inc.](#)
[Metropolitan Mortgage Group, Inc. dba Metropolitan Mortgage](#)
[Metropolitan National Bank](#)
[Metropolitan National Bank \(MO\)](#)
[Metropolitan National Bank Mortgage Company](#)
[Metrostate Financial and Real Estate Corp](#)
[Metuchen Savings Bank](#)
[MFC Mortgage Inc](#)
[MFG Funding](#)
[MGM Funding, LLC](#)
[MGN Funding Corp.](#)
[MHC I, Inc.](#)
[MHL Funding Corp](#)
[Michael David Financial Inc dba Cornerstone Lending](#)
[Michigan Fidelity Acceptance Corporation](#)
[Michigan Heritage Bank](#)
[Michigan Mutual, Inc.](#)
[Michigan United Mortgage LLC](#)
[Mid America Bank & Trust Company](#)
[Mid America Mortgage Services of IL Inc. Carterville Branch](#)
[Mid America Mortgage Services of Illinois, Inc.](#)

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[Mid America Mortgage Services of Kansas City, Inc.](#)
[Mid Atlantic Capital, LLC](#)
[Mid Valley Services, Inc.](#)
[Midamerica Mortgage Corporation](#)
[Mid-Atlantic Federal Credit Union](#)
[Mid-Atlantic Financial Services, Inc.](#)
[MidCarolina Bank](#)
[Midcontinent Fin Ctr Inc d.b.a. American Mutual Mortgage Co.](#)
[MidCountry Bank](#)
[Middlekauff Mortgage Co.](#)
[MidFirst Bank](#)
[Mid-Island Mortgage Corp.](#)
[Midland Federal Savings & Loan](#)
[Midland Mortgage Corporation](#)
[Midtown Bank](#)
[Midtown Financial Services](#)
[Midtown Mortgage Inc](#)
[Midtowne Mortgage](#)
[Midwest Community Bank](#)
[Midwest Equity Mortgage LLC](#)
[Midwest Financial Mortgage](#)
[Midwest Funding Bancorp](#)
[Midwest Heritage Bank, FSB](#)
[Midwest Home Loans LLC](#)
[Midwest Loan Services, Inc.](#)
[Midwest Mortgage Capital](#)
[Midwest Mortgage Investments, LTD](#)
[Midwest Mortgage Planners, Inc.](#)
[Midwest National Mortgage Corporation dba Midwest Natl Mort](#)
[Midwest Residential Lending, LLC](#)
[Mid-Wisconsin Bank](#)
[Miguel A. Baylon, Jr. dba Baylon Mortgage Services](#)
[Mila, Inc.](#)
[Milestone Mortgage Inc](#)
[Milestone Mortgage Solutions, Inc.](#)

[Milford Federal Savings and Loan Association](#)
[Millenium Home Mortgage LLC](#)
[Millennia Mortgage Corporation](#)
[Millennium Bank N.A./Millennium Capital](#)
[Millennium Financial Group, Inc. dba MLEnd, Inc.](#)
[Millennium Marketing Co. Inc.](#)
[Millennium Mortgage Corporation](#)
[Millennium Mortgage Services Corporation](#)
[Miller Home Mortgage, LLC](#)
[Miner Kennedy Chmura Associates, Inc.](#)
[Minnesota Lending Co. LLC dba Optimum Mortgage Services](#)
[Minnesota Lending Company, LLC](#)
[Minnesota Valley Federal Credit Union](#)
[Minster Bank](#)
[Mirad Financial Group](#)
[Mission Federal Credit Union](#)
[Missouri Bank & Trust Company of Kansas City](#)
[MIT Federal Credit Union](#)
[MJ Mortgage Services Inc](#)
[MJS Lending, Inc.](#)
[MLD Mortgage Inc.](#)
[MLS Mortgage Group Inc.](#)
[MLS Mortgage Lending Solutions, LLC](#)
[MLSG Inc.](#)
[MMG Inc](#)
[MMW Holdings LLC dba Trident Home Loans](#)
[Mohave State Bank](#)
[Molton, Allen & Williams LLC](#)
[Monarch Bank](#)
[Moncor, Inc.](#)
[Money Forest Mortgage LLC](#)
[Money Warehouse](#)
[Moneylink Mortgage Inc](#)
[MoneyOne Corporation](#)
[Monster Mortgage LLC](#)
[Montana Board of Housing](#)
[Montana First Credit Union](#)
[Montana Mortgage Company](#)
[Montgomery Bank, National Association](#)
[Montgomery Mortgage Capital Corporation](#)
[Montgomery Mortgage, Inc](#)
[Monticello Banking Company](#)
[Monument Bank](#)

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[Monument Capital LLC dba Moneytree Mortgage Services LLC](#)

[Monument Mortgage Company, Inc.](#)

[Monument Mortgage, Inc.](#)

[Moore Financial Enterprises, Inc. dba Lenders Diversified](#)

[Moore Mortgage Inc.](#)

[Moran Industries dba Pacific Financial](#)

[More House Mortgage Inc.](#)

[More2Lend Financial](#)

[Moreland Financial Corporation](#)

[MorEquity Inc.](#)

[Morgan Stanley Credit Corp](#)

[Morgan Stanley Mortgage Capital Holdings, Inc](#)

[Morrison Home Funding, LLC](#)

[Mortgage & Investment Consultants](#)

[Mortgage 1 Incorporated](#)

[Mortgage 2000 Inc](#)

[Mortgage Acceptance LLC](#)

[Mortgage America Bankers LLC](#)

[Mortgage America Inc.](#)

[Mortgage and Equity Funding Corp.](#)

[Mortgage Architects Inc. dba Mortgage Architects](#)

[Mortgage Associates Inc](#)

[Mortgage Avenues LLC](#)

[Mortgage Bank of California](#)

[Mortgage Bankers Financial Group, Inc.](#)

[Mortgage Bankers of Wisconsin Inc.](#)

[Mortgage Banking Systems, Inc.](#)

[Mortgage Broker Network Group, LLC](#)

[Mortgage Brokers Service, Inc.](#)

[Mortgage Capital Associates, Inc. A California Corporation](#)

[Mortgage Capital Corporation of America \(MCCA\)](#)

[Mortgage Capital Group](#)

[Mortgage Center LLC](#)

[Mortgage Central, Inc.](#)

[Mortgage Clearing Corporation](#)

[Mortgage Company of America, LLC](#)
[Mortgage Consultants Group, Inc](#)
[Mortgage Consultants Inc.](#)
[Mortgage Consultants Incorporated](#)
[Mortgage Contracting Services](#)
[Mortgage Corp of Ohio](#)
[Mortgage Corp of the East III](#)
[Mortgage Corporation of America](#)
[Mortgage Corporation of America, Inc.](#)
[Mortgage Counseling Services](#)
[Mortgage Data Management Corp. \(MDMC\)](#)
[Mortgage Department Services, LLC](#)
[Mortgage Depot, LLC](#)
[Mortgage Direct Inc.](#)
[Mortgage Dynamics Inc \(FL\)](#)
[Mortgage Edge Corporation](#)
[Mortgage Elite Inc.](#)
[Mortgage Enterprise, Ltd.](#)
[Mortgage Essentials, Inc.](#)
[Mortgage Experts Inc.](#)
[Mortgage Express LLC](#)
[Mortgage Express, Inc.](#)
[Mortgage Factory Inc dba Mortgages Direct](#)
[Mortgage Financial Services](#)
[Mortgage Financial, Inc.](#)
[Mortgage First LLC](#)
[Mortgage Funding Corp](#)
[Mortgage Funding Direct LLC](#)
[Mortgage Group of Wisconsin Inc.](#)
[Mortgage Group Services LLC](#)
[Mortgage Haus Inc.](#)
[Mortgage Headquarters of Missouri, Inc](#)
[Mortgage Horizons LLC dba Mortgage Horizons](#)
[Mortgage Innovations Inc](#)
[Mortgage Investment Services Corporation](#)
[Mortgage Investors Corporation](#)
[Mortgage Investors Group](#)
[Mortgage Lenders Network USA, Inc.](#)
[Mortgage Lenders Network USA.](#)
[Mortgage Lenders of America, LLC](#)
[Mortgage Lenders of Americas and Company Inc.](#)
[Mortgage Lending Consultants, Inc.](#)
[Mortgage Lending Group, Inc. \(AZ\)](#)

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[Mortgage Line Financial Corp.](#)
[Mortgage Loan Solutions LLC](#)
[Mortgage Management Consultants, Inc.](#)
[Mortgage Managers, Inc.](#)
[Mortgage Master Service Corporation](#)
[Mortgage Master, Inc.](#)
[Mortgage Masters of Indiana, Inc](#)
[Mortgage Mentor Inc.](#)
[Mortgage Mobility LLC](#)
[Mortgage Movers, Inc.](#)
[Mortgage Network Inc \(KY\)](#)
[Mortgage Network Solutions](#)
[Mortgage Network, Inc.](#)
[Mortgage Now Inc.](#)
[Mortgage Now, Inc.](#)
[Mortgage One Group, Inc.](#)
[Mortgage One of North Louisiana LLC](#)
[Mortgage One of the South, Inc.](#)
[Mortgage One Solutions, Inc.](#)
[Mortgage Options of America, Inc.](#)
[Mortgage Outfitters, LLC](#)
[Mortgage Partners](#)
[Mortgage Plan Financial Services, Inc.](#)
[Mortgage Planners LLC](#)
[Mortgage Planners, Inc.](#)
[Mortgage Planners, LLC](#)
[Mortgage Planning & Lending Specialists LTD](#)
[Mortgage Process Center](#)
[Mortgage Professionals, Inc.](#)
[Mortgage Pros LTD](#)
[Mortgage Pros, Inc.](#)
[Mortgage Real Estate Services, Inc. dba Macro Financial Grou](#)
[Mortgage Recovery 1](#)
[Mortgage Research Center LLC dba VAMORTGAGECENTER.COM](#)
[Mortgage Resource Group, Inc.](#)

[Mortgage Resources In The Midwest, Inc.](#)
[Mortgage Resources, Inc.](#)
[Mortgage Revolution, Inc.](#)
[Mortgage Sense, Inc.](#)
[Mortgage Services III, LLC](#)
[Mortgage Servicing Center](#)
[Mortgage Servicing, Inc](#)
[Mortgage Shop LL](#)
[Mortgage Solutions Network Inc DBA Mortgage Solutions Mgmt](#)
[Mortgage Solutions of Central Fl, Inc.](#)
[Mortgage Solutions of Colorado LLC.](#)
[Mortgage Solutions of St. Louis LLC](#)
[Mortgage Solutions Services, LLC](#)
[Mortgage Source LLC](#)
[Mortgage Source, Inc.](#)
[Mortgage Sources Corp](#)
[Mortgage South Financial Services, Inc.](#)
[Mortgage Specialists of Illinois, Inc](#)
[Mortgage Specialists, LLC \(NE\)](#)
[Mortgage Specialits, LLC](#)
[Mortgage Strategists Incorporated](#)
[Mortgage Superstore, Inc.](#)
[Mortgage Systems, Inc.](#)
[Mortgage Team 1, Inc.](#)
[Mortgage Tree](#)
[Mortgage Trust Group, Inc.](#)
[Mortgage Trust, Inc.](#)
[Mortgage Works Unlimited, Inc. DBA The Mortgage Works](#)
[Mortgage World Bankers, Inc.](#)
[Mortgage Xpress](#)
[MortgageAmerica Associates, Inc.](#)
[MortgageAmerica, Inc.](#)
[MortgageBanc](#)
[MortgageClose.Com](#)
[MortgageIT, Inc.](#)
[MortgageOne Financial Services Corp](#)
[Mortgages & More, Inc.](#)
[Mortgagestar](#)
[MortgageSteps](#)
[MortgageStream Financial Services, LLC](#)
[MortgageTree Lending](#)
[Motivity Solutions, Inc.](#)
[Mountain 1st Bank & Trust](#)

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[Mountain America Credit Union](#)
[Mountain America Fin. Svcs, The Mortgage Co-op & Q Mortgage](#)
[Mountain Crest Mortgage, Inc.](#)
[Mountain Express Mortgage](#)
[Mountain High Federal Credit Union](#)
[Mountain Pacific Mortgage Company](#)
[Mountain Peaks Financial Services](#)
[Mountain Range Funding LLC](#)
[Mountain States Mortgage Centers, Inc.](#)
[Mountain View Mortgage Company, Inc](#)
[Mountain West Bank](#)
[Mountain West Bank, NA](#)
[Mountain West Financial, Inc.](#)
[MountainView Capital Group](#)
[MRG Document Technologies.](#)
[MSA Mortgage, LLC](#)
[MSG-The Mortgage Specialist Group LP](#)
[MSMC Venture, LLC](#)
[Mtg America Corpus ChristiTX dba Mtg Assoc Corpus Christi](#)
[MTG Finance, LLC](#)
[MTH Lending Group, LP](#)
[Multi-State Home Lending, Inc.](#)
[Mutual Mortgage Corporation](#)
[Mutual Mortgage Corporation MI](#)
[Mutual Savings Bank](#)
[Mutual Security Mortgage Ltd](#)
[MV Holdings, LLC dba Global Lending Group](#)
[MVB Mortgage Corp](#)
[My Mortgage Company](#)
[My Mortgage Pro, LLC dba Mortgage Management Group](#)
[My Neighborhood Mortgage Co. LLC dba Neighborhood Mortgage](#)
[My South Lending Group, Inc.](#)
[Myers Park Mortgage, Inc.](#)
[Mylor Financial Group, Inc.](#)
[MyTown Mortgage Corp](#)

[NAD Acquisition 3, LLC](#)
[Nation One Mortgage Co. Inc.](#)
[National Americas Investment Inc.](#)
[National Asset Direct Acquisition LLC](#)
[National Asset Direct, Inc.](#)
[National Bank](#)
[National Bank of Arizona](#)
[National Bank of Arkansas](#)
[National City Bank \(KY\)](#)
[National City Bank of Indiana](#)
[National City Mortgage, a Division of National City Bank](#)
[National City Mtg Svcs Inc. A Subsidiary of Nat'l City Bank](#)
[National Fidelity Mortgage Corporation](#)
[National Future Mortgage](#)
[National Guaranty Mortgage Corporation](#)
[National Lenders Services Inc](#)
[National Mortgage Network, Inc.](#)
[National Mortgage Network, Inc. DBA Interstate Mortgage Netw](#)
[National Mortgage Options LLC](#)
[National Penn Bank](#)
[Nations Direct Mortgage, LLC](#)
[Nations First Financial, LLC.](#)
[Nations Funding Source, Inc.](#)
[Nations Home Corporation dba First American Lending Corp](#)
[Nations Home Funding](#)
[Nations Home Lending Center](#)
[Nations Home Mortgage Corporation](#)
[Nations Lending Corp](#)
[Nations Mortgage & Investment](#)
[NationsFirst Lending, Inc.](#)
[Nationstar Mortgage LLC](#)
[Nationwide Advantage Mortgage Company](#)
[Nationwide Bank](#)
[Nationwide Equities Corporation](#)
[Nationwide Home Loans Inc](#)
[Nationwide Home Loans.](#)
[Nationwide Home Mortgage Inc. dba Allstate Mortgage Lending](#)
[Nationwide Lending Corporation](#)
[Nationwide Lending Services Inc](#)
[Nationwide Mortgage & Associates Inc](#)
[Nationwide Mortgage Concepts](#)
[Nationwide Mortgage, Inc.](#)
[Nationwide Residential Capital, Inc](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
Printed 4-20-2011 from Attorney Neil Garfield Website
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SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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**BUT AS OF 1-27-2009 HWF WAS A MERS MEMBER, IN THE DATABASE, AND THE
NUMBER 1000626 WAS VALID FOR HWF.)**

[Nationwide Title Clearing, Inc.](#)
[Natixis Real Estate Capital, Inc.](#)
[Nattymac Capital LLC](#)
[Navy Federal Credit Union](#)
[nBank, N.A.](#)
[NBD Bank \(Florida\) - Non-Member](#)
[NBD Bank \(Michigan\) NON-MEMBER](#)
[NBD Bank N.A. - NON-MEMBER](#)
[NBGI, Inc.](#)
[NBRFS Financial Bank](#)
[NDFC Capital Corp](#)
[NE Moves Mortgage Corporation](#)
[Nebraska Mortgage Co LLC](#)
[Nebraska National Bank](#)
[Neighborhood Funding Inc.](#)
[Neighborhood Housing Services of America](#)
[Neighborhood Housing Services Silicon Valley](#)
[Neighbor's Financial Corporaton](#)
[Net Rate Mortgage Inc.](#)
[NetBank](#)
[NetCap Financial LLC](#)
[NetCentral Mortgage LLL](#)
[NetMore America, Inc dba Hm Ln Ctr of WA, of OR, of MT, of I](#)
[Network Capital Group, Inc.](#)
[Network Funding, L.P.](#)
[Network Mortgage Services](#)
[Network Mortgage, LLC](#)
[Nevada Federal Credit Union](#)
[Nevada Mortgage Inc.](#)
[Nevis Funding Corp.](#)
[New Age Mortgage Company](#)
[New America Capital, Inc.](#)
[New American Funding](#)
[New American Mortgage LLC](#)
[New Century Financial](#)

[New Century Mortgage Corp, Irvine](#)
[New Day Financial LLC](#)
[New Day Trust Mortgage dba New Day Mortgage](#)
[New England Regional Mortgage Corporation](#)
[New Equity Financial Corp](#)
[New Fed Mortgage Corp](#)
[New Granite Mortgage Corporation dba Granite Mortgage Corp](#)
[New Home Finance LLC](#)
[New Homes Mortgage Inc.](#)
[New Horizon Financial, LTD](#)
[New Horizon Mortgage](#)
[New Horizon Mortgage, Inc](#)
[New Horizon Real Estate Financial Services Inc.](#)
[New Liberty Home Loans](#)
[New Mexico Educators Federal Credit Union](#)
[New Millennium Bank](#)
[New Millennium Mortgage Corporation](#)
[New Penn Financial, LLC](#)
[New Perspective Mortgage, LLC](#)
[New South Federal Savings Bank](#)
[New Vision Residential Lending](#)
[New West Lending, Inc.](#)
[New World Mortgage Inc](#)
[New York Mortgage Funding, LLC](#)
[NewAlliance Bank](#)
[Newcastle Home Loans, LLC](#)
[NewCastle Mortgage Corp](#)
[Newmarket Financial Mortgage Corporation](#)
[Newport Funding Corp.](#)
[NewPrime Home Loans, LLC](#)
[Newwest Funding, A Nevada Corporation](#)
[NexBank SSB](#)
[NextHome Mortgage Corp](#)
[Nexus Financial LLC](#)
[NFS Loans Inc](#)
[NHEL - Citibank as Trustee](#)
[NHSA - JPS](#)
[NJ Lenders Corp.](#)
[NL, Inc. dba RPM Wholesale](#)
[NLMC, Inc.](#)
[Noble Bank & Trust, N.A.](#)
[Nola Lending Group LLC dba Nola Funding Group](#)
[Nomura Credit Capital Inc.](#)

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[Norhill Financial Corporation](#)
[Normandy Mortgage Inc.](#)
[Norstar Mortgage LLC](#)
[North Alabama Mortgage Inc.](#)
[North American Banking Company](#)
[North American Savings Bank, fsb](#)
[North Atlantic Mortgage Corporation](#)
[North County Real Estate Inc. dba HMC Funding](#)
[North Dallas Bank & Trust Co.](#)
[North Florida Funding, Inc.](#)
[North Fork Bank](#)
[North Georgia Bank](#)
[North Middlesex Savings Bank](#)
[North Shore Bank](#)
[North Shore Bank of Commerce](#)
[North Shore Bank, FSB](#)
[North Shore Community Bank and Trust](#)
[North Shore Trust & Savings](#)
[North Star Home Lending, LLC](#)
[NorthCountry Federal Credit Union](#)
[Northeast Financial Corporation](#)
[Northeast Mortgage Corporation](#)
[Northern Federal Credit Union](#)
[Northern Mortgage Inc.](#)
[Northern New Mexico Mortgage Co.](#)
[Northern Pacific Mortgage Inc](#)
[Northern Star Bank](#)
[Northern States Funding Group, Inc.](#)
[Northfield Trust Mortgage Company, LLC](#)
[NorthPoint Financial Services, Inc.](#)
[Northpoint Lending Group Inc.](#)
[NorthPoint Mortgage](#)
[Northpoint Mortgage LTD](#)
[Northsight Mortgage Group, LLC](#)
[NorthStar Alliance, Inc.](#)

[Northstar Bank of Texas-Mortgage Division](#)
[NorthStar Mortgage Corp.](#)
[Northstar Mortgage Group LLC](#)
[Northwest Bank](#)
[Northwest Funding Group Inc](#)
[Northwest Lending Group, Inc.](#)
[Northwest Mortgage Group, Inc.](#)
[Northwestern Financial Corporation](#)
[Norwich Commerical Group dba Norcom Mortgage](#)
[Nothnagle Home Securities Corp.](#)
[Nova Home Loans](#)
[NovaStar Certificates Financing Corporation](#)
[Novastar Home Mortgage Inc](#)
[Novastar Mortgage, Inc.](#)
[Novelle Financial Services, Inc.](#)
[Novellus Capital Funding, Inc.](#)
[NP Inc dba US Mortgage of Florida](#)
[NPB Mortgage LLC dba Northpointe Mortgage](#)
[NTFN Inc. dba Premier Nationwide Lending](#)
[Numerica Mortgage LLC](#)
[NVR Mortgage Finance, Inc.](#)
[NW Lending, Inc.](#)
[Oak Bank](#)
[Oak Creek Mortgage, Inc.](#)
[Oak Mortgage Company, L.L.C.](#)
[Oak Mountain Mortgage, LLC](#)
[Oak Street Mortgage LLC](#)
[OakStar Bank, NA](#)
[Oaktree Funding Corporation](#)
[Oakville Capital Inc.](#)
[O'Brien Mortgage Services, Inc.](#)
[Ocala Funding, LLC](#)
[Ocean West Enterprises, Inc.](#)
[OceanFirst Bank](#)
[Oceans Funding Company, Inc.](#)
[Oceanside Mortgage Company](#)
[OCM Mortgage, Inc.](#)
[OCM, Inc. dba HelpUFinance.com](#)
[Ocwen Loan Servicing, LLC](#)
[O'Dowd & Associates Mortgage Co. Inc.](#)
[Odyssey Funding LLC](#)
[OGrady Mortgage, Inc.](#)
[Ohio Capital Alliance Corp](#)

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[Ohio Legacy Bank, NA](#)
[Ohio Lending Group](#)
[Old Colonial Mortgage](#)
[Old Oaks Mortgage Inc.](#)
[Old Point Mortgage LLC](#)
[Old Republic Insurance Company](#)
[Old Republic Title Ins. Group](#)
[Old Second National Bank](#)
[Old Town Mortgage, LLC](#)
[Old Towne Financial, Inc.](#)
[Old Virginia Mortgage Inc.](#)
[Olympia Funding Inc.](#)
[Olympia Mortgage Corp.](#)
[Olympia West Mortgage Group, LLC](#)
[Omaha Police Federal Credit Union](#)
[Omega Financial Services Inc.](#)
[Omega Financial Services, Inc.](#)
[Omega Mortgage Company](#)
[Omni Bank](#)
[Omni National Bank](#)
[OmniAmerican Bank](#)
[On Point Mortgage, LLC.](#)
[On Q Financial, Inc.](#)
[On Time Capital](#)
[One Bank and Trust, NA](#)
[One Choice Mortgage, LLC.](#)
[One Community F.C.U.](#)
[One Mortgage LLC dba One Mortgage](#)
[One Mortgage Network, LLC](#)
[One on One Funding](#)
[One Source Mortgage, LLC](#)
[Onestop Financial Services LLC](#)
[Online Financial Group](#)
[Onyx Capital LLC](#)
[Open Mortgage, LLC](#)

[Opes Advisors Inc.](#)
[Opteum Financial Services LLC](#)
[Opteum Financial Services, LLC \(Optemac T/F Opteum Mortgage\)](#)
[OPTEUM FINANCIAL SERVICES, LLC.](#)
[Optima Mortgage Corporation](#)
[Optimax Mortgage Co.](#)
[Optimum Financial Services, Inc.](#)
[Optimum Mortgage Group, LLC](#)
[Optimum Mortgage LLC](#)
[Option Financial LLC](#)
[Option One Mortgage Corporation](#)
[Oregon Coast Bank](#)
[Originate Home Loans, Inc.](#)
[Orion Bank](#)
[Orion Mortgage Corporation](#)
[Orlando Mortgage Company, Inc.](#)
[Ouachita Independent Bank](#)
[Outlook Mortgage, LLC](#)
[Outsource Solutions, Inc.](#)
[Overland Mortgage, LP](#)
[Owen Community Bank, S.B.](#)
[Owl Tree Mortgage Company](#)
[Owner's Choice Mortgage Services Inc. dba Owner's Choice Mtg](#)
[Ownit Mortgage Solutions Inc](#)
[OWS I Acquisitions, LLC](#)
[Oxford Capital, LLC](#)
[Oxford Funding Corporation](#)
[Oxford Lending Group, LLC](#)
[Oxford Mortgage, Inc.](#)
[P.T. K. Consulting, Inc. DBA Preferred Mortgage Lenders](#)
[PA Mortgage Service, Inc.](#)
[PA Preferred Mortgage Co.](#)
[Pacesetter Mortgage Company](#)
[Pacific America Group Inc. dba Pacific America Mortgage](#)
[Pacific Coast Lending](#)
[Pacific Coast Mortgage Inc.](#)
[Pacific Community Mortgage, Inc.](#)
[Pacific Continental Mortgage](#)
[Pacific Crest Funding, LLC dba Pacific Crest Home Loans](#)
[Pacific First Financial Services LP](#)
[Pacific Gold Mortgage Group, LLC](#)
[Pacific Horizon Bancorp, Inc.](#)
[Pacific Mercantile Bank](#)

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[Pacific Mutual Funding dba Pacific Residential Financing](#)

[Pacific Northwest Mortgage Corporation](#)

[Pacific Northwest Mortgage LLC](#)

[Pacific Residential Mortgage, LLC](#)

[Pacific Reverse Mortgage, Inc.dba Financial Heritage](#)

[Pacific Service Credit Union](#)

[Pacific Union Financial, LLC](#)

[Pacor Mortgage Corp](#)

[PacWest Funding dba PacWest Funding Incorporated](#)

[Pacwest Services, Inc.](#)

[Palladium Mortgage Corporation](#)

[Palm Beach Atlantic Lending LLC](#)

[Palm Beach Mortgage Group Inc.](#)

[Palmetto South Mortgage Corp.](#)

[Palos Bank & Trust Company](#)

[Panhandle State Bank](#)

[Paradigm Mortgage Corporation](#)

[Paradise Financial Group, Inc.](#)

[Paragon Home Lending, LLC](#)

[Paragon Mortgage Bankers Corp.](#)

[Paragon Mortgage Consultants, Inc.](#)

[Paragon Mortgage Services Inc.](#)

[Paragon National Bank](#)

[Paramount Bond & Mortgage Company](#)

[Paramount Equity Mortgage, Inc.](#)

[Paramount Home Loans, Inc](#)

[Paramount Lending, LLC](#)

[Paramount Mortgage Professionals on NC, Inc](#)

[Paramount Mortgage, Inc.](#)

[Paramount Residential Mortgage Group, Inc.](#)

[Park National Bank](#)

[Park Place Finance, LLC](#)

[Park Place Mortgage, LLC](#)

[Park Shore Mortgage Corp](#)

[Park West Corporation](#)

[Parkside Lending, LLC](#)
[Parkway Bank](#)
[Partners for Payment Relief, LLC](#)
[Partners Mortgage dba Partners Capital Mortgage](#)
[Partners Mortgage, Inc.](#)
[Pathfinder Mortgage Group, Inc.](#)
[Pathway Financial, LLC](#)
[Patriot Bank](#)
[Patriot Bank FL](#)
[Patriot Bank Mortgage Inc. a Division of Patriot Bank](#)
[Patriot Federal Credit Union](#)
[Patriot Funding LLC](#)
[Patriot Lending Group, Inc](#)
[Patriot Lending Services, Inc.](#)
[Patriot Mortgage Bankers of North America LTD](#)
[Patriot Mortgage Company Inc](#)
[Patriot Mortgage Services Inc.](#)
[Patriots Bank](#)
[Patroit One Mortgage Bankers LLC](#)
[Patuxent Funding LLC](#)
[Paul E Smith dba Main Street Mortgage Company](#)
[PB Reit, Inc.](#)
[PCFS Financial Services, Inc.](#)
[Pellow Mortgage Company LLC](#)
[Pemm. Tek Mortgage Services, LLC](#)
[Penn 1st Financial Services Inc](#)
[Penn Liberty Bank](#)
[Pennie L. Carey dba Worldwide Home Lending](#)
[Pennwest Home Equity Services Corp](#)
[PennyMac Loan Services, LLC](#)
[Pentagon Mortgage LLC](#)
[People Bank - WA](#)
[Peoples Bank](#)
[Peoples Bank of Commerce](#)
[People's Bank of Commerce](#)
[Peoples Bank of KY, Inc](#)
[Peoples Bank, N.A.](#)
[People's Choice Funding, Inc](#)
[Peoples Choice Home Loan Inc](#)
[People's Choice Mortgage Company](#)
[Peoples Choice Mortgage LLC](#)
[Peoples Exchange Bank](#)
[Peoples Independent Bank](#)

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[Peoples Mortgage Company](#)
[People's Mortgage Corporation](#)
[Peoples Mortgage, Inc.](#)
[Peoples National Bank, N.A.](#)
[Peoples Savings Bank dba Peoples Mortgage Company](#)
[Peoples State Bank of Comm dba RHR Mortgage of America, LLC](#)
[People's State Bank of Wyalusing, PA](#)
[People's United Bank](#)
[PeoplesBank, A Codorus Valley Company](#)
[Performance Financial Inc dba Pacific Funding & Mort Advisor](#)
[Performance Lending, Inc](#)
[Perimeter Mortgage Funding Corporation](#)
[Perl Mortgage, Inc.](#)
[Personal Home Mortgage Services, Inc.](#)
[PFagan Mortgage, Inc.](#)
[PFG Mortgage Trust I](#)
[PFG Mortgage Trust II](#)
[PFL, Inc.](#)
[PGNF Home Lending Corporation](#)
[PHH Mortgage Corporation](#)
[Philadelphia Mortgage Advisors Inc.](#)
[Philip R. Marsh](#)
[Phoenix Funding Corporation](#)
[Phoenix Mortgage Corporation](#)
[Phoenix Rising Brokers Conduit dba PRBConduit.com](#)
[Pierce Commercial Bank](#)
[Pike Creek Mortgage Services Inc](#)
[Pillar Financial LLC](#)
[Pillar Mortgage Services Corporation](#)
[Pine River Valley Bank](#)
[Pine State Mortgage Corp.](#)
[Pinellas Mortgage Services, Inc.](#)
[Pinnacle Bank](#)
[Pinnacle Capital Mortgage Corporation](#)
[Pinnacle Financial Corporation](#)

[Pinnacle Financial Corporation of Michigan](#)
[Pinnacle Financial Services, Inc.](#)
[Pinnacle Financial Solutions](#)
[Pinnacle Home Mortgage Co.](#)
[Pinnacle Lending Group](#)
[Pinnacle Mortgage Funding LLC](#)
[Pinnacle Mortgage Group, Inc.](#)
[Pinnacle Mortgage, Inc](#)
[Pinnacle National Bank](#)
[Pinta, LLC](#)
[Pintola Inc. dba Town and Country Mortgages](#)
[Pioneer Financial Services, Inc.](#)
[Pioneer Mortgage, Inc. #40319](#)
[Pirimar Industries Inc. dba Pirimar Home Loans](#)
[Plains Commerce Bank](#)
[Planters Bank Inc](#)
[Planters First](#)
[Platinum 1 Mortgage Services, LLC](#)
[Platinum Capital Group](#)
[Platinum Community Bank](#)
[Platinum Community Bank dba Platinum Direct Funding](#)
[Platinum HomeMortgage Corporation](#)
[Platinum Mortgage Group, LLC](#)
[Platinum Mortgage Inc.](#)
[Platte River Mortgage and Investments Inc](#)
[Platte Valley Bank of Missouri](#)
[Plaza Home Mortgage, Inc.](#)
[Plaza Mortgage Group Inc.](#)
[PLB Lending, LLC](#)
[PLN Associates Inc](#)
[PMAC Lending Services Inc](#)
[PMC BanCorp.](#)
[PMI Mortgage Insurance Company](#)
[PNC Bank N.A.](#)
[PNC Consumer Services](#)
[PNC Mortgage, LLC](#)
[PNCMT Trust Series 2000-1, Bank One as Trustee](#)
[PNMAC Mortgage Co., LLC](#)
[PNMAC Mortgage Opportunity Fund Investors, LLC](#)
[Point Independent Mortgage](#)
[Point Mortgage Corp.](#)
[Point Plus Credit Union](#)
[PointBank](#)

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[Polaris Home Funding Corporation](#)
[Poli Mortgage Group Inc.](#)
[Pope Mortgage & Associates](#)
[Popular Mortgage](#)
[Popular Mortgage Servicing, Inc](#)
[Positive Mortgage, Inc](#)
[Potelco United Credit Union](#)
[Potomac Mortgage Capital Inc.](#)
[Poulsen Mortgage Corporation](#)
[Powder House Mortgage Company, Inc.](#)
[Power Financial Corporation](#)
[PPI Equities, Inc. dba Pacific Mortgage](#)
[Prairie Community Bank](#)
[Prajna Group Inc. dba Liberty Mortgage Funding](#)
[Precision Financial, Inc.](#)
[Precision Funding](#)
[Precision Funding Group LLC](#)
[Preferred Financial Funding, Inc.](#)
[Preferred Financial Grp Inc dba Preferred Mortgage Services](#)
[Preferred Financial Services Inc.](#)
[Preferred Home Lending LLC](#)
[Preferred Home Loan LTD](#)
[Preferred Home Mortgage Company](#)
[Preferred Mortgage, Inc](#)
[Prem Mortgage, Inc. DBA First United Mortgage](#)
[Premier Atlanta Mortgage Company](#)
[Premier Bank](#)
[Premier Bank - Dubuque](#)
[Premier Bank \(MO\)](#)
[Premier Bank Minnesota](#)
[Premier Bank Rochester](#)
[Premier Banks](#)
[Premier Community Bank of the Emerald Coast](#)
[Premier Financial Correspondent Inc.](#)
[Premier Financial Services, Inc.](#)

[Premier Holdings LC dba Premier Mortgage](#)
[Premier Home Lending Inc.](#)
[Premier Home Lending, Inc. \(FL\)](#)
[Premier Home Mortgage LLC dba PHM, LLC \(Nebraska only\)](#)
[Premier Lending Solutions LLC](#)
[Premier Mortgage Capital Inc.](#)
[Premier Mortgage Funding, Inc.](#)
[Premier Mortgage Group of South Florida](#)
[Premier Mortgage Group, Inc.](#)
[Premier Mortgage Inc](#)
[Premier Mortgage Resources LLC dba Premier Mortgage Resource](#)
[Premier Mortgage Services Inc.](#)
[Premier Mortgage Services, Inc.](#)
[Premier Mortgage Services, LLC](#)
[Premiere Mortgage, Inc.](#)
[Premium Capital Funding LLC](#)
[Premium Mortgage](#)
[Premium Trust Mortgage Corp](#)
[Presidential Bank, FSB](#)
[Prestige Funding Solutions LLC dba Distinct Funding Solution](#)
[Prestige Mortgage, LLC](#)
[Prestige Mtg.](#)
[Prestonwood Mortgage L.P](#)
[Priceline Mortgage Company LOC](#)
[Pride Mortgage LLP](#)
[Primary Capital Advisors LC](#)
[Primary Funding Group, a dba of Pro-Buy Equities Corp](#)
[Primary Mortgage Corporation](#)
[Primary Residential Mortgage](#)
[Primary Residential Mortgage \(2\)](#)
[Prime Axia Financial, Inc.](#)
[Prime Capital Group, LLC](#)
[Prime Capital, Inc.](#)
[Prime Equity Access Corporation](#)
[Prime Financial Corporation](#)
[Prime Max Mortgage, LLC](#)
[Prime Mortgage Financial, Inc.](#)
[Prime Mortgage, a division of the Business Bank](#)
[Prime Residential Funding, LLC](#)
[Prime Shop, Inc.](#)
[Prime Source Funding Inc.](#)
[PrimeLending, a Plains Capital Company](#)
[Primequity LLC](#)

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[PrimeWest Mortgage Corporation](#)
[Primrose Mortgage Co. Inc., dba First PrimSouth Mortgage](#)
[Primus Lending Corp.](#)
[Princeton Financial, LLC](#)
[Princeton Mortgage Corporation](#)
[Principal Bank](#)
[Principal Mortgage, LLC](#)
[Priority Bank](#)
[Priority Financial, Inc. dba Priority Funding](#)
[Priority Mortgage Corp](#)
[Private Capital Group LLC](#)
[PRMI 011](#)
[PRMI 018](#)
[Pro Mortgages LLC](#)
[Proctor Properties dba 1st Southwest Security Mortgage](#)
[Prodigy, Inc](#)
[Prodovis Mortgage](#)
[Production Mortgage, Inc.](#)
[Professional Advantage Financial Group., Inc.](#)
[Professional Consolidated Financial Goup, Inc.](#)
[Professional Lending, LLC](#)
[Professional Mortgage Bankers Corp.](#)
[Professional Mortgage Centers](#)
[Professional Mortgage Group, Inc.](#)
[Professional Mortgage Partners, Inc.](#)
[Professional Mortgage Service, Inc.](#)
[Professional Mortgage Services of WNC, Inc.](#)
[Professional Mortgage Solutions Inc](#)
[Professional Mortgage, Inc.](#)
[Proficio Mortgage Ventures, LLC](#)
[Profolio Home Mortgage Corp](#)
[Progress Bank & Trust](#)
[Progressive Lending LLC](#)
[Progressive Mortgage Group, Inc](#)
[Progressive Mortgage Inc. dba Key Mortgage](#)

[Progressive Mortgage Services LLC dba A&M Mortgage Group Inc](#)
[ProLender Solutions, Inc.](#)
[ProLending Mortgage, LLC](#)
[Properties, Etc., Inc dba Rescomm Financial](#)
[Property Network, Inc. dba Property & Mortgage Network, Inc.](#)
[Prospect Financial Services, LLC](#)
[Prosperan Bank](#)
[Prosperity Bank](#)
[Prosperity Bank \(TX\)](#)
[Prosperity Mortgage Company](#)
[ProtoFund Mortgage Corporation](#)
[Providence Mortgage Company](#)
[Providence Postal Federal Credit Union](#)
[Provident Asset Management, L.P.](#)
[Provident Credit Union](#)
[Provident Funding Associates, LP](#)
[Provident Mortgage Corporation](#)
[Provident Mortgage Corporation, A Calif. Corp.](#)
[Provident Savings Bank, F.S.B.](#)
[Providential Bancorp LTD dba Providential Mortgage Co.](#)
[Province Bank, FSB](#)
[Provincial Bank](#)
[ProviNet Mortgage Corporation, Inc.](#)
[PRS, LLC DBA The Mortgage Link](#)
[Prudential Lending Inc. DBA PLI Capital](#)
[Prudential Mortgage Services, LLC](#)
[Pryma Lending Group, LLC](#)
[PTF Financial Corp](#)
[Public Savings Bank](#)
[Public Trust Mortgage Corp.](#)
[Pulaski Bank \(Pulaski Service Corp\)](#)
[Pulaski Mortgage Company](#)
[Pulse Funding, Inc.](#)
[Pulte Mortgage LLC](#)
[Q Financial Direct Inc](#)
[QLending, Inc.](#)
[QMC Holdings Inc.](#)
[QR Lending, Inc.](#)
[Quad City Bank and Trust Company](#)
[Qualita Financial Group, Inc](#)
[Quality Home Loans](#)
[Quality One Mortgage, Inc.](#)
[Quantum Leap Mortgage Corp dba Supreme Lending Services](#)

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[Quantum Servicing Corporation](#)
[Queensborough National Bank and Trust Company](#)
[Quick Loan Funding Inc.](#)
[Quick Mortgage Services, LLC](#)
[Quick Mortgage, LLC](#)
[Quickdraw Real Estate Service dba Homestar Lending](#)
[Quicken Loans, Inc.](#)
[R.O.C. Financial, Inc.](#)
[R.W. Allen Financial](#)
[Rabobank N A](#)
[Radian Guaranty Inc.](#)
[Radius Financial Group Inc.](#)
[Rancho Financial Inc.](#)
[Randall Mortgage Services, Inc.](#)
[Rapid Mortgage Co., Inc.](#)
[Rasmussen Mortgage Inc. dba Rasmussen Mortgage Specialists](#)
[Rate One Inc The Mortgage People](#)
[Raven Financial Services LLC](#)
[Raymond James Bank FSB](#)
[RBC Bank \(USA\)](#)
[RBC Mortgage Company](#)
[RBS Citizens, N.A.](#)
[Real Estate Financial Services, Inc](#)
[Real Estate Lending Group](#)
[Real Estate Mortgage Corp.](#)
[Real Estate Mortgage Network LLC](#)
[Real Estate Mortgage Network, Inc](#)
[Real Estate Mortgage Network, Inc.](#)
[Real Mortgage Partners, Inc.](#)
[Real Time Resolutions, Inc.](#)
[RealPros, LLC dba RealPros Mortgage LLC](#)
[Realty Funding Corporation](#)
[Realty Home Mortgage Associates, LLC](#)
[Realty Home Mortgage Co., LLC](#)
[Realty Mortgage - Home Office](#)

[Realty Plus Mortgage](#)
[Recorder of Deeds of Lancaster County](#)
[Red Mountain Bank, N.A.](#)
[Red River Bank](#)
[Red Rocks Federal Credit Union](#)
[Redmond Mortgage Company Inc](#)
[Redwood Trust, Inc.](#)
[Reed & Associates Mortgage Corp.](#)
[Referral Marketing Inc. dba Referral Mortgage](#)
[Refinance.com](#)
[Refund Realty & Mortgage LLC](#)
[Regency Lending Services](#)
[Regency Mortgage Corporation](#)
[Regent Bank](#)
[Regent Mortgage Funding LLC](#)
[Regions Mortgage](#)
[Reliance Bank](#)
[Reliance First Capital, LLC](#)
[Reliance Plus Mortgage Co. L.P. dba Reliance Mortgage Co.](#)
[Reliance Preferred Funding Corp](#)
[Reliant Mortgage Company, LLC.](#)
[Renaissance Mortgage Corporation](#)
[Renaissance Mortgage Group, Inc.](#)
[Renasant Bank](#)
[Renew Investment Co dba Columbine Mortgage](#)
[Republic Bank](#)
[Republic Bank & Trust](#)
[Republic Mortgage Home Loans, LLC](#)
[Republic Northwest, LLC](#)
[Republic State Mortgage Co.](#)
[Rescomm Holdings No. 2 LLC](#)
[Rescue Mortgage Inc](#)
[Reserve Mortgage Investments, LLC](#)
[ResFund LLC](#)
[Residence Lending, LLC](#)
[Residential Acceptance Corporation](#)
[Residential Acceptance Network, Inc.](#)
[Residential Bancorp](#)
[Residential Capital Mortgage Corporation](#)
[Residential Credit Solutions](#)
[Residential Finance Corp.](#)
[Residential Funding Company, LLC](#)
[Residential Home Funding Corp.](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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**BUT AS OF 1-27-2009 HWF WAS A MERS MEMBER, IN THE DATABASE, AND THE
NUMBER 1000626 WAS VALID FOR HWF.)**

[Residential Home Funding Corporation](#)
[Residential Home Loan Center LLC](#)
[Residential Home Mortgage Corporation](#)
[Residential Lending Corporation](#)
[Residential Lending Network Inc](#)
[Residential Lending Services, Inc](#)
[Residential Lending, LLC](#)
[Residential Loan Centers of America, Inc.](#)
[Residential Mortgage Advisors LLC](#)
[Residential Mortgage Associates, Inc. dba RMA Lending](#)
[Residential Mortgage Capital](#)
[Residential Mortgage Center Inc.](#)
[Residential Mortgage Corp.](#)
[Residential Mortgage Corporation](#)
[Residential Mortgage Funding, Inc.](#)
[Residential Mortgage Group, a division of Inter Savings Bank](#)
[Residential Mortgage Network, Inc](#)
[Residential Mortgage Services Inc](#)
[Residential Mortgage Solution LLC](#)
[Residential Mortgage Solutions](#)
[Residential Mortgage, LLC](#)
[Residential Mtg. Group, Inc.](#)
[Residential Wholesale Mortgage, Inc.](#)
[ResMAE Mortgage Corporation](#)
[Resolutions Capital, LP](#)
[Resource Financial Services, Inc](#)
[Resource Lenders, Inc.](#)
[Resource Mortgage Corporation](#)
[Resource One Credit Union](#)
[Resource One, Inc.](#)
[Response Mortgage Services Inc.](#)
[Resurgent Capital Services](#)
[Reunion Mortgage, Inc.](#)
[Reverse Mortgage Solutions, Inc.](#)
[Revolutionary Mortgage Company](#)

[RFC Trustee 01](#)
[RFC Trustee 02](#)
[RFC Trustee 03](#)
[RFC Trustee 04](#)
[RFC Trustee 05](#)
[RH Lending, Inc. d/b/a Residential Home Lending](#)
[Rhodes Financial Services Mortgage LLC dba Rhodes Fin'l Mtg](#)
[Rhome Asset Management Corporation](#)
[Ribble Real Estate LLC](#)
[Richland Federal Credit Union](#)
[Richland Mortgage Company, LLC](#)
[Ridge Mortgage Services Inc.](#)
[Ridgeview Mortgage Associates, Inc.](#)
[Riggs Real Estate Investment Corporation](#)
[Right-Away Mortgage, Inc](#)
[Rimrock Credit Union](#)
[Risk Management Group, LLC dba RMG](#)
[River Bank & Trust](#)
[River City Mortgage & Financial, LLC](#)
[River Funding Corporation dba River Home Lending](#)
[River Mortgage, LLC](#)
[River Region Credit Union](#)
[Riverbend Bank dba Riverbend Mortgage](#)
[Riverbend Mortgage Inc](#)
[Riverside Bank of the Gulf Coast](#)
[Riverside Mortgage Company LLC](#)
[Riverside Mortgage Company, Inc.](#)
[Riverside Mortgage Corp.](#)
[Riverside National Bank of Florida](#)
[Riverview Community Bank](#)
[Rivoli Mortgage](#)
[RJ Commercial Funding, Inc. dba Gateway Mortgage](#)
[RKS Financial Services, Inc](#)
[RMA Lending, LLC](#)
[RMC Vanguard Mortgage Corp.](#)
[RMK Financial Corp dba Majestic Home Loan](#)
[RMR Financial LLC d/b/a Princeton Capital](#)
[RMS & Associates](#)
[RNB Inc. dba Cornerstone Mortgage Company](#)
[Robertson & Anschultz](#)
[Rochester Home Equity, Inc](#)
[Rockaway Beach Financial](#)
[Rockwood Bank](#)

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[Rocky Mountain Bank](#)
[Rocky Mountain Bank \(MT\)](#)
[Rocky Mountain Credit Union](#)
[Rocky Mountain Mortgage Group, LLC](#)
[Rocky Mountain Mortgage Specialist, Inc.](#)
[Rocky Mountian Mortgage Co.](#)
[Rogue Federal Credit Union](#)
[Rolwes Mortgage Co. LLC](#)
[Rose Rock Bank, a Division of Union Bank](#)
[Ross Mortgage Company, Inc.](#)
[Ross Mortgage Corporation](#)
[RoundPoint Mortgage Servicing Corp.](#)
[Royal Credit Industries, Inc.](#)
[Royal Mortgage Company, Inc.](#)
[Royal Pacific Funding Corp dba Pacific Banc](#)
[RP Funding, Inc](#)
[RPM Mortgage, Inc](#)
[RSR Home Loan Corporation](#)
[RTR Capital LP](#)
[Rubiola Mortgage Company, Inc.](#)
[Ryan Mortgage Co](#)
[Ryland Mortgage Company](#)
[S&L Investment Lending dba JC Mortgage](#)
[S&T Bank](#)
[S.M. Neider Mortgage Consultants, Inc.](#)
[S.W.I Financial Services, Inc. dba Integrity 1st Mortgage](#)
[S/C Financial LLC dba Quest Mortgage Consultants](#)
[Saab Financial Corporation dba Saab Mortgage](#)
[Sabal Palm Bank](#)
[Sacramento Credit Union](#)
[Sacramento Valley Mortgage Corp. dba Greater Valley Mortgage](#)
[Saddlebred Capital Mortgage, LLC](#)
[Safeguard Properties](#)
[Safeguard Properties Inc.](#)
[Sagamore Home Mortgage, LLC](#)

Sahara Mortgage Corporation
SAIL MORTGAGE CORP
Sajomi Holdings Corporation DBA Lenders Residential Mortgage
Sallie Mae Home Loans
Sam Houston Mortgage Co., Inc.
San Angelo National Bank
San Antonio Mortgage Company, LLC
San Diego Funding
San Jacinto Mortgage Inc dba Mtg. Spec. of Greater Houston
San Luis Capital, Inc.
Sanborn Mortgage Corp.
Sandhills Bank
Sandy Spring Bank
Santa Cruz Home Finance
Santa Cruz Mortgage Company
SASCO 1999 AL2/US Bank NA
SASCO 1999 ALS3/US BK NATL ASSOC
SASCO 1999 SP1/FNB Chicago
SASCO 2000 ARC-BC3
SASCO 2000-3
SASCO 2000-4
SASCO 2000-RF1
SASCO 2001-1
SASCO ARC 2001-BC2
SASCO1999ALS-1/Chase Manhattan Bank
Saugus Federal Credit Union
Savage Mortgage Services LLC
Savi Ranch Financial Inc. dba Western Pacific Financial Inc.
Savings First Mortgage LLC
Sawgrass Funding LLC
Saxon Equity Mortgage Bankers, Ltd.
Saxon MortgageServices, Inc.
SBMC Mortgage
SBW Management, LLC dba Capital Home Loans
SCBT, N.A.
SCD Recovery, LLC
Schaefer Mortgage Corp.
Schmidt Mortgage Company
Schmitt Mortgage, LLC
Scholastic Mortgage LLC
Schyndel Investments, Inc.
SCME Mortgage Bankers, Inc.
Scott Financial LLC dba Des Peres Mortgage LLC

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[SDK Real Estate Funding LLC dba Allied Banc Mtg/Allied Mtg L](#)

[Sea Financial Group, Inc.](#)

[Seabreeze Financial Services, Inc.](#)

[Seacoast National Bank](#)

[Seattle Bank](#)

[Seattle Pacific Mortgage, Inc.](#)

[Sebring Capital Partners, Limited Partnership](#)

[Sebring Capital Partners, LP \(Subprime Div.\)](#)

[Secure Lending Solutions, Inc.](#)

[Secured Funding Corp](#)

[Security Atlantic Mortgage Co., Inc.](#)

[Security Bank of Kansas City](#)

[Security Federal Bank](#)

[Security Federal Mortgage Corp.](#)

[Security First Bank](#)

[Security First Mortgage, Inc.](#)

[Security Home Mortgage LLC](#)

[Security Lending Wholesale](#)

[Security Mortgage Corporation](#)

[Security Mortgage Corporation \(MI\)](#)

[Security Mortgage Funding Corporation](#)

[Security Mortgage, Inc.](#)

[Security National Life Insurance Company](#)

[Security National Mortgage Company](#)

[Security National Partners Limited Partnership](#)

[Security One Mortgage](#)

[Security Real Estate Services, Inc.](#)

[Security Savings Bank, FSB](#)

[Security Service Federal Credit Union](#)

[Security State Bank](#)

[Security State Savings Bank](#)

[Select Financial Services Inc dba McColly Mortgage](#)

[Select Mortgage](#)

[Select Mortgage Corporation](#)

[Select Mortgage Group Ltd.](#)

[Select Portfolio Servicing Inc](#)
[Selene Finance LP](#)
[Selene RMOF BOA 063008 LLC](#)
[Selene RMOF Loan Acquisition LLC](#)
[Self Help Ventures Fund](#)
[Selleck Mortgage Group, Inc.](#)
[Sellers Financial Group, Inc. dba Sellers Mortgage Corp](#)
[Seminole Moneytree Inc.](#)
[Senderra Funding](#)
[Sente Mortgage Corporation](#)
[Sentinel Home Mortgage LLLP](#)
[Sentinel Mortgage Co.](#)
[Serramonte Mortgage Company, Inc. dba SMC Bancorp](#)
[Service First Mortgage Corp.](#)
[Service First Mortgage dba Trans-Act Mortgage](#)
[Service Mortgage Underwriters, Inc.](#)
[Servis First Bank](#)
[Seven Seventeen Credit Union](#)
[Severn Mortgage Corporation](#)
[Severn Savings Bank, FSB](#)
[SFF Mortgage, Inc. DBA Security First Financial](#)
[SFG Bancorp](#)
[SFJV 2005, LLC](#)
[Shamrock Bank of Florida](#)
[Shamrock Financial Corporation](#)
[Shamrock Mortgage Inc.](#)
[Share Plus Federal Bank](#)
[Sharp Mortgages, Inc.](#)
[Shasta Financial Services, Inc. dba First Capital](#)
[Shea Mortgage - Corporate Office](#)
[Shearson Home Loans](#)
[Shelby State Bank](#)
[Shelly K Hulse dba Shell Mortgage](#)
[Shelter Mortgage Inc.](#)
[Shelton Mortgage Group, LLC](#)
[Sher Financial Group, Inc. dba Citizens Lending Group, Inc.](#)
[Sherwood Mortgage Group, Inc.](#)
[Shore Mortgage](#)
[SI Mortgage Company](#)
[Sibcy Cline Mortgage](#)
[Sids Mortgage Inc dba Alliance Financial Mtg.](#)
[Sidus Financial Corporation \(NC\)](#)
[Sidus Financial Corporation \(VA\)](#)

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[Sidus Financial LLC \(SC\)](#)
[Sidus Financial, LLC - New England Regional Office](#)
[Sierra Financial Mortgage, LLC](#)
[Sierra Home Loans, LLC](#)
[Sierra Pacific Home Loans, Inc.](#)
[Sierra Pacific Mortgage Company, Inc.](#)
[Sierra Star Financial, LLC](#)
[Sigmund Financial Group Inc.](#)
[Signature Bank](#)
[Signature Bank of Arkansas](#)
[Signature Lending Group, Inc.](#)
[Signature Mortgage Corporation](#)
[Signature Mortgage, L.L.C.](#)
[Signia Docs, Inc.](#)
[Silver Mortgage Bancorp, Inc.](#)
[Silver Oak Mortgage, LP](#)
[Silver State Bank](#)
[Silver State Financial Services, Inc. dba Silver State](#)
[Silvergate Bank](#)
[Silverstone Mortgage Group, LLC](#)
[Silverton Mortgage Specialists, Inc.](#)
[Simmons First National Bank](#)
[Simonich Corporation dba BWC Mortgage Services](#)
[Simplfi.com, Inc.](#)
[Sioux Falls Federal Credit Union](#)
[SIRVA Mortgage](#)
[Sisters Contract Mortgage Solutions Inc](#)
[SIU Credit Union](#)
[SK & Associates LLC dba Desert Sun Mortgage](#)
[Skofed Mortgage Funding Corporation](#)
[Sky Capital Mortgage, LLC](#)
[Sky Federal Credit Union](#)
[Sky Investments Inc. dba North Star Lending](#)
[Skyline Funding](#)
[Skyline Mortgage Company](#)

[Skyline Mortgage LLC](#)
[Slavie Federal Savings Bank](#)
[SLM Financial Corporation](#)
[Smart Choice Loan Center, Inc](#)
[Smart Wholesale Lending, Inc](#)
[SMI Lending, Inc](#)
[SMI Residential Mortgage, Inc.](#)
[SN Servicing Corp.](#)
[SNMLT 2001-2](#)
[Sno-King Mortgage Inc.](#)
[Societe Generale dba SG Mortgage Finance Corp](#)
[Sofin, Inc](#)
[Solace Financial LLC](#)
[Solstice Capital Group, Inc. dba Loanbus](#)
[SoluBanc Funding, Inc.](#)
[Solution One Mortgage](#)
[Solutions Bank](#)
[Solutions Funding, Inc.](#)
[Solutions Lending LLC](#)
[SolVerus Banc Incorporated](#)
[SOMA Financial](#)
[Somerset Investors Corp dba Somerset Mortgage Bankers](#)
[Sonterra Mortgage Capital, LLC](#)
[Sophia Ventures, Inc dba Elite Lending](#)
[Sotheby's/Lehman Mortgage Services, LLC](#)
[Sound Mortgage, Inc.](#)
[Source Mortgage Corporation](#)
[Source Mortgage, LLC](#)
[Source One Mortgage Corporation](#)
[South Central Bank of Barren County, Inc.](#)
[South Chase Mortgage Corporation](#)
[South County Bank](#)
[South Lakes Mortgage Bankers, Inc.](#)
[South Pacific Financial d/b/a Funding Solutions Bancorp](#)
[South Shore Financial Services, Inc.](#)
[South Valley Bank & Trust](#)
[South Wind Tours & Excursions](#)
[Southcoast Community Bank](#)
[Southeast Bankers Mortgage Corp](#)
[Southeast Funding Alliance Inc.](#)
[Southeast Mortgage of Georgia](#)
[Southeast TX Equity Mgmt Inc dba Acq Funding or Home 1st Mtg](#)
[Southeastern Mortgage Corp.](#)

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[Southern Equity Mortgage Services, LLC](#)
[Southern Fidelity Mortgage LLC](#)
[Southern Highlands Mortgage LLC](#)
[Southern Home Lending Corp](#)
[Southern Horizon Financial Group LLC](#)
[Southern Missouri Bank of Marshfield](#)
[Southern Mortgage Associates](#)
[Southern Mortgage Brokers Inc.](#)
[Southern Mortgage Co. of Central LA](#)
[Southern Mortgage Source, Inc](#)
[Southern Star Mortgage Corp](#)
[Southern Trust Mortgage, LLC](#)
[SouthFirst Bank](#)
[SouthPoint Bank](#)
[Southpoint Financial Services, Inc.](#)
[Southside Bank](#)
[SouthStar Funding, LLC](#)
[SouthTrust Mortgage Corporation](#)
[Southwest Funding, L.P.](#)
[SouthWest Missouri Bank](#)
[Southwest Mortgage Corp.](#)
[Southwest Mortgage Partners](#)
[Southwest Securities FSB \(warehouse\)](#)
[Southwest Securities, FSB](#)
[Southwest Stage Funding, LLC dba Cascade Financial Services](#)
[Southwood Mortgage Co.](#)
[Sovereign Bank](#)
[Sovereign Bank \(PA\)](#)
[Sovereign Bank \(TX\)](#)
[Sovereign Bank/NATCO](#)
[Sovereign Bank-Capital Markets \(Newton\)](#)
[Special Project RFC](#)
[Specialized Loan Servicing, LLC](#)
[Specialty Mortgage Corporation](#)
[Spectra Financial Inc.](#)

[Spectra Funding, Inc.](#)
[Spectrum Financial Group](#)
[Spectrum Funding Corp](#)
[Spectrum-Hale Partners, LLC dba Hale Financial Partners](#)
[Spire Federal Credit Union](#)
[Spirit Bank](#)
[Spurr Mortgage Corporation](#)
[SRI dba SRI Mortgage, SRI Wholesale, SRI Lending](#)
[ST Fin Corp dba Star Financial](#)
[St George Mortgage Inc](#)
[St Louis Federal Mortgage Co.](#)
[St. Francisville, LLC](#)
[St. Louis Bank](#)
[St. Louis Mortgage Connections Inc.](#)
[Stagecoach Mortgage, LLC](#)
[Standard Bank and Trust](#)
[Standard Equity Funding](#)
[Standard Mortgage Corp](#)
[Standard Pacific Mortgage, Inc.](#)
[Stanford Federal Credit Union](#)
[Stanley Capital Mortgage Company, Inc.](#)
[Star Funding, Inc](#)
[Starwood Vacation Ownership Inc.](#)
[Starwood Vacation Ownership Portfolio Services, Inc.](#)
[State Bank](#)
[State Bank of Delano](#)
[State Bank of Southwest Missouri](#)
[State Central Credit Union](#)
[State Farm Bank FSB](#)
[State Highway Patrol Federal Credit Union](#)
[State Lending Corporation](#)
[State Mortgage LLC](#)
[State of New York Mortgage Agency \(SONYMA\)](#)
[Statewide Bank](#)
[Statewide Bank \(Correspondent](#)
[Statewide Financial Group, Inc.](#)
[Statewide Lending, Inc.](#)
[Stearns Bank N.A.](#)
[Stearns Lending Inc., A California Corporation](#)
[Steel Mountain Capital, Inc and Its Wholly Owned Purchasing](#)
[Stellarone Bank](#)
[Steller Mortgage Corporation dba Freedom Financial](#)
[Stenton Mortgage Inc](#)

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[Stephen H. Robin dba HMC Enterprises](#)
[Stephen W. Head dba Texas Premier Mortgage](#)
[Stepstone Mortgage Company, Inc.](#)
[Sterling Asset & Equity Corp](#)
[Sterling Bank](#)
[Sterling Bank & Trust, FSB](#)
[Sterling Capital Mortgage](#)
[Sterling Coast to Coast Financial Group, Inc.](#)
[Sterling Eagle Mortgage Investment Company, LLC](#)
[Sterling Empire Funding Association, LTD](#)
[Sterling Home Mortgage Corporation](#)
[Sterling Home Mortgage, LLC](#)
[Sterling Mortgage and Financial Services, Inc.](#)
[Sterling Mortgage Corporation](#)
[Sterling Mortgage Services of the Treasure Coast, Inc](#)
[Sterling National Mortgage Company, Inc.](#)
[STERLING SAVINGS BANK](#)
[Sterling State Bank](#)
[Stewart Financial Enterprises Inc dba City Fund Mort Lending](#)
[Stewart Mortgage Information Services](#)
[Stewart Mortgage Services, Inc.](#)
[Stewart Title of Northern New England, Inc.](#)
[Stifel Bank & Trust](#)
[Stillwater Mortgage, LLC dba Turnbury Mortgage](#)
[Stirling II Corporation dba Stirling Mortgage](#)
[Stock Financial, LLC](#)
[Stock Yards Bank & Trust Company](#)
[Stockman Bank of Montana](#)
[Stockton Mortgage Corporation](#)
[Stockton Turner LLC](#)
[Stoffer Mortgage Inc.](#)
[Stone Creek Capital Mortgage](#)
[Stone Mortgage Corporation](#)
[Stonebrook Mortgage Corporation](#)
[Stonebrook Mortgage Services, Inc.](#)

[Stonecreek Funding Corporation](#)
[Stonegate Mortgage Corporation](#)
[StonehamBank-A Cooperative Bank](#)
[Stonetrust MortgageLending LLC](#)
[StoneWater Mortgage Corporation](#)
[Straight Line Mortgage, Inc.](#)
[Strait Financial Corporation](#)
[Strata Bank](#)
[Strategic Capital Mortgage, Inc.](#)
[Strategic Lending, Inc.](#)
[Strategic Mortgage Company](#)
[Stratus Mortgage, LLC](#)
[Streeter Brothers Mortgage Corp.](#)
[Stronghold Funding LLC dba Stronghold](#)
[Structure Mortgage Inc.](#)
[Suburban Federal Savings Bank](#)
[Suburban Mortgage Company of New Mexico](#)
[Suburban Mortgage Inc.](#)
[Success Investments, Inc.](#)
[Success Mortgage Partners, Inc](#)
[Sullivan Financial Services, Inc.](#)
[Summatyme LLC](#)
[Summit Bank](#)
[Summit Bank, Tulsa](#)
[Summit Credit Union](#)
[Summit Credit Union \(WI\)](#)
[Summit Financial LLC](#)
[Summit Funding Inc](#)
[Summit Investments Loan Corp dba Loanisland](#)
[Summit Lending Group, Inc.](#)
[Summit Lending Solutions Inc](#)
[Summit Mortgage Bankers, Inc.](#)
[Summit Mortgage Corp. IL](#)
[Summit Mortgage Corporation](#)
[Summit Mortgage Corporation LLC](#)
[Summit Mortgage Corporation TX](#)
[Summit Mortgage Inc](#)
[Sun American Mortgage Company](#)
[Sun Capital Inc](#)
[Sun Home Loans, Inc.](#)
[Sun Quest Funding LLC](#)
[Sun Valley Mortgage Services LLC](#)
[Sun Vista Mortgage Services Ltd Co](#)

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[Sun West Mortgage Company, Inc.](#)
[Sunbelt Lending Services](#)
[Sunbelt Mortgage, LLC](#)
[Suncoast Financial, Inc.](#)
[Suncoast Mortgage Bankers Inc](#)
[Suncoast Mortgage Corporation](#)
[Suncoast Mortgage Group, LLC](#)
[SunFirst Bank](#)
[Sunflower Bank N.A.](#)
[Sunlending Mortgage Corporation](#)
[Sunmark Federal Credit Union](#)
[Sunrise Financial Services, Inc.](#)
[Sunset Bank & Savings](#)
[Sunset Direct Lending](#)
[Sunset Financial Resource Inc.](#)
[Sunset Mortgage & Investment Corp.](#)
[Sunset Mortgage Co.](#)
[Sunset Mortgage Company, LP](#)
[Sunset Portfolio Servicing Company, LLC.](#)
[Sunset West Mortgage, Inc.](#)
[Sunshine Financial Group, Inc.](#)
[Sunshine Mortgage](#)
[Sunstreet Mortgage, LLC](#)
[SunTrust Mortgage, Inc.](#)
[Sunwest Bank](#)
[SunWest Mortgage, LLC](#)
[Superior Bank](#)
[Superior Lending Corp.](#)
[Superior Lending Mortgage Inc](#)
[Superior Mortgage and Equity Corp.](#)
[Superior Mortgage Corporation](#)
[Superior Mortgage LLC](#)
[Superior Mortgage Services LLC](#)
[Supreme Funding Corporation](#)
[Surecredit USA Home Loans, Inc.](#)

[Susquehanna Bank](#)
[Susquehanna Mortgage Corporation](#)
[Sussex Group, Inc.](#)
[Sutton Bank](#)
[SVO 2008-A VOI Mortgage Corp.](#)
[Swan Investments Intl., Inc. dba International Mortgage](#)
[SWBC Mortgage Corporation](#)
[Sweetwater Home Fin. of Houston, Inc. dba Sweetwater Mtg Co](#)
[Swinford Capital Corp.](#)
[Sycamore Funding Inc.](#)
[Sydion Financial LLC](#)
[Symmetry Mortgage Corp](#)
[Synergy Capital Mortgage Corporation](#)
[Synergy Home Loans, LLC](#)
[Synergy Mortgage Group, Inc.](#)
[Synergy One Financial Services, LLC](#)
[Synovus Mortgage Corp.](#)
[Syracuse Securities Inc](#)
[Syringa Bank](#)
[T.D. Service Company](#)
[T.J. Financial, Inc.](#)
[T.R. Hughes Home Mortgage Co. LLC](#)
[Tahoe Executive Enterprises, Inc dba Paragon Mortgage Serv](#)
[Tamayo Financial Services, Inc.](#)
[Tartak Mortgage LLC](#)
[Tarzana Capital](#)
[Taylor Morgan Inc dba Community Lending Services](#)
[Taylor, Bean & Whitaker Mortgage Corp.](#)
[TBI Mortgage Company](#)
[TBS Financial Services Inc. dba Lenders Mortgage Services](#)
[TC Preferred Funding Inc.](#)
[TCD Mortgage Corporation](#)
[TD Bank, N.A. - Commerce Bank](#)
[TD Banknorth NA](#)
[TDA Capital Group, LLC DBA Atlas Capital Mortgage](#)
[Team Lending Concepts, LLC](#)
[Team Mortgage, LLC](#)
[Team USA Mortgage, LLC](#)
[TeamBank N.A.](#)
[Technology Credit Union](#)
[Telemetry Mortgage Opportunities Fund, L.P.](#)
[Telesis Community Credit Union](#)
[Telhio Credit Union](#)

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[Tenacity Mortgage](#)
[Tennessee Bank and Trust, A Div. of Farmers Bank & Trust Co.](#)
[Tennessee State Bank](#)
[Tennessee Valley Mortgage of Florence LLC](#)
[Terrace Mortgage Company](#)
[Terwin Advisors, LLC dba The Winter Group](#)
[Texas Bank and Trust Company](#)
[Texas BRV, Inc. dba Blue Apple Mortgage](#)
[Texas Capital Bank, N.A.](#)
[Texas Commercial Funding Group LLC](#)
[Texas First Family Mortgage Inc.](#)
[Texas Heritage Mortgage, LTD.](#)
[Texas Loan Star, Inc.](#)
[Texas Mortgage Professionals, LLC](#)
[Texas Mortgage Team LLC](#)
[Texas Security Bank](#)
[Texas Western Mortgage, LLC](#)
[The Addison Mortgage Group, Inc.](#)
[The Advantage Mortgage Group, Inc.](#)
[The American Eagle Mortgage Corp.](#)
[The American National Bank of Dekalb County's Mortgage Div.](#)
[The Anderson Financial Group, Inc.](#)
[The Andover State Bank](#)
[The Arlington Bank](#)
[The Bancorp Bank](#)
[The Bank of Canton](#)
[The Bank of Charlotte County](#)
[The Bank of Commerce](#)
[The Bank of Fayette County](#)
[The Bank of Georgia](#)
[The Bank of Holland](#)
[The Bank of Missouri](#)
[The Bank of New York](#)
[The Bank of New York as Trustee](#)
[The Bank of Northern Michigan](#)

[The Bank of San Antonio](#)
[The Bank of South Carolina](#)
[The Bank of the Pacific](#)
[The Bollin Mortgage Group, Inc.](#)
[The Broadstone Mortgage Company](#)
[The Bryn Mawr Trust Company](#)
[The Business Bank of St. Louis](#)
[The Carroll Mortgage Group, Inc.](#)
[The Citizens National Bank of Meridian](#)
[The Clinton Mortgage Network](#)
[The Coastal Bank dba Coastal Mortgage Company of SC](#)
[The Columbia Bank](#)
[The CU Mortgage Center, Inc. dba The Mortgage Center, Inc](#)
[The Delaware County Bank & Trust Company](#)
[The El Paso Mortgage Company](#)
[The Equity Group Financial, Inc.](#)
[The F & M Bank and Trust Company](#)
[The Family Credit Union](#)
[The First Mortgage Corporation](#)
[The First National Bank](#)
[The First National Bank Of Chicago - Non-Member](#)
[The First National Bank of Deerwood](#)
[The First National Bank of Granbury](#)
[The First National Bank of Jackboro dba The Highlands Bank](#)
[The First National Bank of Ogden](#)
[The First, A National Banking Association](#)
[The Freedom Bank of Virginia](#)
[The Funding Source LLC](#)
[The Gordon Group, Inc.](#)
[The Grange Bank](#)
[The Guernsey Bank](#)
[The H55 Group, Inc.](#)
[The Herring National Bank](#)
[The Hinks Company, Inc.](#)
[The Home Equity Network, LLC](#)
[The Home Loan Pros, Inc.](#)
[The Huntington National Bank](#)
[The Hurricane Mortgage Company, Inc.](#)
[The Joshua Group Co. LLC dba U.S. Lending](#)
[The Kent Group Ltd](#)
[The Klein Group, LLC](#)
[The LaPorte Savings Bank](#)
[The Lenders Group LLC](#)

MERS LENDER MEMBERSHIP LIST - (1-27-2009)
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SEE PAGE 63 FOR HOMECOMINGS WHOLESALE FUNDING

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ID Number was 1000626, there is no current 2011 match,
**BUT AS OF 1-27-2009 HWF WAS A MERS MEMBER, IN THE DATABASE, AND THE
NUMBER 1000626 WAS VALID FOR HWF.)**

[The Lending Company Inc](#)
[The Lending Connection, Inc.](#)
[The Lending Group](#)
[The Lending Partners, LLC](#)
[The Loan Experts Corporation dba All American Finance](#)
[The Louisville Mortgage Group](#)
[The McCue Mortgage Company](#)
[The Milan Group Inc dba Milan Mortgage Bankers](#)
[The Money Source Inc.](#)
[The Money Source, Inc.](#)
[The Mortgage Advantage, Inc](#)
[The Mortgage Bankers Corp.](#)
[The Mortgage Broker, LLC](#)
[The Mortgage Center, Inc.](#)
[The Mortgage Center, LLC](#)
[The Mortgage Company](#)
[The Mortgage Company LLC](#)
[The Mortgage Connection](#)
[The Mortgage Depot Inc](#)
[The Mortgage Firm, Inc](#)
[The Mortgage Funding Group, Inc.](#)
[The Mortgage Group, Inc.](#)
[The Mortgage Group, LLC](#)
[The Mortgage House, Inc.](#)
[The Mortgage Lending Group, Inc.](#)
[The Mortgage Makers, Inc.](#)
[The Mortgage Network Wholesale Lender](#)
[The Mortgage Network, Inc., dba Mortgage Network North America](#)
[The Mortgage Network, LLC](#)
[The Mortgage Outlet, Inc.](#)
[The Mortgage Place](#)
[The Mortgage Shoppe Inc](#)
[The Mortgage Source Inc](#)
[The Mortgage Specialist LP](#)
[The Mortgage Store Financial, Inc.](#)

[The National Bank](#)
[The New York Mortgage Company, LLC](#)
[The Northwestern Mutual Life Ins. Co. dba Northwestern Mutua](#)
[The Pappadakis Corporation dba Plaza Mortgage Group of FL](#)
[The Park Bank](#)
[The Peoples Bank Co.](#)
[The Petkewich Corp dba The Mortgage Outlet](#)
[The Ping Mortgage Company](#)
[The Poca Valley Bank](#)
[The Premiere Mortgage Corporation](#)
[The Private Bank](#)
[The PrivateBank Mortgage Company dba The PrivateBank](#)
[The PrivateBank Mortgage Company, LLC](#)
[The Situs Companies](#)
[The Stone Hill Group](#)
[The Vault Mortgage Co.](#)
[The Warren Group](#)
[The Washington Savings Bank](#)
[The Washington Trust Company](#)
[The Watermark Group Inc. dba Watermark Financial](#)
[Thomas Louis Mortgage Inc](#)
[Thomas Mortgage & Financial Services](#)
[Thornburg Mortgage Home Loans, Inc.](#)
[Thoroughbred Lending Company LLC](#)
[Three Rivers Financial Services, Inc.](#)
[Three Rivers Mortgage](#)
[TIB Bank of the Keys](#)
[TIB-The Independent Bankers Bank](#)
[Tidewater Home Funding, LLC](#)
[Tidewater Mortgage Services, Inc.](#)
[TierOne Bank](#)
[Tim Simko dba First United Lending](#)
[Timberland Mortgage Services, Inc.](#)
[Tippecanoe Mortgage, Inc.](#)
[Titan Funding](#)
[Titan Lenders Corp.](#)
[TLP Funding Corporation](#)
[TM Capital, Inc.](#)
[TMBG Inc](#)
[TNBank dba TNBank of Oak Ridge](#)
[Token Mortgage Corporation](#)
[Tomahawk Community Bank, SSB](#)
[Top Mortgage Corporation](#)

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[Top Performers Financial Services, Inc.](#)
[Total Funding Corporation](#)
[Total Home Source, Inc](#)
[Total Mortgage Services, L.L.C.](#)
[Tower Mortgage and Financial Services Corp](#)
[Tower Mortgage Capital Inc., dba National Home Lenders](#)
[Tower Mortgage Corporation](#)
[Town & Country Bank](#)
[Town North Bank N.A.](#)
[Towne Mortgage Company](#)
[Townebank Mortgage](#)
[Townstone Financial, Inc.](#)
[TPI Mortgage, Inc.](#)
[Trade Street Mortgage Inc.](#)
[Trademark Mortgage LLC](#)
[Tradition Mortgage LLC](#)
[Tranex Financial, Inc.](#)
[Transcontinental Lending Group, Inc](#)
[TransLand Financial Services, Inc.](#)
[Transnational Financial Network, Inc.](#)
[Travis Mortgage, LLC](#)
[Treeside Financial, LLC](#)
[Tremont Credit Union](#)
[Triad Bank, N.A.](#)
[Tribeca Lending Corp.](#)
[Tri-County Bank](#)
[TriCounty Mortgage Corporation](#)
[Trident Mortgage Company](#)
[Triduanum Financial Inc](#)
[Trinity Mortgage Capital, Inc.](#)
[Trinity Mortgage Company of Central Florida, LLC dba Trinity](#)
[Trinity Mortgage Corporation](#)
[TrinityMac](#)
[Tristate Capital Bank](#)
[Tristone Community Bank](#)

[Triton Commercial Capital Incorporated](#)
[Triumph Funding, Inc.](#)
[True Lending Company, LLC](#)
[Truemark Lending, Inc](#)
[Truliant Federal Credit Union](#)
[Trust USA Mortgage Group](#)
[Trustmark National Bank](#)
[TrustMor Mortgage Company, LLC](#)
[Tucker Mortgage, LLC](#)
[Turner Mortgage Company](#)
[Turtle Creek Mortgage Inc.](#)
[TWA Corporation](#)
[Twin Capital Mortgage](#)
[Twin City Bank](#)
[Twin Star Credit Union](#)
[TXL Mortgage Corporation](#)
[U S Capital Home Loans Inc](#)
[U S DEPT OF HUD](#)
[U. S. Lending Group, Inc.](#)
[U.P. Catholic Credit Union](#)
[U.S. BANK AS DOCUMENT CUSTODIAN - ALL LOCATIONS](#)
[U.S. Bank as Trustee](#)
[U.S. Bank N.A.](#)
[U.S. BANK N.A. N.D. - CONSUMER FINANCE DIVISION](#)
[U.S. Bank National Associaton](#)
[U.S. Capital Funding, LLC](#)
[U.S. Financial LTD](#)
[U.S. Mortgage Corporation](#)
[U.S. Recordings, Inc.](#)
[UBS Home Finance](#)
[UBS Real Estate Investments Inc.](#)
[UBS Real Estate Securities Inc.](#)
[UBS Special Servicing Group](#)
[UBS Warburg Real Estate Securities Inc. \(Warehouse\)](#)
[Ulster Savings Bank](#)
[UM Acquisitions LLC](#)
[UMG Mortgage LLC](#)
[UMLIC VP LLC](#)
[UMPQUA](#)
[Unified Capital Group](#)
[Unifirst Mortgage Corp](#)
[Unifirst Mortgage Corp.](#)
[Unilenders, Inc.](#)

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[UniMortgage LLC](#)

[Union Bank](#)

[Union Bank and Trust Company](#)

[Union Capital Mortgage](#)

[Union Capital Mortgage Business Trust](#)

[Union Federal Bank of Indianapolis.](#)

[Union Federal Bank of Indianapolis..](#)

[Union Federal Mortgage Corp.](#)

[Union Federal Mortgage Corporation](#)

[Union Federal Savings Bank](#)

[Union Fidelity Mortgage Inc](#)

[Union Home Mortgage LLC](#)

[Union Mortgage Group, Inc](#)

[Union Mortgage Group, Inc.](#)

[Union Mortgage Omaha Inc](#)

[Union National Mortgage Company](#)

[Union River Mortgage LLC](#)

[Union Savings Bank](#)

[Union State Bank of Everest dba Bank of Atchison](#)

[Union Trust Mortgage Corporation](#)

[United Bank](#)

[United Bank & Trust - Washtenaw](#)

[United Bank \(VA\)](#)

[United Bank Inc.](#)

[United Capital Financial of Atlanta, LLC](#)

[United Capital Mortgage Corporation](#)

[United Capital, Inc.](#)

[United Commercial Bank](#)

[United Community Bank](#)

[United Community Mortgage Corp.](#)

[United Community Mortgage Services Inc.](#)

[United Equity LLC](#)

[United Federal Credit Union](#)

[United Federal Mortgage a div. of United Medical Bank, FSB](#)

[United Fidelity Bank](#)

[United Fidelity Funding Corp.](#)
[United Financial Mortgage Corporation](#)
[United Funding Mortgage Corp.](#)
[United General Mtg Corp dba CLS Mtg a subsidiary of UGMC](#)
[United Group Acquisition, LLC](#)
[United Guaranty Residential Insurance Company of N.C.](#)
[United Heritage Credit Union](#)
[United Home Mortgage](#)
[United Home Mortgage Corporation](#)
[United Lending Solutions LLC dba Home Lending Solutions](#)
[United Liberty Mortgage Corp.](#)
[United Mortgage Bankers, Inc.](#)
[United Mortgage Company - Washtenaw](#)
[United Mortgage Finance Group, Inc](#)
[United Mortgage Funding](#)
[United Mortgage Investors, Inc.](#)
[United Mutual Funding Corp](#)
[United Northern Mortgage Bankers](#)
[United Pacific Mortgage](#)
[United Pacific Mortgage as Vendor](#)
[United Pacific Mortgage DBA Mandalay Mortgage](#)
[United Prairie Bank](#)
[United Residential Lending LLC](#)
[United Security Financial](#)
[United Western Bank](#)
[UnitedOne Credit Union](#)
[Unitrust Mortgage, Inc.](#)
[Unity Mortgage Corp.](#)
[Universal American Mortgage Company, LLC](#)
[Universal Financial Group, Inc.](#)
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[Universal Lending Services, Inc.](#)
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[Universal Mortgage Company, LLC](#)
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[University Bank](#)
[University Mortgage Inc.](#)
[University of Wisconsin Credit Union](#)
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[Unprime Securities Company LLC](#)
[Unversity Federal Credit Union](#)
[Uptown Mortgage](#)
[Urban Financial, Inc.](#)

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[Urban Trust Bank](#)
[US Bank as Custodian/Trustee](#)
[US Bank National Association \(Warehouse\)](#)
[US Capital Financial Services, Inc dba Primestreet Lending,](#)
[US Employees O.C. Federal Credit Union](#)
[US Equity Mortgage, LLC](#)
[US Financial Funding Inc. dba US Financial](#)
[US Lending & Finance LTD](#)
[US Money Source, Inc. d/b/a Soluna First](#)
[US Mortgage Bankers Inc. dba USMB Inc](#)
[US Mortgage Capital Inc.](#)
[US Mortgage Corp.](#)
[US Mortgage Corporation dba Mortgage Concepts](#)
[US Mortgage Finance Corp](#)
[US Mortgage Group, LLC](#)
[US Mortgage Network](#)
[US New Mexico FCU](#)
[USA Bank](#)
[USA Funding Corp](#)
[USA Home Loans, Inc.](#)
[USA Mortgage Business Inc.](#)
[USA Mortgage Corporation](#)
[USAA Federal Savings Bank](#)
[USB Home Lending](#)
[USU Community Federal Credit Union](#)
[Utah Community Federal Credit Union](#)
[Utah Financial, Inc dba Federal Mortgage Funding](#)
[Utah Housing Corporation](#)
[Uvantage Home Lending Services, Inc.](#)
[V.I.P. Mortgage Inc.](#)
[Valley Bank](#)
[Valley Bank of Helena](#)
[Valley Mortgage Solutions LLC](#)
[Valley National Bank](#)
[Valley National Bank \(OK\)](#)

[Valley View State Bank](#)
[Valley Vista Mortgage Corporation](#)
[Valley West Corporation DBA Valley West Mortgage](#)
[Valley Wide Home Loans](#)
[Vanderbilt Mortgage & Finance, Inc](#)
[VanDyk Mortgage Corporation](#)
[Vanguard Funding LLC](#)
[Vanguard M & T, Inc.](#)
[Vanguard Mortgage Corporation](#)
[VantageSouth Bank](#)
[Vantium Capital Markets, L.P.](#)
[Vantium Capital, Inc., d/b/a Acqura Loan Services](#)
[Vaughan Financial Mortgage Group, Inc.](#)
[VCH - 1998-A \(Wells Fargo as Trustee\)](#)
[VCH - 1999-A \(Wells Fargo as Trustee\)](#)
[VCH - 2003-A \(Wells Fargo Bank of Minnesota, N.A as Trustee\)](#)
[VCH - Beethoven \(Dresdner as Lender\)](#)
[VCH - Alpine \(Credit Suisse First Boston as Lender\)](#)
[Vectra Bank Colorado](#)
[Vendor/RFC](#)
[Venta Financial Group, Inc.](#)
[Venture Bank](#)
[Venture Financial Services](#)
[Venture One Mortgage Corporation](#)
[Veridian Credit Union](#)
[Veritas Funding LLC](#)
[Veritas In Commmercium LLC](#)
[Verity Credit Union](#)
[Vertical Financial Group](#)
[Vertical Lend dba Mortgage Warehouse](#)
[Verus Bank, NA](#)
[Veterans Home Mortgage Inc.](#)
[Victoria Capital Inc dba Victoria Funding Services](#)
[Victorian Finance LLC](#)
[Vieux Carre Mortgage](#)
[Viewpoint Bank](#)
[ViewPoint Bank \(Warehouse\)](#)
[Viewpoint Bankers Mortgage](#)
[Vigilant Federal Savings Bank](#)
[Vigio Lending Corp.](#)
[Viking Capital](#)
[Village Bank Mortgage Corporation](#)
[Village Capital & Investment, LLC DBA Village Home Mortgage](#)

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[Village Mortgage Company](#)
[Vinson Mortgage Services, Inc. dba Vinson Mortgage Group](#)
[Vintage Hills Mortgage Corporation](#)
[Vintage Mortgage Corporation](#)
[Vintage Mortgage Group](#)
[VIP Mortgage Corporation](#)
[VIP Mortgage Inc.](#)
[VIP Mortgage Solutions, LLC](#)
[Virgin Money USA, Inc.](#)
[Virginia Credit Union Inc.](#)
[Virginia Heritage Bank](#)
[VirtualBank Seniors Lending Group](#)
[Visalia Community Bank](#)
[Vision Bank](#)
[Vision Mortgage Company, Ltd. dba Vision Mortgage Company](#)
[Vision Mortgage LLC](#)
[Vision Mortgage Professionals Inc.](#)
[Vision Mortgage Resources, Inc.](#)
[Vision One Mortgage, Inc.](#)
[Vision, Inc.](#)
[VISIONBank](#)
[VIST Bank](#)
[Vista Mortgage Corp.](#)
[Vista Mortgage Corporation](#)
[Vista Mortgage Services, Inc.](#)
[Vitek Mortgage Group](#)
[Volunteer Mortgage Lenders Inc](#)
[Volunteer Trust Mortgage Corporation](#)
[Voorhees Ventures, Inc.](#)
[W J Capital Corporation](#)
[W. R. Clouse & Associates Mortgage Company](#)
[W.J. Bradley Mortgage Capital Corp.](#)
[W.M. Howard Inc.](#)
[W.R. Starkey Mortgage LLC](#)
[W/E Mortgage Services Inc.](#)

[Wachovia Bank National Association](#)
[Wachovia Bank, NA as Trustee](#)
[Wachovia Correspondent Warehouse Lending](#)
[Wachovia Mortgage Corporation](#)
[Wachovia Mortgage Corporation - Winston-Salem](#)
[Wachovia Mortgage, FSB](#)
[Wachovia Mortgage, FSB \(CP\)](#)
[Wachovia Securities](#)
[Wachusett Mortgage Corporation](#)
[Wahlstrom Financial Group](#)
[Walker Jackson Mortgage Corp.](#)
[Wall Street Financial Corporation](#)
[Wall Street Mortgage Bankers, Ltd.](#)
[Wallick and Volk](#)
[Walter Mortgage Company](#)
[Walton Mortgage](#)
[Wantland Realty Corporation DBA WRC Mortgage](#)
[Ward Lending Group, LLC](#)
[Warehouse Lender #1005308](#)
[Warehouse USA Capital, Inc.](#)
[Warren Bank Mortgage Company, LLC](#)
[Wasatch Capital Mortgage, Inc](#)
[Washington Financial Group, Inc.](#)
[Washington Mutual Bank \(Interim Funder\)](#)
[Washington Mutual Bank \(vendor\)](#)
[Washington Mutual Bank, F.A.](#)
[Washington Mutual Mortgage Securites Corp.](#)
[WashingtonFirst Bank](#)
[Washtenaw Mortgage Company](#)
[Waterfall Victoria Master Fund 2008 - 1 Grantor Trust Servic](#)
[Waterfall Victoria Master Fund Ltd](#)
[Waterfall Victoria REO, LLC](#)
[Watermark Credit Union](#)
[Watermark Financial Partners, Inc.](#)
[WaterStone Bank SSB](#)
[Waterstone Mortgage Corp.](#)
[Watson Group Financial Corporation](#)
[Watson Mortgage Corp.](#)
[Waukesha State Bank](#)
[Waukesha State Bank \(WI\)](#)
[Wausau Mortgage Corporation dba Broadstreet Mortgage](#)
[WCRSI 2007-3 LLC](#)
[WCS Funding Group Inc.](#)

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[WCS Lending LLC](#)
[Weatherford National Bank](#)
[Webster Bank](#)
[WEBTD.com, Inc.](#)
[Weger Mortgage Corporation](#)
[WEI Mortgage Corp](#)
[Weichert Financial Services](#)
[Welcome Home Finance, LP](#)
[Welcome Home Loans, Inc.](#)
[Welcome Home Mortgage Inc](#)
[Wells Bank of Platte City](#)
[Wells Fargo - Acquisition](#)
[Wells Fargo as Trustee](#)
[Wells Fargo Bank, NA dba Wells Fargo Home Equity](#)
[Wells Fargo Foothill, LLC dba Lender Finance Division](#)
[Wells Fargo Home Mortgage a Division of Wells Fargo Bank NA](#)
[Wells Fargo Mortgage Document Custody](#)
[Wendover as SubServicer for Chase](#)
[Wendover Financial Services](#)
[WesBanco Bank, Inc.](#)
[West Alabama Bank & Trust](#)
[West Coast 2007-1 LLC](#)
[West Coast 2008-1, LLC](#)
[West Coast 2008-3, LLC](#)
[West Coast 2008-4, LLC](#)
[West Coast Bank](#)
[West Coast Realty Services, Inc.](#)
[West Coast Servicing, Inc.](#)
[West Community Credit Union](#)
[West Gate Bank](#)
[West Michigan Bank & Trust](#)
[West Penn Financial Service Center, Inc.](#)
[West Suburban Bank](#)
[West Town Savings Bank](#)
[WestAmerica Mortgage Company](#)

[Westbridge Bank and Trust dba Westbridge Mortgage](#)
[Westbury Bank](#)
[Western Estates, Inc.](#)
[Western Fidelity Mortgage Company](#)
[Western Financial LLC dba American Guaranty Mortgge](#)
[Western Horizon Mortgage](#)
[Western Mortgage Brokers Inc dba Western Mtg Bankers Inc.](#)
[Western Mortgage Corporation](#)
[Western Ohio Mortgage Corporation](#)
[Western Reliance Funding Group](#)
[Western Reserve Bank](#)
[Western Residential Mortgage Inc](#)
[Western Security Bank](#)
[Western State Bank](#)
[Western States Mortgage Corporation](#)
[Western Thrift & Loan](#)
[Western Vista FCU](#)
[Western World Financial](#)
[Westfield Bank FSB](#)
[Westlend Financing Inc dba American Capital Funding Inc](#)
[Westminster Mortgage Co. a Division of Shapell Industries](#)
[Westsound Bank dba Westsound Mortgage](#)
[Weststar Mortgage Corporation](#)
[WestStar Mortgage, Inc.](#)
[WFS Mortgage Services Inc.](#)
[Whidbey Island Bank](#)
[Whitney National Bank](#)
[Whitney National Bank \(fka Access Mortgage\)](#)
[Whitney National Bank \(fka Parish National Bank\)](#)
[Wholesale America Mortgage, Inc.](#)
[Wholesale Capital Corporation](#)
[Wiedman Mortgage, Inc.](#)
[Wieland Financial Services, Inc.](#)
[Wilber National Bank](#)
[William M. Perlmutter dba Executive Mortgage Lenders](#)
[William Raveis Mortgage, LLC](#)
[Willow Bend Mortgage](#)
[Willow Financial Bank](#)
[Wilmington Finance, Inc.](#)
[Wilmington Mortgage Services Inc](#)
[Wilshire Credit Corp.](#)
[Wilson & Muir Bank and Trust Company](#)
[Wilson Mortgage Services, Inc.](#)

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[Wilson Resources, Inc.](#)
[Windermere Mortgage Services Series LLC a DE Series LLC](#)
[Windom Capital Inc. dba Windom Mortgage](#)
[Windsor Capital Mortgage](#)
[WinStar Mortgage Partners Inc. sub of Partner Loan Services](#)
[Wisconsin Mortgage Corporation](#)
[WM Specialty Mortgage LLC](#)
[WMC Mortgage Corp. Minnesota](#)
[WMC Mortgage Corporation](#)
[WMD Realty, Inc.](#)
[Wolfe Financial, Inc. dba Integrity Mortgage Group](#)
[Wolters Kluwer Financial Services](#)
[Wood & Huston Bank dba Wood & Huston Bancorporation Inc](#)
[Woodfield Planning Corporation](#)
[Woodforest National Bank dba Woodforest Mortgage Company](#)
[Woodland Mortgage Partners, Inc](#)
[Woodlands Bank](#)
[World Alliance Financial Corp](#)
[World Capital Mortgage, LP](#)
[World Group Mortgage, LLC](#)
[World Mortgage Corporation of Miami](#)
[World Mortgage Group, Inc.](#)
[World Wide Credit Corporation](#)
[World Wide Financial Services, Inc.](#)
[World Wide Mortgage Group, Inc.](#)
[Worldwide Financial Resources, Inc.](#)
[Worthington Federal Bank](#)
[Worthington Mortgage Group, Inc.](#)
[Wow Financial Inc](#)
[Wow Financial LLC dba Advanced Mortgage Concepts](#)
[Wright Financial Inc](#)
[Wright-Patt Credit Union, Inc.](#)
[Wyman Funding Group Inc.](#)
[Wyndham Capital Mortgage, Inc.](#)
[Wyoming Bank & Trust](#)

[Wyoming State Bank](#)
[Xenia Financial LLC](#)
[Xetus Corp.](#)
[Xtra Mile Financial Services, LLC](#)
[Yale Financial Group, Inc.](#)
[York Financial Inc.](#)
[Your Best Rate Financial, LLC](#)
[Your Community Bank](#)
[Your Mortgage Company, LLC](#)
[Your Mortgage Source LLC](#)
[Your Mortgage Source, Inc.](#)
[Yvonne K Yung Kwan Chau DBA YKC Mortgage](#)
[Z.T.F. LLC dba At Home Mortgage Group](#)
[Zeus Mortgage Ltd](#)
[Zino Financial, Inc.](#)
[Zions First National Bank](#)
[Z-Mortgage Company, L.L.C.](#)

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Four types of searches are accommodated. They are described below:

By Organization ID Enter a 7 digit Organization ID.

By Company Name Enter at least the first 4 letters of the company name.

By Specific Alphabet Letter Enter an alphabet letter from A to Z and a company list will be generated for the specified letter.

ALL Company Names Press submit and a company list will be generated alphabetically from A to Z.

Homecomings Wholesale # 1000626

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Wholesale

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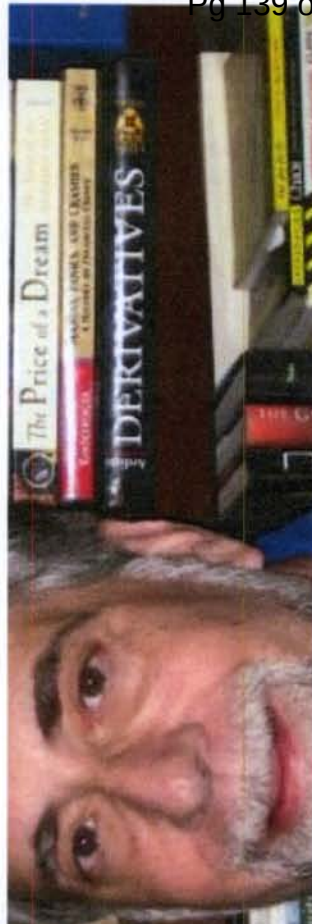
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Posted on January 27, 2009 by Neil Garfield

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[Don't Ask, Just Cram: It's](#)

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[Gets It \(mostly\)](#)

[Bank and Investment](#)

[Bank News](#)

[Countrywide](#)

MERS MEMBERSHIP INFORMATION Reveals Index to

Securitization and Investors: Allegation that MERS is

authorized or even nominal beneficiary is false

Posted on January 27, 2009 by Neil Garfield

Sample Link: [validatemrsearch.jsp?as_mbrsearch=1006937](#)

[mers-membership](#)

[milestoneplus](#)

Sample Response Record:

Corporate

Name: West Coast Servicing, Inc.

Address: 17011 Beach Blvd., #300

City, State, Zip: Huntington Beach, CA 92647

Toll Free

Number: (866) 574-2001

Direct Number: (714) 596-6333

Fax Number: (714) 596-6333

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EXHIBIT 5

MERS LENDER ACCOUNT INFORMATION SUMMARY
(Printed from MERS website: 4/20/2011)
(MERS website screenshots depicting this information attached)

MERS Directory Company Search:

1. EMC (nothing comes up for EMC Mortgage Company, but for EMC this comes up)

Corporate Name: EMC Holdings LLC dba Englewood Mortgage Company

Address: 8400 E. Crescent Parkway Suite 350

City,State,Zip: Greenwood Village, CO 80111

Toll Free Number:

Direct Number: (303) 771-5533

Fax Number: (303) 414-1079

Primary Contact: Christie Applegate

Website: www.engagewoodmortgage.com

Member Org ID: 1003559

Lines Of Business: Originator, Servicer, Subservicer, Investor, Document Custodian, Broker

eRegistry Participant: Yes

eDelivery Participant: No

Member Record - Mozilla Firefox

File Edit View History Bookmarks Tools Help

Address bar: <https://www.mersonline.org/members/mbrsearch/valid> Google

Member Record (Untitled)

Corporate Name: EMC Holdings LLC dba Englewood Mortgage Company

Address: 8400 E. Crescent Parkway Suite 350

City, State, Zip: Greenwood Village, CO 80111

Toll Free Number:

Direct Number: (303) 771-5533

Fax Number: (303) 414-1079

Primary Contact: Christie Applegate

Website: www.engagewoodmortgage.com

Member Org ID: 1003559

Lines Of Business: Originator, Servicer, Subservicer, Investor, Document Custodian, Broker

eRegistry Participant: Yes

eDelivery Participant: No

[Back To Member Search](#)

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EXHIBIT 6

MERS LENDER ACCOUNT INFORMATION SUMMARY
(Printed from MERS website: 4/20/2011)
(MERS website screenshots depicting this information attached)

2. Greenpoint Mortgage Company (Comes up under Greenpoint)

Corporate Name: GreenPoint Mortgage Funding Inc.

Address: 7933 Preston Rd

City,State,Zip: Plano, TX 75024-0000

Toll Free Number:

Direct Number: (469) 238-7603

Fax Number: (866) 959-9144

Primary Contact: Lynn Graham

Website: http://www.mers@countrywide.com/gps_contact_us.html

Member Org ID: 1000138

Lines Of Business: Originator, Servicer, Subservicer, Investor, Document Custodian, MERS 1-2-3

eRegistry Participant: No

eDelivery Participant: No

Corporate Name: GreenPoint Mortgage Funding Inc.

Address: 7933 Preston Rd

City, State, Zip: Plano, TX 75024-0000

Toll Free Number:

Direct Number: (469) 238-7603

Fax Number: (866) 959-9144

Primary Contact: Lynn Graham

Website: <http://www.mers@countrywide.com/gps> contact us.html

Member Org ID: 1000138

Lines Of Business: Originator, Servicer, Subservicer, Investor, Document Custodian, MERS 1-2-3

eRegistry Participant: No

eDelivery Participant: No

Back To Member Search

EXHIBIT 7

MERS LENDER ACCOUNT INFORMATION SUMMARY
(Printed from MERS website: 4/20/2011)
(MERS website screenshots depicting this information attached)

3. Homecomings Financial

Corporate Name: HomeComings Financial, LLC

Address: 3451 Hammond Ave Mail Code 507-345-186

City,State,Zip: Waterloo, IA 50702

Toll Free Number: (800) 766-4622

Direct Number: (800) 766-4622

Fax Number: (999) 999-9999

Primary Contact: MERS Department

Website: http://www.homecomings.com/fs1_index.asp

Member Org ID: 1000474

Lines Of Business: Originator, Servicer, Subservicer, Investor, Document Custodian, Master Servicer

eRegistry Participant: No

eDelivery Participant: No

Member Record - Mozilla Firefox

File Edit View History Bookmarks Tools Help

Google

Member Record (Untitled) https://www.mersonline.org/mers/mbrsearch/valid

Corporate Name:

HomeComings Financial, LLC

Address:

3451 Hammond Ave Mail Code 507-345-186

City, State, Zip:

Waterloo, IA 50702

Toll Free Number:

(800) 766-4622

Direct Number:

(800) 766-4622

Fax Number:

(999) 999-9999

Primary Contact:

MERS Department

Website:

http://www.homecomings.com/fs1_index.asp

Member Org ID:

1000474

Lines Of Business:

Originator, Servicer, Subservicer, Investor, Document Custodian, Master Servicer

eRegistry Participant:

No

eDelivery Participant:

No

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EXHIBIT 8

MERS LENDER ACCOUNT INFORMATION SUMMARY

(Printed from MERS website: 4/20/2011)

(MERS website screenshots depicting this information attached)

4. Homecomings Wholesale Funding –

No Record Found

EXHIBIT 9

MERS LENDER ACCOUNT INFORMATION SUMMARY
(Printed from MERS website: 4/20/2011)
(MERS website screenshots depicting this information attached)

5. GMAC

Has 2 listings:

GMAC BANK ASSET MANAGEMENT CO

GMAC Mortgage, LLC

GMAC Mortgage Company:

Corporate Name: GMAC Mortgage, LLC

Address: 3451 Hammond Ave Mail Code 507-345-186

City,State,Zip: Waterloo, IA 50702

Toll Free Number: (800) 766-4622

Direct Number: (800) 766-4622

Fax Number: (999) 999-9999

Primary Contact: GMAC MERS Dept.

Website: <http://www.gmacmortgage.com>

Member Org ID: 1000375

Lines Of Business: Originator, Servicer, Subservicer, Investor, Document Custodian

eRegistry Participant: Yes

eDelivery Participant: Yes

EXHIBIT 316

Member Record - Mozilla Firefox

File Edit View History Bookmarks Tools Help

Address bar: mersonline.org https://www.mersonline.org/mers/mbrsearch/valid

Member Record (Untitled)

Corporate Name:	GMAC Mortgage, LLC
Address:	3451 Hammond Ave Mail Code 507-345-186
City, State, Zip:	Waterloo, IA 50702
Toll Free Number:	(800) 766-4622
Direct Number:	(800) 766-4622
Fax Number:	(999) 999-9999
Primary Contact:	GMAC MERS Dept.
Website:	http://www.gmacmortgage.com
Member Org ID:	1000375
Lines Of Business:	Originator, Servicer, Subservicer, Investor, Document Custodian
eRegistry Participant:	Yes
eDelivery Participant:	Yes

[Back To Member Search](#)

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EXHIBIT 10

MERS LENDER ACCOUNT INFORMATION SUMMARY
(Printed from MERS website: 4/20/2011)
(MERS website screenshots depicting this information attached)

GMAC Asset Management Co.

Corporate Name: GMAC BANK ASSET MANAGEMENT CO

Address: 3451 Hammond Ave

City,State,Zip: Waterloo, IA 50702

Toll Free Number: (800) 766-4622

Direct Number: (319) 236-5400

Fax Number: (866) 663-2486

Primary Contact: GMAC MERS Dept.

Website: <http://www.gmacmortgage.com>

Member Org ID: 1005727

Lines Of Business: Investor

eRegistry Participant: No

eDelivery Participant: No

Member Record - Mozilla Firefox

File Edit View History Bookmarks Tools Help

Google



https://www.mersonline.org/mers/mbrsearch/valid

Member Record

(Untitled)

Corporate Name:

GMAC BANK ASSET MANAGEMENT CO

Address:

3451 Hammond Ave

City, State, Zip:

Waterloo, IA 50702

Toll Free Number:

(800) 766-4622

Direct Number:

(319) 236-5400

Fax Number:

(866) 663-2486

Primary Contact:

GMAC MERS Dept.

Website:

<http://www.gmacmortgage.com>

Member Org ID:

1005727

Lines Of Business:

Investor

eRegistry Participant:

No

eDelivery Participant:

No

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EXHIBIT 11

MERS LENDER ACCOUNT INFORMATION SUMMARY
(Printed from MERS website: 4/20/2011)
(MERS website screenshots depicting this information attached)

6. Fannie Mae

Has 2 listings:

Fannie Mae

Fannie Mae (Reverse Mortgages)

Fannie Mae:

Corporate Name: Fannie Mae

Address: 3900 Wisconsin Avenue

City,State,Zip: Washington, DC 20016-2892

Toll Free Number:

Direct Number: (202) 752-7000

Fax Number: (202) 752-7000

Primary Contact: Anita Cooper

Website:

Member Org ID: 1000130

Lines Of Business: Servicer, Subservicer, Investor, Document Custodian

eRegistry Participant: Yes

eDelivery Participant: Yes

Member Record - Mozilla Firefox

File Edit View History Bookmarks Tools Help

Google



https://www.mersonline.org/mers/mbrsearch/valid

(Untitled)

Member Record

Corporate Name:

Fannie Mae

Address:

3900 Wisconsin Avenue

City, State, Zip:

Washington, DC 20016-2892

Toll Free Number:

Direct Number: (202) 752-7000

Fax Number:

(202) 752-7000

Primary Contact:

Anita Cooper

Website:

Member Org ID:

1000130

Lines Of Business:

Servicer, Subservicer, Investor, Document Custodian

eRegistry Participant:

Yes

eDelivery Participant:

Yes

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EXHIBIT 12

MERS LENDER ACCOUNT INFORMATION SUMMARY
(Printed from MERS website: 4/20/2011)
(MERS website screenshots depicting this information attached)

Fannie Mae Reverse Mortgages:

Corporate Name: Fannie Mae (Reverse Mortgages)

Address: 3900 Wisconsin Ave

City,State,Zip: Washington, DC 20016

Toll Free Number:

Direct Number: (202) 752-7000

Fax Number: (202) 752-7000

Primary Contact: Crystal Crier

Website: <http://www.fanniemae.com>

Member Org ID: 1005586

Lines Of Business: Originator, Servicer, Subservicer, Investor, Document Custodian

eRegistry Participant: No

eDelivery Participant: No

Member Record - Mozilla Firefox

File Edit View History Bookmarks Tools Help

Google



https://www.merionline.org/mers/mbrsearch/valid

(Untitled)

Member Record

Corporate Name:

Fannie Mae (Reverse Mortgages)

Address:

3900 Wisconsin Ave

City, State, Zip:

Washington, DC 20016

Toll Free Number:

Direct Number: (202) 752-7000

Fax Number: (202) 752-7000

Primary Contact:

Crystal Crier

Website:

<http://www.fanniemae.com>

Member Org ID:

1005586

Lines Of Business:

Originator, Servicer, Subservicer, Investor, Document Custodian

eRegistry Participant:

No

eDelivery Participant:

No

[Back To Member Search](#)

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Douglas County, Georgia
Rhonda G. Payne, Clerk of Superior Court

Indexing Search - Indexed Instrument Display [Print Page](#)

Displayed on: Thursday, April 21, 2011 12:18:04 AM

GEORGIA LAND RECORDS Valid From 01/01/1998 Thru 04/13/2011

Index Type: GEORGIA LAND RECORDS	Date Filed: 07/07/2003	Time: 10:54:00 AM
Book: 1780	Page: 997	
Type: AGREEMENT	Scan Pages: 2	
Description (Not Warranted):		
Cross Reference: Orig Book: 1619	Page: 752	Index: GLR
GRANTOR - Record(s) 3		
MORTGAGE ELECTRONIC REGISTRATION SYSTEMS INC		
MORTGAGE ELECTRONIC REGISTRATION SYSTEMS INC MERS		
RESIDENTIAL FUNDING CORP		
GRANTEE - Record(s) 1		
HOMECONINGS WHOLESALE FUNDING		

MERS MIN NUMBER DESCRIPTION
(From MERS FAQ Website Section)

The description of the digit key:

From the FAQ:

Does the MIN require us to replace our current loan number system?

No. While the MIN is a unique life of the loan identifier, your organization is under no obligation to abandon use of its loan number system. In fact, you can use your existing loan number wrapped by your unique MERS organizational ID and a check digit to generate the MIN. You need to enhance your servicing system to carry the MIN, which is a unique 18 digit identifier. The MIN becomes the vehicle for communicating information with other members of the real estate finance industry without having to resort to elaborate cross-referencing schemes for different loan numbering systems. And since you can assign a MIN for a loan when application is first made by the consumer, you may find that your numbering system is no longer needed.

I could not find any other information on the unique 18 digit organizational ID and check digit.

I pulled yours, just fyi, as perhaps we can see the components in it. (NOTE: this is the full record of 1 active and 2 inactive records.)

MIN:1000626-0476868450-0 Note Date:03/03/2008 MIN Status:Active

Servicer: GMAC Mortgage, LLC Phone:(800) 766-4622

Waterloo, IA

Investor: Fannie Mae Phone:(202) 752-7000

Washington, DC

MIN:1000138-0087843587-0 Note Date:09/08/2005 MIN Status:Inactive

Servicer: HomeComings Financial, LLC Phone:(800) 766-4622

Waterloo, IA

Investor: This investor has chosen not to display their information. For assistance, please contact the servicer.

MIN:1000138-0087843579-7 Note Date:09/08/2005 MIN Status:Inactive

Servicer: JPMorgan Chase Bank, N.A./EMC Phone:(800) 723-3004

Lewisville, TX

Investor: This investor has chosen not to display their information. For assistance, please contact the servicer.

EXHIBIT 321

Homecomings Financial

A GMAC Company

02/29/2008

GREGORY C. MORSE

223 HIGH POINT DRIVE
PLANO, TX 75094

HFN #: 047-686845-0

Dear GREGORY C. MORSE

This is to advise you that your mortgage loan has been purchased by GMAC Bank from HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.) and the servicing of your loan has recently been transferred to GMAC Mortgage, LLC effective 04/01/2008. Please be assured that this is a normal business transaction and will not affect any other term or condition of the mortgage documents, other than terms directly related to the servicing of the loan. We would like to take this opportunity to welcome you as a customer of Homecomings Financial and GMAC Mortgage, LLC and to assure you that we are committed to providing the highest level of service.

Effective 04/01/2008, payments should be made payable to GMAC Mortgage, LLC and sent directly to:

GMAC Mortgage, LLC
ATTN: Payment Processing
P.O. Box 79135
Phoenix, AZ 85062-9135

The amount of your monthly payment is \$ 2,485.14. You will receive a monthly account statement from GMAC Mortgage, LLC under separate cover which will include a payment coupon and return envelope to be used in forwarding your payment to GMAC Mortgage, LLC.

Any written inquiries should be addressed to GMAC Mortgage, LLC and sent directly to:

GMAC Mortgage, LLC
ATTN: Customer Service Department
P.O. Box 4622
Waterloo, IA 50704-4622
800-766-4622

As of 04/01/2008, Homecomings Financial can no longer accept payments on your account. However, if you have any questions BEFORE the transfer, you may contact their Loan Servicing Department at 972-386-0550. If this is a toll call, collect calls will be accepted.

You will receive a Year-End statement summarizing your loan for your income tax return for the partial year your loan is with GMAC Mortgage, LLC. You should also receive a Year-End statement from your previous servicer.

Homecomings Financial
forward to a pleasant association with you.

and GMAC Mortgage, LLC look

Sincerely,

Homecomings Financial
A member of the GM Family

GREGORY C. MORSE

Page 2

02/29/2008

You should also be aware of the following information, which is set out in more detail in Section 6 of the Real Estate Settlement Procedures Act (RESPA) (12 U.S.C. 2605):

During the 60-day period following the effective date of the transfer of the loan servicing, a loan payment received by your old servicer before its due date may not be treated by the new loan servicer as late, and a late fee may not be imposed on you.

Section 6 of RESPA (U.S.C. 2605) gives you certain consumer rights. If you send a "qualified written request" to your loan servicer concerning the servicing of your loan, your servicer must provide you with a written acknowledgment within 20 business days of receipt of your request. A "qualified written request" is a written correspondence, other than notice on a payment coupon or other payment medium supplied by the servicer, which includes your name and account number, and your reasons for the request.

Not later than 60 business days after receiving your request, your servicer must make any appropriate corrections to your account, and must provide you with a written clarification regarding any dispute. During this 60 business day period, your servicer may not provide information to a consumer reporting agency concerning any overdue payment related to such period or qualified written request. However, this does not prevent the servicer from initiating foreclosure if proper grounds exist under the mortgage documents.

A business day is a day on which the offices of the business entity are open to the public for carrying on substantially all of its business functions.

Section 6 of RESPA also provides for damages and costs for individuals or classes of individuals in circumstances where servicers are shown to have violated the requirements of that section. You should seek legal advice if you believe your rights have been violated.

Future inquiries regarding the servicing of your loan should be directed to GMAC Mortgage, LLC. Their correspondence address and toll-free telephone number are as follows:

GMAC Mortgage, LLC
Attention: Customer Service Department
P.O. Box 4622
Waterloo, IA 50704-4622

Toll Free Telephone Number 800-766-4622

Customer Service Hours
Monday - Friday 7:00 a.m. - 9:00 P.M. Central Time

Sincerely,

HOMEcomings FINANCIAL, LLC (F/K/A HOMEcomings FINANCIAL NETWORK, INC.)

Ron Meharg
1111 Alderman Drive, Ste 350
Attn: Release Dept.
Alpharetta GA 30005

Prepared By:
DOCX on behalf of EMC Mortgage Corporation
1111 Alderman Drive, Ste 350
Attn: Release Dept.
Alpharetta GA 30005

Loan Number: EMC-589-0014113591
MERS ID: 100013800878435797
MERS Telephone:

THE STATE OF TEXAS
COUNTY OF COLLIN
I, Stacey Kemp, County Clerk,
do hereby certify that the foregoing instrument is a full, true and correct copy of the instrument as filed for
record in my office this _____ day of _____, 2008.
Witness my hand and official seal at my office in McKinney,
Texas, this _____ day of _____, 2008.

Deed of Release

For Value Received, the present undersigned Beneficiary under a deed of trust executed by GREGORY C MORSE, AN UNMARRIED MAN as Grantor/Trustor, to G. TOMMY BASTIAN as Trustee, dated 09/02/2005, certifies that the Deed of Trust has been fully paid, satisfied or otherwise discharged. The Deed of Trust was recorded in the Deed of Trust Records of Collin County, Texas on 09/19/2005, and is indexed as Volume 06005, Page 03912, File No. 2005-0132002. The undersigned releases and reconveys, without covenant or warranty, the Deed of Trust and all of its right, title and interest which was acquired by the Trustee under the Deed of Trust, in the property located at: 223 HIGH POINT DRIVE, MURPHY, TX 75094

IN WITNESS WHEREOF, Mortgage Electronic Registration Systems, Inc. ("MERS") by the officers duly authorized, has duly executed the foregoing instrument.

Dated this: 03/13/2008

Lender: Mortgage Electronic Registration Systems, Inc. ("MERS")

Jimmy Gossett

Jimmy Gossett, Asst. Vice President

State of Georgia, County of Fulton County

This instrument was acknowledged before me on 03/13/2008 by Jimmy Gossett as Asst. Vice President.

Witness my hand,

Veronica Turner

Veronica Turner
Notary Public for said state and county

Expires: 08/31/2010



Veronica Turner
NOTARY PUBLIC
Fulton County
State of Georgia
My Commission Expires
August 31, 2010



Filed and Recorded
Official Public Records
Stacey Kemp
Collin County, TEXAS
03/13/2008 02:43:53 PM
\$16.00 DLAIRD
20080313000302310

Stacey Kemp

THE STATE OF TEXAS I, Stacey Kemp County Clerk,
COUNTY OF COLLIN Court Collin County, Texas

Do hereby certify that the foregoing instrument of writing is
a full, true and correct copy of the instrument as filed for
record in my office the 13 day of Mar., 2008
No 20080313000302310

Witness my hand and official seal at my office in McKinney,
Texas, this 19 day of Jan., 2012

Stacey Kemp Collin County Clerk
Collin County, Texas
By: Janet Pennington Deputy



Notary Public
My Comm. Expires 08/31/14
My Comm. No. 123456789
Notary Seal



Notary Public
My Comm. Expires 08/31/14
My Comm. No. 123456789
Notary Seal



Return To:

Pinnacle Title Co.

5020 Montrose Blvd. 3rd floor
Houston, TX 77006Filed by 07/22/14
Pinnacle Title Co., L.P.

Return To: Homecomings Financial
One Meridian Crossing, Ste. 100
Minneapolis MN 55423
Loan Number: 047-686845-0

Prepared By: Homecomings Financial
14850 Quorum Drive, Suite 500
Dallas, TX 75254

[Space Above This Line For Recording Data]

DEED OF TRUST

MIN 100062604768684500

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OR ALL OF THE FOLLOWING INFORMATION FROM ANY INSTRUMENT THAT TRANSFERS AN INTEREST IN REAL PROPERTY BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

DEFINITIONS

Words used in multiple sections of this document are defined below and other words are defined in Sections 3, 11, 13, 18, 20 and 21. Certain rules regarding the usage of words used in this document are also provided in Section 16.

(A) "Security Instrument" means this document, which is dated MARCH 3RD, 2008 together with all Riders to this document.

(B) "Borrower" is GREGORY C. MORSE, AN UNMARRIED MAN

Borrower is the grantor under this Security Instrument.

(C) "Lender" is HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.)

TEXAS-Single Family-Fannie Mae/Freddie Mac UNIFORM INSTRUMENT WITH MERS
MFTX7770 (06/2007) / 047-686845-0
Wolters Kluwer Financial Services
VMP®-6A(TX) (0704)

Form 3044 1/01

Page 1 of 16

Initials:

Nem



Lender is a LIMITED LIABILITY COMPANY
organized and existing under the laws of DELAWARE
Lender's address is 14850 QUORUM DRIVE, SUITE 500
DALLAS, TX 75254

Lender includes any holder of the Note who is entitled to receive payments under the Note.

(D) "Trustee" is Atty. Don W. Ledbetter

Trustee's address is
17130 Dallas Parkway, #115, Dallas, TX 75248

(E) "MERS" is Mortgage Electronic Registration Systems, Inc. MERS is a separate corporation that is acting solely as a nominee for Lender and Lender's successors and assigns. MERS is a beneficiary under this Security Instrument. MERS is organized and existing under the laws of Delaware, and has an address and telephone number of P.O. Box 2026, Flint, MI 48501-2026, tel. (888) 679-MERS.

(F) "Note" means the promissory note signed by Borrower and dated MARCH 3RD, 2008

The Note states that Borrower owes Lender FOUR HUNDRED FOURTEEN THOUSAND FIVE
HUNDRED AND NO/100 Dollars
(U.S. \$ 414,500.00) plus interest. Borrower has promised to pay this debt in regular Periodic

Payments and to pay the debt in full not later than APRIL 1ST, 2038

(G) "Property" means the property that is described below under the heading "Transfer of Rights in the Property."

(H) "Loan" means the debt evidenced by the Note, plus interest, any prepayment charges and late charges due under the Note, and all sums due under this Security Instrument, plus interest.

(I) "Riders" means all Riders to this Security Instrument that are executed by Borrower. The following Riders are to be executed by Borrower [check box as applicable]:

<input type="checkbox"/> Adjustable Rate Rider	<input type="checkbox"/> Condominium Rider	<input type="checkbox"/> Second Home Rider
<input type="checkbox"/> Balloon Rider	<input checked="" type="checkbox"/> Planned Unit Development Rider	<input type="checkbox"/> 1-4 Family Rider
<input type="checkbox"/> VA Rider	<input type="checkbox"/> Biweekly Payment Rider	<input type="checkbox"/> Other(s) [specify]

(J) "Applicable Law" means all controlling applicable federal, state and local statutes, regulations, ordinances and administrative rules and orders (that have the effect of law) as well as all applicable final, non-appealable judicial opinions.

(K) "Community Association Dues, Fees, and Assessments" means all dues, fees, assessments and other charges that are imposed on Borrower or the Property by a condominium association, homeowners association or similar organization.

(L) "Electronic Funds Transfer" means any transfer of funds, other than a transaction originated by check, draft, or similar paper instrument, which is initiated through an electronic terminal, telephonic instrument, computer, or magnetic tape so as to order, instruct, or authorize a financial institution to debit or credit an account. Such term includes, but is not limited to, point-of-sale transfers, automated teller machine transactions, transfers initiated by telephone, wire transfers, and automated clearinghouse transfers.

(M) "Escrow Items" means those items that are described in Section 3.

(N) "Miscellaneous Proceeds" means any compensation, settlement, award of damages, or proceeds paid by any third party (other than insurance proceeds paid under the coverages described in Section 5) for: (i) damage to, or destruction of, the Property; (ii) condemnation or other taking of all or any part of the Property; (iii) conveyance in lieu of condemnation; or (iv) misrepresentations of, or omissions as to, the value and/or condition of the Property.



(O) "Mortgage Insurance" means insurance protecting Lender against the nonpayment of, or default on, the Loan.

(P) "Periodic Payment" means the regularly scheduled amount due for (i) principal and interest under the Note, plus (ii) any amounts under Section 3 of this Security Instrument.

(Q) "RESPA" means the Real Estate Settlement Procedures Act (12 U.S.C. Section 2601 et seq.) and its implementing regulation, Regulation X (24 C.F.R. Part 3500), as they might be amended from time to time, or any additional or successor legislation or regulation that governs the same subject matter. As used in this Security Instrument, "RESPA" refers to all requirements and restrictions that are imposed in regard to a "federally related mortgage loan" even if the Loan does not qualify as a "federally related mortgage loan" under RESPA.

(R) "Successor in Interest of Borrower" means any party that has taken title to the Property, whether or not that party has assumed Borrower's obligations under the Note and/or this Security Instrument.

TRANSFER OF RIGHTS IN THE PROPERTY

The beneficiary of this Security Instrument is MERS (solely as nominee for Lender and Lender's successors and assigns) and the successors and assigns of MERS. This Security Instrument secures to Lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note. For this purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with power of sale, the following described property located in the COUNTY of COLLIN :

[Type of Recording Jurisdiction]

[Name of Recording Jurisdiction]

Legal description attached hereto and made a part hereof

Parcel ID Number: R445700B00401

which currently has the address of

223 HIGH POINT DRIVE
PLANO

[Street]
[City], Texas 75094 [Zip Code]

("Property Address"):

TOGETHER WITH all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. All replacements and additions shall also be covered by this Security Instrument. All of the foregoing is referred to in this

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Security Instrument as the "Property." Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

BORROWER COVENANTS that Borrower is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the Property is unencumbered, except for encumbrances of record. Borrower warrants and will defend generally the title to the Property against all claims and demands, subject to any encumbrances of record.

THIS SECURITY INSTRUMENT combines uniform covenants for national use and non-uniform covenants with limited variations by jurisdiction to constitute a uniform security instrument covering real property.

UNIFORM COVENANTS. Borrower and Lender covenant and agree as follows:

1. Payment of Principal, Interest, Escrow Items, Prepayment Charges, and Late Charges. Borrower shall pay when due the principal of, and interest on, the debt evidenced by the Note and any prepayment charges and late charges due under the Note. Borrower shall also pay funds for Escrow Items pursuant to Section 3. Payments due under the Note and this Security Instrument shall be made in U.S. currency. However, if any check or other instrument received by Lender as payment under the Note or this Security Instrument is returned to Lender unpaid, Lender may require that any or all subsequent payments due under the Note and this Security Instrument be made in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality, or entity; or (d) Electronic Funds Transfer.

Payments are deemed received by Lender when received at the location designated in the Note or at such other location as may be designated by Lender in accordance with the notice provisions in Section 15. Lender may return any payment or partial payment if the payment or partial payments are insufficient to bring the Loan current. Lender may accept any payment or partial payment insufficient to bring the Loan current, without waiver of any rights hereunder or prejudice to its rights to refuse such payment or partial payments in the future, but Lender is not obligated to apply such payments at the time such payments are accepted. If each Periodic Payment is applied as of its scheduled due date, then Lender need not pay interest on unapplied funds. Lender may hold such unapplied funds until Borrower makes payment to bring the Loan current. If Borrower does not do so within a reasonable period of time, Lender shall either apply such funds or return them to Borrower. If not applied earlier, such funds will be applied to the outstanding principal balance under the Note immediately prior to foreclosure. No offset or claim which Borrower might have now or in the future against Lender shall relieve Borrower from making payments due under the Note and this Security Instrument or performing the covenants and agreements secured by this Security Instrument.

2. Application of Payments or Proceeds. Except as otherwise described in this Section 2, all payments accepted and applied by Lender shall be applied in the following order of priority: (a) interest due under the Note; (b) principal due under the Note; (c) amounts due under Section 3. Such payments shall be applied to each Periodic Payment in the order in which it became due. Any remaining amounts shall be applied first to late charges, second to any other amounts due under this Security Instrument, and then to reduce the principal balance of the Note.

If Lender receives a payment from Borrower for a delinquent Periodic Payment which includes a sufficient amount to pay any late charge due, the payment may be applied to the delinquent payment and the late charge. If more than one Periodic Payment is outstanding, Lender may apply any payment received from Borrower to the repayment of the Periodic Payments if, and to the extent that, each payment can be paid in full. To the extent that any excess exists after the payment is applied to the full payment of one or more Periodic Payments, such excess may be applied to any late charges due. Voluntary prepayments shall be applied first to any prepayment charges and then as described in the Note.

Any application of payments, insurance proceeds, or Miscellaneous Proceeds to principal due under the Note shall not extend or postpone the due date, or change the amount, of the Periodic Payments.

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3. Funds for Escrow Items. Borrower shall pay to Lender on the day Periodic Payments are due under the Note, until the Note is paid in full, a sum (the "Funds") to provide for payment of amounts due for: (a) taxes and assessments and other items which can attain priority over this Security Instrument as a lien or encumbrance on the Property; (b) leasehold payments or ground rents on the Property, if any; (c) premiums for any and all insurance required by Lender under Section 5; and (d) Mortgage Insurance premiums, if any, or any sums payable by Borrower to Lender in lieu of the payment of Mortgage Insurance premiums in accordance with the provisions of Section 10. These items are called "Escrow Items." At origination or at any time during the term of the Loan, Lender may require that Community Association Dues, Fees, and Assessments, if any, be escrowed by Borrower, and such dues, fees and assessments shall be an Escrow Item. Borrower shall promptly furnish to Lender all notices of amounts to be paid under this Section. Borrower shall pay Lender the Funds for Escrow Items unless Lender waives Borrower's obligation to pay the Funds for any or all Escrow Items. Lender may waive Borrower's obligation to pay to Lender Funds for any or all Escrow Items at any time. Any such waiver may only be in writing. In the event of such waiver, Borrower shall pay directly, when and where payable, the amounts due for any Escrow Items for which payment of Funds has been waived by Lender and, if Lender requires, shall furnish to Lender receipts evidencing such payment within such time period as Lender may require. Borrower's obligation to make such payments and to provide receipts shall for all purposes be deemed to be a covenant and agreement contained in this Security Instrument, as the phrase "covenant and agreement" is used in Section 9. If Borrower is obligated to pay Escrow Items directly, pursuant to a waiver, and Borrower fails to pay the amount due for an Escrow Item, Lender may exercise its rights under Section 9 and pay such amount and Borrower shall then be obligated under Section 9 to repay to Lender any such amount. Lender may revoke the waiver as to any or all Escrow Items at any time by a notice given in accordance with Section 15 and, upon such revocation, Borrower shall pay to Lender all Funds, and in such amounts, that are then required under this Section 3.

Lender may, at any time, collect and hold Funds in an amount (a) sufficient to permit Lender to apply the Funds at the time specified under RESPA, and (b) not to exceed the maximum amount a lender can require under RESPA. Lender shall estimate the amount of Funds due on the basis of current data and reasonable estimates of expenditures of future Escrow Items or otherwise in accordance with Applicable Law.

The Funds shall be held in an institution whose deposits are insured by a federal agency, instrumentality, or entity (including Lender, if Lender is an institution whose deposits are so insured) or in any Federal Home Loan Bank. Lender shall apply the Funds to pay the Escrow Items no later than the time specified under RESPA. Lender shall not charge Borrower for holding and applying the Funds, annually analyzing the escrow account, or verifying the Escrow Items, unless Lender pays Borrower interest on the Funds and Applicable Law permits Lender to make such a charge. Unless an agreement is made in writing or Applicable Law requires interest to be paid on the Funds, Lender shall not be required to pay Borrower any interest or earnings on the Funds. Borrower and Lender can agree in writing, however, that interest shall be paid on the Funds. Lender shall give to Borrower, without charge, an annual accounting of the Funds as required by RESPA.

If there is a surplus of Funds held in escrow, as defined under RESPA, Lender shall account to Borrower for the excess funds in accordance with RESPA. If there is a shortage of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the shortage in accordance with RESPA, but in no more than 12 monthly payments. If there is a deficiency of Funds held in escrow, as defined under RESPA, Lender shall notify Borrower as required by RESPA, and Borrower shall pay to Lender the amount necessary to make up the deficiency in accordance with RESPA, but in no more than 12 monthly payments.

Upon payment in full of all sums secured by this Security Instrument, Lender shall promptly refund to Borrower any Funds held by Lender.

4. Charges; Liens. Borrower shall pay all taxes, assessments, charges, fines, and impositions attributable to the Property which can attain priority over this Security Instrument, leasehold payments or ground rents on the Property, if any, and Community Association Dues, Fees, and Assessments, if any. To the extent that these items are Escrow Items, Borrower shall pay them in the manner provided in Section 3.

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Borrower shall promptly discharge any lien which has priority over this Security Instrument unless Borrower: (a) agrees in writing to the payment of the obligation secured by the lien in a manner acceptable to Lender, but only so long as Borrower is performing such agreement; (b) contests the lien in good faith by, or defends against enforcement of the lien in, legal proceedings which in Lender's opinion operate to prevent the enforcement of the lien while those proceedings are pending, but only until such proceedings are concluded; or (c) secures from the holder of the lien an agreement satisfactory to Lender subordinating the lien to this Security Instrument. If Lender determines that any part of the Property is subject to a lien which can attain priority over this Security Instrument, Lender may give Borrower a notice identifying the lien. Within 10 days of the date on which that notice is given, Borrower shall satisfy the lien or take one or more of the actions set forth above in this Section 4.

Lender may require Borrower to pay a one-time charge for a real estate tax verification and/or reporting service used by Lender in connection with this Loan.

5. Property Insurance. Borrower shall keep the improvements now existing or hereafter erected on the Property insured against loss by fire, hazards included within the term "extended coverage," and any other hazards including, but not limited to, earthquakes and floods, for which Lender requires insurance. This insurance shall be maintained in the amounts (including deductible levels) and for the periods that Lender requires. What Lender requires pursuant to the preceding sentences can change during the term of the Loan. The insurance carrier providing the insurance shall be chosen by Borrower subject to Lender's right to disapprove Borrower's choice, which right shall not be exercised unreasonably. Lender may require Borrower to pay, in connection with this Loan, either: (a) a one-time charge for flood zone determination, certification and tracking services; or (b) a one-time charge for flood zone determination and certification services and subsequent charges each time remappings or similar changes occur which reasonably might affect such determination or certification. Borrower shall also be responsible for the payment of any fees imposed by the Federal Emergency Management Agency in connection with the review of any flood zone determination resulting from an objection by Borrower.

If Borrower fails to maintain any of the coverages described above, Lender may obtain insurance coverage, at Lender's option and Borrower's expense. Lender is under no obligation to purchase any particular type or amount of coverage. Therefore, such coverage shall cover Lender, but might or might not protect Borrower, Borrower's equity in the Property, or the contents of the Property, against any risk, hazard or liability and might provide greater or lesser coverage than was previously in effect. Borrower acknowledges that the cost of the insurance coverage so obtained might significantly exceed the cost of insurance that Borrower could have obtained. Any amounts disbursed by Lender under this Section 5 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

All insurance policies required by Lender and renewals of such policies shall be subject to Lender's right to disapprove such policies, shall include a standard mortgage clause, and shall name Lender as mortgagee and/or as an additional loss payee. Lender shall have the right to hold the policies and renewal certificates. If Lender requires, Borrower shall promptly give to Lender all receipts of paid premiums and renewal notices. If Borrower obtains any form of insurance coverage, not otherwise required by Lender, for damage to, or destruction of, the Property, such policy shall include a standard mortgage clause and shall name Lender as mortgagee and/or as an additional loss payee.

In the event of loss, Borrower shall give prompt notice to the insurance carrier and Lender. Lender may make proof of loss if not made promptly by Borrower. Unless Lender and Borrower otherwise agree in writing, any insurance proceeds, whether or not the underlying insurance was required by Lender, shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such insurance proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such insurance proceeds, Lender shall not be required to pay Borrower any

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interest or earnings on such proceeds. Fees for public adjusters, or other third parties, retained by Borrower shall not be paid out of the insurance proceeds and shall be the sole obligation of Borrower. If the restoration or repair is not economically feasible or Lender's security would be lessened, the insurance proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such insurance proceeds shall be applied in the order provided for in Section 2.

If Borrower abandons the Property, Lender may file, negotiate and settle any available insurance claim and related matters. If Borrower does not respond within 30 days to a notice from Lender that the insurance carrier has offered to settle a claim, then Lender may negotiate and settle the claim. The 30-day period will begin when the notice is given. In either event, or if Lender acquires the Property under Section 22 or otherwise, Borrower hereby assigns to Lender (a) Borrower's rights to any insurance proceeds in an amount not to exceed the amounts unpaid under the Note or this Security Instrument, and (b) any other of Borrower's rights (other than the right to any refund of unearned premiums paid by Borrower) under all insurance policies covering the Property, insofar as such rights are applicable to the coverage of the Property. Lender may use the insurance proceeds either to repair or restore the Property or to pay amounts unpaid under the Note or this Security Instrument, whether or not then due.

6. Occupancy. Borrower shall occupy, establish, and use the Property as Borrower's principal residence within 60 days after the execution of this Security Instrument and shall continue to occupy the Property as Borrower's principal residence for at least one year after the date of occupancy, unless Lender otherwise agrees in writing, which consent shall not be unreasonably withheld; or unless extenuating circumstances exist which are beyond Borrower's control.

7. Preservation, Maintenance and Protection of the Property; Inspections. Borrower shall not destroy, damage or impair the Property, allow the Property to deteriorate or commit waste on the Property. Whether or not Borrower is residing in the Property, Borrower shall maintain the Property in order to prevent the Property from deteriorating or decreasing in value due to its condition. Unless it is determined pursuant to Section 5 that repair or restoration is not economically feasible, Borrower shall promptly repair the Property if damaged to avoid further deterioration or damage. If insurance or condemnation proceeds are paid in connection with damage to, or the taking of, the Property, Borrower shall be responsible for repairing or restoring the Property only if Lender has released proceeds for such purposes. Lender may disburse proceeds for the repairs and restoration in a single payment or in a series of progress payments as the work is completed. If the insurance or condemnation proceeds are not sufficient to repair or restore the Property, Borrower is not relieved of Borrower's obligation for the completion of such repair or restoration.

Lender or its agent may make reasonable entries upon and inspections of the Property. If it has reasonable cause, Lender may inspect the interior of the improvements on the Property. Lender shall give Borrower notice at the time of or prior to such an interior inspection specifying such reasonable cause.

8. Borrower's Loan Application. Borrower shall be in default if, during the Loan application process, Borrower or any persons or entities acting at the direction of Borrower or with Borrower's knowledge or consent gave materially false, misleading, or inaccurate information or statements to Lender (or failed to provide Lender with material information) in connection with the Loan. Material representations include, but are not limited to, representations concerning Borrower's occupancy of the Property as Borrower's principal residence.

9. Protection of Lender's Interest in the Property and Rights Under this Security Instrument. If (a) Borrower fails to perform the covenants and agreements contained in this Security Instrument, (b) there is a legal proceeding that might significantly affect Lender's interest in the Property and/or rights under this Security Instrument (such as a proceeding in bankruptcy, probate, for condemnation or forfeiture, for enforcement of a lien which may attain priority over this Security Instrument or to enforce laws or regulations), or (c) Borrower has abandoned the Property, then Lender may do and pay for whatever is reasonable or appropriate to protect Lender's interest in the Property and rights under this Security Instrument, including protecting and/or assessing the value of the Property, and securing and/or repairing the Property. Lender's actions can include, but are not limited to: (a) paying any sums secured by a lien which has priority over this Security Instrument; (b) appearing in court; and (c) paying reasonable

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attorneys' fees to protect its interest in the Property and/or rights under this Security Instrument, including its secured position in a bankruptcy proceeding. Securing the Property includes, but is not limited to, entering the Property to make repairs, change locks, replace or board up doors and windows, drain water from pipes, eliminate building or other code violations or dangerous conditions, and have utilities turned on or off. Although Lender may take action under this Section 9, Lender does not have to do so and is not under any duty or obligation to do so. It is agreed that Lender incurs no liability for not taking any or all actions authorized under this Section 9.

Any amounts disbursed by Lender under this Section 9 shall become additional debt of Borrower secured by this Security Instrument. These amounts shall bear interest at the Note rate from the date of disbursement and shall be payable, with such interest, upon notice from Lender to Borrower requesting payment.

If this Security Instrument is on a leasehold, Borrower shall comply with all the provisions of the lease. If Borrower acquires fee title to the Property, the leasehold and the fee title shall not merge unless Lender agrees to the merger in writing.

10. Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan, Borrower shall pay the premiums required to maintain the Mortgage Insurance in effect. If, for any reason, the Mortgage Insurance coverage required by Lender ceases to be available from the mortgage insurer that previously provided such insurance and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to obtain coverage substantially equivalent to the Mortgage Insurance previously in effect, at a cost substantially equivalent to the cost to Borrower of the Mortgage Insurance previously in effect, from an alternate mortgage insurer selected by Lender. If substantially equivalent Mortgage Insurance coverage is not available, Borrower shall continue to pay to Lender the amount of the separately designated payments that were due when the insurance coverage ceased to be in effect. Lender will accept, use and retain these payments as a non-refundable loss reserve in lieu of Mortgage Insurance. Such loss reserve shall be non-refundable, notwithstanding the fact that the Loan is ultimately paid in full, and Lender shall not be required to pay Borrower any interest or earnings on such loss reserve. Lender can no longer require loss reserve payments if Mortgage Insurance coverage (in the amount and for the period that Lender requires) provided by an insurer selected by Lender again becomes available, is obtained, and Lender requires separately designated payments toward the premiums for Mortgage Insurance. If Lender required Mortgage Insurance as a condition of making the Loan and Borrower was required to make separately designated payments toward the premiums for Mortgage Insurance, Borrower shall pay the premiums required to maintain Mortgage Insurance in effect, or to provide a non-refundable loss reserve, until Lender's requirement for Mortgage Insurance ends in accordance with any written agreement between Borrower and Lender providing for such termination or until termination is required by Applicable Law. Nothing in this Section 10 affects Borrower's obligation to pay interest at the rate provided in the Note.

Mortgage Insurance reimburses Lender (or any entity that purchases the Note) for certain losses it may incur if Borrower does not repay the Loan as agreed. Borrower is not a party to the Mortgage Insurance.

Mortgage insurers evaluate their total risk on all such insurance in force from time to time, and may enter into agreements with other parties that share or modify their risk, or reduce losses. These agreements are on terms and conditions that are satisfactory to the mortgage insurer and the other party (or parties) to these agreements. These agreements may require the mortgage insurer to make payments using any source of funds that the mortgage insurer may have available (which may include funds obtained from Mortgage Insurance premiums).

As a result of these agreements, Lender, any purchaser of the Note, another insurer, any reinsurer, any other entity, or any affiliate of any of the foregoing, may receive (directly or indirectly) amounts that derive from (or might be characterized as) a portion of Borrower's payments for Mortgage Insurance, in exchange for sharing or modifying the mortgage insurer's risk, or reducing losses. If such agreement provides that an affiliate of Lender takes a share of the insurer's risk in exchange for a share of the premiums paid to the insurer, the arrangement is often termed "captive reinsurance." Further:

(a) Any such agreements will not affect the amounts that Borrower has agreed to pay for Mortgage Insurance, or any other terms of the Loan. Such agreements will not increase the amount Borrower will owe for Mortgage Insurance, and they will not entitle Borrower to any refund.

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(b) Any such agreements will not affect the rights Borrower has - if any - with respect to the Mortgage Insurance under the Homeowners Protection Act of 1998 or any other law. These rights may include the right to receive certain disclosures, to request and obtain cancellation of the Mortgage Insurance, to have the Mortgage Insurance terminated automatically, and/or to receive a refund of any Mortgage Insurance premiums that were unearned at the time of such cancellation or termination.

11. Assignment of Miscellaneous Proceeds; Forfeiture. All Miscellaneous Proceeds are hereby assigned to and shall be paid to Lender.

If the Property is damaged, such Miscellaneous Proceeds shall be applied to restoration or repair of the Property, if the restoration or repair is economically feasible and Lender's security is not lessened. During such repair and restoration period, Lender shall have the right to hold such Miscellaneous Proceeds until Lender has had an opportunity to inspect such Property to ensure the work has been completed to Lender's satisfaction, provided that such inspection shall be undertaken promptly. Lender may pay for the repairs and restoration in a single disbursement or in a series of progress payments as the work is completed. Unless an agreement is made in writing or Applicable Law requires interest to be paid on such Miscellaneous Proceeds, Lender shall not be required to pay Borrower any interest or earnings on such Miscellaneous Proceeds. If the restoration or repair is not economically feasible or Lender's security would be lessened, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower. Such Miscellaneous Proceeds shall be applied in the order provided for in Section 2.

In the event of a total taking, destruction, or loss in value of the Property, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is equal to or greater than the amount of the sums secured by this Security Instrument immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the sums secured by this Security Instrument shall be reduced by the amount of the Miscellaneous Proceeds multiplied by the following fraction: (a) the total amount of the sums secured immediately before the partial taking, destruction, or loss in value divided by (b) the fair market value of the Property immediately before the partial taking, destruction, or loss in value. Any balance shall be paid to Borrower.

In the event of a partial taking, destruction, or loss in value of the Property in which the fair market value of the Property immediately before the partial taking, destruction, or loss in value is less than the amount of the sums secured immediately before the partial taking, destruction, or loss in value, unless Borrower and Lender otherwise agree in writing, the Miscellaneous Proceeds shall be applied to the sums secured by this Security Instrument whether or not the sums are then due.

If the Property is abandoned by Borrower, or if, after notice by Lender to Borrower that the Opposing Party (as defined in the next sentence) offers to make an award to settle a claim for damages, Borrower fails to respond to Lender within 30 days after the date the notice is given, Lender is authorized to collect and apply the Miscellaneous Proceeds either to restoration or repair of the Property or to the sums secured by this Security Instrument, whether or not then due. "Opposing Party" means the third party that owes Borrower Miscellaneous Proceeds or the party against whom Borrower has a right of action in regard to Miscellaneous Proceeds.

Borrower shall be in default if any action or proceeding, whether civil or criminal, is begun that, in Lender's judgment, could result in forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. Borrower can cure such a default and, if acceleration has occurred, reinstate as provided in Section 19, by causing the action or proceeding to be dismissed with a ruling that, in Lender's judgment, precludes forfeiture of the Property or other material impairment of Lender's interest in the Property or rights under this Security Instrument. The proceeds of any award or claim for damages that are attributable to the impairment of Lender's interest in the Property are hereby assigned and shall be paid to Lender.

All Miscellaneous Proceeds that are not applied to restoration or repair of the Property shall be applied in the order provided for in Section 2.

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12. Borrower Not Released; Forbearance By Lender Not a Waiver. Extension of the time for payment or modification of amortization of the sums secured by this Security Instrument granted by Lender to Borrower or any Successor in Interest of Borrower shall not operate to release the liability of Borrower or any Successors in Interest of Borrower. Lender shall not be required to commence proceedings against any Successor in Interest of Borrower or to refuse to extend time for payment or otherwise modify amortization of the sums secured by this Security Instrument by reason of any demand made by the original Borrower or any Successors in Interest of Borrower. Any forbearance by Lender in exercising any right or remedy including, without limitation, Lender's acceptance of payments from third persons, entities or Successors in Interest of Borrower or in amounts less than the amount then due, shall not be a waiver of or preclude the exercise of any right or remedy.

13. Joint and Several Liability; Co-signers; Successors and Assigns Bound. Borrower covenants and agrees that Borrower's obligations and liability shall be joint and several. However, any Borrower who co-signs this Security Instrument but does not execute the Note (a "co-signer"): (a) is co-signing this Security Instrument only to mortgage, grant and convey the co-signer's interest in the Property under the terms of this Security Instrument; (b) is not personally obligated to pay the sums secured by this Security Instrument; and (c) agrees that Lender and any other Borrower can agree to extend, modify, forbear or make any accommodations with regard to the terms of this Security Instrument or the Note without the co-signer's consent.

Subject to the provisions of Section 18, any Successor in Interest of Borrower who assumes Borrower's obligations under this Security Instrument in writing, and is approved by Lender, shall obtain all of Borrower's rights and benefits under this Security Instrument. Borrower shall not be released from Borrower's obligations and liability under this Security Instrument unless Lender agrees to such release in writing. The covenants and agreements of this Security Instrument shall bind (except as provided in Section 20) and benefit the successors and assigns of Lender.

14. Loan Charges. Lender may charge Borrower fees for services performed in connection with Borrower's default, for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument, including, but not limited to, attorneys' fees, property inspection and valuation fees. In regard to any other fees, the absence of express authority in this Security Instrument to charge a specific fee to Borrower shall not be construed as a prohibition on the charging of such fee. Lender may not charge fees that are expressly prohibited by this Security Instrument or by Applicable Law.

If the Loan is subject to a law which sets maximum loan charges, and that law is finally interpreted so that the interest or other loan charges collected or to be collected in connection with the Loan exceed the permitted limits, then: (a) any such loan charge shall be reduced by the amount necessary to reduce the charge to the permitted limit; and (b) any sums already collected from Borrower which exceeded permitted limits will be refunded to Borrower. Lender may choose to make this refund by reducing the principal owed under the Note or by making a direct payment to Borrower. If a refund reduces principal, the reduction will be treated as a partial prepayment without any prepayment charge (whether or not a prepayment charge is provided for under the Note). Borrower's acceptance of any such refund made by direct payment to Borrower will constitute a waiver of any right of action Borrower might have arising out of such overcharge.

15. Notices. All notices given by Borrower or Lender in connection with this Security Instrument must be in writing. Any notice to Borrower in connection with this Security Instrument shall be deemed to have been given to Borrower when mailed by first class mail or when actually delivered to Borrower's notice address if sent by other means. Notice to any one Borrower shall constitute notice to all Borrowers unless Applicable Law expressly requires otherwise. The notice address shall be the Property Address unless Borrower has designated a substitute notice address by notice to Lender. Borrower shall promptly notify Lender of Borrower's change of address. If Lender specifies a procedure for reporting Borrower's change of address, then Borrower shall only report a change of address through that specified procedure. There may be only one designated notice address under this Security Instrument at any one time. Any notice to Lender shall be given by delivering it or by mailing it by first class mail to Lender's address stated herein unless Lender has designated another address by notice to Borrower. Any notice in connection with this Security Instrument shall not be deemed to have been given to Lender until actually

Initialed: 



received by Lender. If any notice required by this Security Instrument is also required under Applicable Law, the Applicable Law requirement will satisfy the corresponding requirement under this Security Instrument.

16. Governing Law; Severability; Rules of Construction. This Security Instrument shall be governed by federal law and the law of the jurisdiction in which the Property is located. All rights and obligations contained in this Security Instrument are subject to any requirements and limitations of Applicable Law. Applicable Law might explicitly or implicitly allow the parties to agree by contract or it might be silent, but such silence shall not be construed as a prohibition against agreement by contract. In the event that any provision or clause of this Security Instrument or the Note conflicts with Applicable Law, such conflict shall not affect other provisions of this Security Instrument or the Note which can be given effect without the conflicting provision.

As used in this Security Instrument: (a) words of the masculine gender shall mean and include corresponding neuter words or words of the feminine gender; (b) words in the singular shall mean and include the plural and vice versa; and (c) the word "may" gives sole discretion without any obligation to take any action.

17. Borrower's Copy. Borrower shall be given one copy of the Note and of this Security Instrument.

18. Transfer of the Property or a Beneficial Interest in Borrower. As used in this Section 18, "Interest in the Property" means any legal or beneficial interest in the Property, including, but not limited to, those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Borrower at a future date to a purchaser.

If all or any part of the Property or any Interest in the Property is sold or transferred (or if Borrower is not a natural person and a beneficial interest in Borrower is sold or transferred) without Lender's prior written consent, Lender may require immediate payment in full of all sums secured by this Security Instrument. However, this option shall not be exercised by Lender if such exercise is prohibited by Applicable Law.

If Lender exercises this option, Lender shall give Borrower notice of acceleration. The notice shall provide a period of not less than 30 days from the date the notice is given in accordance with Section 15 within which Borrower must pay all sums secured by this Security Instrument. If Borrower fails to pay these sums prior to the expiration of this period, Lender may invoke any remedies permitted by this Security Instrument without further notice or demand on Borrower.

19. Borrower's Right to Reinstate After Acceleration. If Borrower meets certain conditions, Borrower shall have the right to have enforcement of this Security Instrument discontinued at any time prior to the earliest of: (a) five days before sale of the Property pursuant to any power of sale contained in this Security Instrument; (b) such other period as Applicable Law might specify for the termination of Borrower's right to reinstate; or (c) entry of a judgment enforcing this Security Instrument. Those conditions are that Borrower: (a) pays Lender all sums which then would be due under this Security Instrument and the Note as if no acceleration had occurred; (b) cures any default of any other covenants or agreements; (c) pays all expenses incurred in enforcing this Security Instrument, including, but not limited to, reasonable attorneys' fees, property inspection and valuation fees, and other fees incurred for the purpose of protecting Lender's interest in the Property and rights under this Security Instrument; and (d) takes such action as Lender may reasonably require to assure that Lender's interest in the Property and rights under this Security Instrument, and Borrower's obligation to pay the sums secured by this Security Instrument, shall continue unchanged. Lender may require that Borrower pay such reinstatement sums and expenses in one or more of the following forms, as selected by Lender: (a) cash; (b) money order; (c) certified check, bank check, treasurer's check or cashier's check, provided any such check is drawn upon an institution whose deposits are insured by a federal agency, instrumentality or entity; or (d) Electronic Funds Transfer. Upon reinstatement by Borrower, this Security Instrument and obligations secured hereby shall remain fully effective as if no acceleration had occurred. However, this right to reinstate shall not apply in the case of acceleration under Section 18.

20. Sale of Note; Change of Loan Servicer; Notice of Grievance. The Note or a partial interest in the Note (together with this Security Instrument) can be sold one or more times without prior notice to Borrower. A sale might result in a change in the entity (known as the "Loan Servicer") that collects Periodic Payments due under the Note and this Security Instrument and performs other mortgage loan

Initials: 



servicing obligations under the Note, this Security Instrument, and Applicable Law. There also might be one or more changes of the Loan Servicer unrelated to a sale of the Note. If there is a change of the Loan Servicer, Borrower will be given written notice of the change which will state the name and address of the new Loan Servicer, the address to which payments should be made and any other information RESPA requires in connection with a notice of transfer of servicing. If the Note is sold and thereafter the Loan is serviced by a Loan Servicer other than the purchaser of the Note, the mortgage loan servicing obligations to Borrower will remain with the Loan Servicer or be transferred to a successor Loan Servicer and are not assumed by the Note purchaser unless otherwise provided by the Note purchaser.

Neither Borrower nor Lender may commence, join, or be joined to any judicial action (as either an individual litigant or the member of a class) that arises from the other party's actions pursuant to this Security Instrument or that alleges that the other party has breached any provision of, or any duty owed by reason of, this Security Instrument, until such Borrower or Lender has notified the other party (with such notice given in compliance with the requirements of Section 15) of such alleged breach and afforded the other party hereto a reasonable period after the giving of such notice to take corrective action. If Applicable Law provides a time period which must elapse before certain action can be taken, that time period will be deemed to be reasonable for purposes of this paragraph. The notice of acceleration and opportunity to cure given to Borrower pursuant to Section 22 and the notice of acceleration given to Borrower pursuant to Section 18 shall be deemed to satisfy the notice and opportunity to take corrective action provisions of this Section 20.

21. Hazardous Substances. As used in this Section 21: (a) "Hazardous Substances" are those substances defined as toxic or hazardous substances, pollutants, or wastes by Environmental Law and the following substances: gasoline, kerosene, other flammable or toxic petroleum products, toxic pesticides and herbicides, volatile solvents, materials containing asbestos or formaldehyde, and radioactive materials; (b) "Environmental Law" means federal laws and laws of the jurisdiction where the Property is located that relate to health, safety or environmental protection; (c) "Environmental Cleanup" includes any response action, remedial action, or removal action, as defined in Environmental Law; and (d) an "Environmental Condition" means a condition that can cause, contribute to, or otherwise trigger an Environmental Cleanup.

Borrower shall not cause or permit the presence, use, disposal, storage, or release of any Hazardous Substances, or threaten to release any Hazardous Substances, on or in the Property. Borrower shall not do, nor allow anyone else to do, anything affecting the Property (a) that is in violation of any Environmental Law, (b) which creates an Environmental Condition, or (c) which, due to the presence, use, or release of a Hazardous Substance, creates a condition that adversely affects the value of the Property. The preceding two sentences shall not apply to the presence, use, or storage on the Property of small quantities of Hazardous Substances that are generally recognized to be appropriate to normal residential uses and to maintenance of the Property (including, but not limited to, hazardous substances in consumer products).

Borrower shall promptly give Lender written notice of (a) any investigation, claim, demand, lawsuit or other action by any governmental or regulatory agency or private party involving the Property and any Hazardous Substance or Environmental Law of which Borrower has actual knowledge, (b) any Environmental Condition, including but not limited to, any spilling, leaking, discharge, release or threat of release of any Hazardous Substance, and (c) any condition caused by the presence, use or release of a Hazardous Substance which adversely affects the value of the Property. If Borrower learns, or is notified by any governmental or regulatory authority, or any private party, that any removal or other remediation of any Hazardous Substance affecting the Property is necessary, Borrower shall promptly take all necessary remedial actions in accordance with Environmental Law. Nothing herein shall create any obligation on Lender for an Environmental Cleanup.



NON-UNIFORM COVENANTS. Borrower and Lender further covenant and agree as follows:

22. Acceleration; Remedies. Lender shall give notice to Borrower prior to acceleration following Borrower's breach of any covenant or agreement in this Security Instrument (but not prior to acceleration under Section 18 unless Applicable Law provides otherwise). The notice shall specify: (a) the default; (b) the action required to cure the default; (c) a date, not less than 30 days from the date the notice is given to Borrower, by which the default must be cured; and (d) that failure to cure the default on or before the date specified in the notice will result in acceleration of the sums secured by this Security Instrument and sale of the Property. The notice shall further inform Borrower of the right to reinstate after acceleration and the right to bring a court action to assert the non-existence of a default or any other defense of Borrower to acceleration and sale. If the default is not cured on or before the date specified in the notice, Lender at its option may require immediate payment in full of all sums secured by this Security Instrument without further demand and may invoke the power of sale and any other remedies permitted by Applicable Law. Lender shall be entitled to collect all expenses incurred in pursuing the remedies provided in this Section 22, including, but not limited to, reasonable attorneys' fees and costs of title evidence. For the purposes of this Section 22, the term "Lender" includes any holder of the Note who is entitled to receive payments under the Note.

If Lender invokes the power of sale, Lender or Trustee shall give notice of the time, place and terms of sale by posting and filing the notice at least 21 days prior to sale as provided by Applicable Law. Lender shall mail a copy of the notice to Borrower in the manner prescribed by Applicable Law. Sale shall be made at public venue. The sale must begin at the time stated in the notice of sale or not later than three hours after that time and between the hours of 10 a.m. and 4 p.m. on the first Tuesday of the month. Borrower authorizes Trustee to sell the property to the highest bidder for cash in one or more parcels and in any order Trustee determines. Lender or its designee may purchase the Property at any sale.

Trustee shall deliver to the purchaser Trustee's deed conveying indefeasible title to the Property with covenants of general warranty from Borrower. Borrower covenants and agrees to defend generally the purchaser's title to the Property against all claims and demands. The recitals in the Trustee's deed shall be prima facie evidence of the truth of the statements made therein. Trustee shall apply the proceeds of the sale in the following order: (a) to all expenses of the sale, including, but not limited to, reasonable Trustee's and attorneys' fees; (b) to all sums secured by this Security Instrument; and (c) any excess to the person or persons legally entitled to it.

If the Property is sold pursuant to this Section 22, Borrower or any person holding possession of the Property through Borrower shall immediately surrender possession of the Property to the purchaser at that sale. If possession is not surrendered, Borrower or such person shall be a tenant at sufferance and may be removed by writ of possession or other court proceeding.

23. Release. Upon payment of all sums secured by this Security Instrument, Lender shall provide a release of this Security Instrument to Borrower or Borrower's designated agent in accordance with Applicable Law. Borrower shall pay any recordation costs. Lender may charge Borrower a fee for releasing this Security Instrument, but only if the fee is paid to a third party for services rendered and the charging of the fee is permitted under Applicable Law.

24. Substitute Trustee; Trustee Liability. All rights, remedies and duties of Trustee under this Security Instrument may be exercised or performed by one or more trustees acting alone or together. Lender, at its option and with or without cause, may from time to time, by power of attorney or otherwise, remove or substitute any trustee, add one or more trustees, or appoint a successor trustee to any Trustee without the necessity of any formality other than a designation by Lender in writing. Without any further act or conveyance of the Property the substitute, additional or successor trustee shall become vested with the title, rights, remedies, powers and duties conferred upon Trustee herein and by Applicable Law.



Trustee shall not be liable if acting upon any notice, request, consent, demand, statement or other document believed by Trustee to be correct. Trustee shall not be liable for any act or omission unless such act or omission is willful.

25. Subrogation. Any of the proceeds of the Note used to take up outstanding liens against all or any part of the Property have been advanced by Lender at Borrower's request and upon Borrower's representation that such amounts are due and are secured by valid liens against the Property. Lender shall be subrogated to any and all rights, superior titles, liens and equities owned or claimed by any owner or holder of any outstanding liens and debts, regardless of whether said liens or debts are acquired by Lender by assignment or are released by the holder thereof upon payment.

26. Partial Invalidity. In the event any portion of the sums intended to be secured by this Security Instrument cannot be lawfully secured hereby, payments in reduction of such sums shall be applied first to those portions not secured hereby.

27. Purchase Money; Owelty of Partition; Renewal and Extension of Liens Against Homestead Property; Acknowledgment of Cash Advanced Against Non-Homestead Property. Check box as applicable:

☐ **Purchase Money.**

The funds advanced to Borrower under the Note were used to pay all or part of the purchase price of the Property. The Note also is primarily secured by the vendor's lien retained in the deed of even date with this Security Instrument conveying the Property to Borrower, which vendor's lien has been assigned to Lender, this Security Instrument being additional security for such vendor's lien.

☐ **Owelty of Partition.**

The Note represents funds advanced by Lender at the special instance and request of Borrower for the purpose of acquiring the entire fee simple title to the Property and the existence of an owelty of partition imposed against the entirety of the Property by a court order or by a written agreement of the parties to the partition to secure the payment of the Note is expressly acknowledged, confessed and granted.

☒ **Renewal and Extension of Liens Against Homestead Property.**

The Note is in renewal and extension, but not in extinguishment, of the indebtedness described on the attached Renewal and Extension Exhibit which is incorporated by reference. Lender is expressly subrogated to all rights, liens and remedies securing the original holder of a note evidencing Borrower's indebtedness and the original liens securing the indebtedness are renewed and extended to the date of maturity of the Note in renewal and extension of the indebtedness.

☐ **Acknowledgment of Cash Advanced Against Non-Homestead Property.**

The Note represents funds advanced to Borrower on this day at Borrower's request and Borrower acknowledges receipt of such funds. Borrower states that Borrower does not now and does not intend ever to reside on, use in any manner, or claim the Property secured by this Security Instrument as a business or residential homestead. Borrower disclaims all homestead rights, interests and exemptions related to the Property.

28. Loan Not a Home Equity Loan. The Loan evidenced by the Note is not an extension of credit as defined by Section 50(a)(6) or Section 50(a)(7), Article XVI, of the Texas Constitution. If the Property is used as Borrower's residence, then Borrower agrees that Borrower will receive no cash from the Loan evidenced by the Note and that any advances not necessary to purchase the Property, extinguish an owelty lien, complete construction, or renew and extend a prior lien against the



Property, will be used to reduce the balance evidenced by the Note or such Loan will be modified to evidence the correct Loan balance, at Lender's option. Borrower agrees to execute any documentation necessary to comply with this Section 28.

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this Security Instrument and in any Rider executed by Borrower and recorded with it.

Witnesses:

GREGORY C. MORSE (Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower



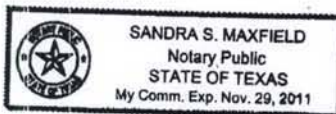
STATE OF TEXAS
County of Collin

Before me Sandra S. Maxfield on this day personally appeared
GREGORY C. MORSE, AN UNMARRIED MAN

known to me (or proved to me on the oath of
or through TEXAS DRIVERS LICENSE) to be the person whose name is subscribed to the
foregoing instrument and acknowledged to me that he/she/they executed the same for the purposes and
consideration therein expressed.

Given under my hand and seal of office this 3rd day of March 2008 .

(Seal)



Sandra S Maxfield
Notary Public

My Commission Expires: 11/29/2011



EXHIBIT "A"

LOT 4, BLOCK B , ROLLING RIDGE ESTATES - PHASE 1, AN ADDITION TO THE CITY OF MURPHY, COLLIN COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME N, PAGE 304, MAP RECORDS, COLLIN COUNTY, TEXAS.TOGETHER WITH A CERTIFICATE OF CORRECTION, FILED SEPTEMBER 4, 2002, RECORDED IN VOLUME 5246, PAGE 545, DEED RECORDS, COLLIN COUNTY, TEXAS.



RENEWAL AND EXTENSION RIDER

The note hereby secured is given in renewal and extension of the sum(s) left owing and unpaid by Grantor(s) herein upon the following indebtedness(es):

That one certain promissory note in the original principal amount of \$324,000.00, dated December 18, 2002, executed by GREGORY C. MORSE, payable to the order of "MERS" AS NOMINEE FOR GREENPOINT MORTGAGE FUNDING, INC., more fully described in a Deed of Trust of even date therewith, executed by GREGORY C. MORSE to G. TOMMY BASTIAN, TRUSTEE(S) and recorded in Volume 6005, Page 3912, of the Deed of Trust Records of COLLIN County, Texas, and said note being secured by said Deed of Trust Lien and being additionally secured by a Vendor's Lien retained in Deed of even date therewith recorded in Volume 5323, Page 5242 of the Deed Records of COLLIN County, Texas;

That one certain promissory note in the original principal amount of \$40,500.00, dated December 18, 2002, executed by GREGORY C. MORSE, payable to the order of "MERS" AS NOMINEE FOR GREENPOINT MORTGAGE FUNDING, INC., more fully described in a Deed of Trust of even date therewith, executed by GREGORY C. MORSE to G. TOMMY BASTIAN, TRUSTEE(S) and recorded in Volume 6005, Page 3937, of the Deed of Trust Records of COLLIN County, Texas, and said note being secured by said Deed of Trust Lien and being additionally secured by a Vendor's Lien retained in Deed of even date therewith recorded in Volume 5323, Page 5242 of the Deed Records of COLLIN County, Texas;

said lien(s) being against the herein described property and which said lien(s) have this day been transferred and assigned to HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.), and it is expressly agreed by Grantor(s) herein that said note(s) and lien(s) are hereby renewed, extended and carried forward in full force and effect to secure payment of the note hereby secured; and if not the original owner and holder or if not previously subrogated, the holder of the Note hereby secured is hereby subrogated to all the rights, powers and equities of the original owner(s) and holder(s) of the above described indebtedness.



GREGORY C. MORSE



PLANNED UNIT DEVELOPMENT RIDER

THIS PLANNED UNIT DEVELOPMENT RIDER is made this 3RD day of MARCH, 2008, and is incorporated into and shall be deemed to amend and supplement the Mortgage, Deed of Trust, or Security Deed (the "Security Instrument") of the same date, given by the undersigned (the "Borrower") to secure Borrower's Note to HOMECOMINGS FINANCIAL, LLC (F/K/A HOMECOMINGS FINANCIAL NETWORK, INC.)

(the "Lender") of the same date and covering the Property described in the Security Instrument and located at:
223 HIGH POINT DRIVE
PLANO, TX 75094

[Property Address]

The Property includes, but is not limited to, a parcel of land improved with a dwelling, together with other such parcels and certain common areas and facilities, as described in COVENANTS, CONDITIONS, AND RESTRICTIONS


(the "Declaration"). The Property is a part of a planned unit development known as ROLLING RIDGE ESTATES #01

[Name of Planned Unit Development]

(the "PUD"). The Property also includes Borrower's interest in the homeowners association or equivalent entity owning or managing the common areas and facilities of the PUD (the "Owners Association") and the uses, benefits and proceeds of Borrower's interest.

PUD COVENANTS. In addition to the covenants and agreements made in the Security Instrument, Borrower and Lender further covenant and agree as follows:

A. PUD Obligations. Borrower shall perform all of Borrower's obligations under the PUD's Constituent Documents. The "Constituent Documents" are the (i) Declaration; (ii) articles of incorporation, trust instrument or any equivalent document which creates the Owners Association; and (iii) any by-laws or other rules or regulations of the Owners Association. Borrower shall promptly pay, when due, all dues and assessments imposed pursuant to the Constituent Documents.

MULTISTATE PUD RIDER - Single Family - Fannie Mae/Freddie Mac UNIFORM INSTRUMENT
Form 3150 1/01 MFCDS055 (08/2006) / 047-686845-0
Wolters Kluwer Financial Services Page 1 of 3 Initials: 
VMP®-7R (0411).01



B. Property Insurance. So long as the Owners Association maintains, with a generally accepted insurance carrier, a "master" or "blanket" policy insuring the Property which is satisfactory to Lender and which provides insurance coverage in the amounts (including deductible levels), for the periods, and against loss by fire, hazards included within the term "extended coverage," and any other hazards, including, but not limited to, earthquakes and floods, for which Lender requires insurance, then: (i) Lender waives the provision in Section 3 for the Periodic Payment to Lender of the yearly premium installments for property insurance on the Property; and (ii) Borrower's obligation under Section 5 to maintain property insurance coverage on the Property is deemed satisfied to the extent that the required coverage is provided by the Owners Association policy.

What Lender requires as a condition of this waiver can change during the term of the loan.

Borrower shall give Lender prompt notice of any lapse in required property insurance coverage provided by the master or blanket policy.

In the event of a distribution of property insurance proceeds in lieu of restoration or repair following a loss to the Property, or to common areas and facilities of the PUD, any proceeds payable to Borrower are hereby assigned and shall be paid to Lender. Lender shall apply the proceeds to the sums secured by the Security Instrument, whether or not then due, with the excess, if any, paid to Borrower.

C. Public Liability Insurance. Borrower shall take such actions as may be reasonable to insure that the Owners Association maintains a public liability insurance policy acceptable in form, amount, and extent of coverage to Lender.

D. Condemnation. The proceeds of any award or claim for damages, direct or consequential, payable to Borrower in connection with any condemnation or other taking of all or any part of the Property or the common areas and facilities of the PUD, or for any conveyance in lieu of condemnation, are hereby assigned and shall be paid to Lender. Such proceeds shall be applied by Lender to the sums secured by the Security Instrument as provided in Section 11.

E. Lender's Prior Consent. Borrower shall not, except after notice to Lender and with Lender's prior written consent, either partition or subdivide the Property or consent to: (i) the abandonment or termination of the PUD, except for abandonment or termination required by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain; (ii) any amendment to any provision of the "Constituent Documents" if the provision is for the express benefit of Lender; (iii) termination of professional management and assumption of self-management of the Owners Association; or (iv) any action which would have the effect of rendering the public liability insurance coverage maintained by the Owners Association unacceptable to Lender.

F. Remedies. If Borrower does not pay PUD dues and assessments when due, then Lender may pay them. Any amounts disbursed by Lender under this paragraph F shall become additional debt of Borrower secured by the Security Instrument. Unless Borrower and Lender agree to other terms of payment, these amounts shall bear interest from the date of disbursement at the Note rate and shall be payable, with interest, upon notice from Lender to Borrower requesting payment.

Initials: *Ne*

VMP®-7R (0411).01
MPCD8055 (08/2006) / 047-888845-0

Page 2 of 3

Form 3150 1/01



EXHIBIT 397

BY SIGNING BELOW, Borrower accepts and agrees to the terms and covenants contained in this PUD Rider.

HC M (Seal)
-Borrower
GREGORY C. MORSE

THE STATE OF TEXAS
COUNTY OF COLLIN
Do hereby certify that the foregoing instrument of writing is a full, true and correct copy of the instrument as filed for record in my office the _____ day of _____, 20____
Witness my hand and official seal at my office in McKinney, Texas, this _____ day of _____, 20____

Deputy
Collin County, Texas
Stacey Kemp, County Clerk

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

(Seal)
-Borrower

VMP*-7R (0411).01
MFCD8055 (08/2006) / 047-696848-0

Page 3 of 3

Form 3150 1/01

Filed and Recorded
Official Public Records
Stacey Kemp
Collin County, TEXAS
03/14/2008 04:17:56 PM
\$96.00 DLARD
20080314000310130



Stacey Kemp



THE STATE OF TEXAS
COUNTY OF COLLIN

I, Stacey Kemp County Clerk,
Court Collin County, Texas

Do hereby certify that the foregoing instrument of writing is a full, true and correct copy of the instrument as filed for record in my office the 14 day of Mar, 2008
No. 20080314000310130

Witness my hand and official seal at my office in McKinney,
Texas, this 19 day of Jan., 20 12

Stacey Kemp Collin County Clerk
Collin County, Texas

By: James Cunningham, Deputy



Recording Requested By:
HOMECOMINGS FINANCIAL, LLC

When Recorded Return To:

LIEN RELEASE
HOMECOMINGS FINANCIAL, LLC
PO BOX 205
WATERLOO, IA 50704-0205

RELEASE OF LIEN

HOMECOMINGS FINANCIAL, LLC #7303878599 "MORSE" Lender ID:93045/10167509 Collin, Texas PIF: 03/10/2008
MERS #: 100013800878435870 VRU #: 1-888-679-6377

KNOW ALL MEN BY THESE PRESENTS that , for value received, Mortgage Electronic Registration Systems, Inc., ("MERS") owner of the beneficial interest under a certain Deed of Trust, whose parties, dates and recording information are below, does hereby acknowledge that it has received full payment and satisfaction of the same, and in consideration thereof, does hereby reconvey, without warranty, to the person or persons legally entitled thereto, the estate, title and interest now held by it under said Deed of Trust in Collin County, State of Texas.

Original Borrower: GREGORY C MORSE
Original Beneficiary: MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.
Dated: 09/02/2005 Recorded: 09/19/2005 in Book/Reel/Liber: NA Page: NA as Instrument No.: 2005-0132003

Legal Description: As Referenced on Original Recorded Document

Property Address : 223 HIGH POINT DRIVE, MURPHY, TX 75094

IN WITNESS WHEREOF, Mortgage Electronic Registration Systems, Inc., ("MERS"), whose address is 1595 SPRING HILL ROAD, VIENNA, VA 22182, by the officer duly authorized, has duly executed the foregoing instrument.

Mortgage Electronic Registration Systems, Inc., ("MERS")
On March 21st, 2008

By: Ashley Johnson
ASHLEY JOHNSON, Assistant Secretary

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RELEASE OF LIEN Page 2 of 2

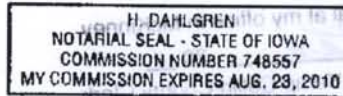
STATE OF Iowa
COUNTY OF Black Hawk

On March 21st, 2008, before me, H DAHLGREN, a Notary Public in and for Black Hawk in the State of Iowa, personally appeared ASHLEY JOHNSON, Assistant Secretary, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal,

H. Dahlgren

H DAHLGREN
Notary Expires: 08/23/2010 #748557



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Official Public Records
Stacey Kemp
Collin County, TEXAS
03/24/2008 09:42:21 AM
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20080324000339230**

Stacey Kemp

THE STATE OF TEXAS
COUNTY OF COLLIN
I, Stacey Kemp County Clerk,
Court Collin County, Texas
Do hereby certify that the foregoing instrument of writing is
a full, true and correct copy of the instrument as filed for
record in my office the 24 day of Mar., 2008
No. 20080324000339230
Witness my hand and official seal at my office in McKinney,
Texas, this 19 day of Jan., 2012
Stacey Kemp Collin County Clerk
Collin County, Texas
By Janet Pennington, Deputy



FILED AND RECORDED
OFFICIAL PUBLIC RECORDS
Stacey Kemp
Collin County, TEXAS
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FEBRUARY 10, 2012



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Prospectus supplement dated February 7, 2008 (to prospectus dated April 9, 2007)

\$118,331,330
RALI Series 2008-QR1 Trust
Issuing Entity

Residential Accredit Loans, Inc.
Depositor

Credit Suisse Securities (USA) LLC
Sponsor and Seller

Mortgage Asset-Backed Pass-Through Certificates, Series 2008-QR1

The trust assets consist primarily of the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11, Class I-A-2, and the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12, Class II-A-15, which were previously issued by trusts established by the depositor. Those underlying certificates represent interests in separate pools of one- to four-family residential mortgage loans.

Offered Certificates

The trust will issue 9 classes of certificates designated Class I-A-1, Class I-A-2, Class I-A-3, Class I-A-4, Class II-A-1, Class II-A-2, Class II-A-3, Class R-I and Class R-II, which will represent the entire beneficial interest in the trust. All of such classes are offered hereby. There will be no cross-collateralization between the groups of Class I and Class II certificates.

Certain classes of certificates are exchangeable for other classes of offered certificates as further described in this prospectus supplement.

Credit Enhancement

Credit enhancement for the certificates consists of subordination of certificates in the underlying series to the underlying certificates, as described in this prospectus supplement. There is no credit enhancement provided directly to the offered certificates.

Distributions on the certificates will be on the 25th of each month or, if the 25th is not a business day, on the next business day, beginning February 25, 2008.

You should consider carefully the risk factors beginning on page S-15 in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the certificates or determined that this prospectus supplement or the prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

The certificates represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of Residential Accredit Loans, Inc., as the depositor, Credit Suisse Securities (USA) LLC, as the sponsor, or any of their affiliates.

Credit Suisse Securities (USA) LLC will offer the classes of certificates listed above to the public at varying prices to be determined at the time of sale. The proceeds to the depositor from the sale of the certificates to Credit Suisse Securities (USA) LLC, as underwriter, will consist of the deposited underlying certificates, which the depositor will receive from Credit Suisse Securities (USA) LLC, as underlying certificate seller. The offered certificates will be purchased by Credit Suisse Securities (USA) LLC on or about February 8, 2008. See "Method of Distribution" in this prospectus supplement.

Credit Suisse

Underwriter

Important notice about information presented in this prospectus supplement and the prospectus

We provide information to you about the certificates in two separate documents that provide progressively more detail:

- the accompanying prospectus, which provides general information, some of which may not apply to your series of certificates; and
- this prospectus supplement, which describes the specific terms of your series of certificates.

In order to make an investment decision regarding the Class I Certificates offered by this prospectus supplement, you must read carefully the Prospectus Supplement dated February 7, 2008 and Prospectus dated April 9, 2007 (the "RALI 2006-QS11 Underlying Offering Document"), attached as Annex A to this prospectus supplement, which describes specific terms of the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11, Class I-A-2, included in the trust (the "Group I Underlying Certificates").

In order to make an investment decision regarding the Class II Certificates offered by this prospectus

supplement, you must read carefully the Prospectus Supplement dated February 7, 2008 and Prospectus dated April 9, 2007 (the "RALI 2006-QS12 Underlying Offering Document"), attached as Annex B to this prospectus supplement, which describes specific terms of the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12, Class II-A-15, included in the trust (the "Group II Underlying Certificates" and, together with the Group I Underlying Certificates, the "Underlying Certificates").

Annex A and Annex B (the "Underlying Offering Documents") form an integral part of this prospectus supplement and should be read in connection with your consideration of an investment in the certificates.

The depositor's principal offices are located at One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423 and its telephone number is (952) 857-7000.

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ANNEX A - RALI 2006-QS11 PROSPECTUS SUPPLEMENT AND PROSPECTUS A-1

ANNEX B - RALI 2006-QS12 PROSPECTUS SUPPLEMENT AND PROSPECTUS B-1

ANNEX C - AVAILABLE COMBINATIONS OF EXCHANGEABLE CERTIFICATES C-1

SUMMARY

The following summary provides a brief description of material aspects of this offering, and does not contain all of the information that you should consider in making your investment decision. To understand all of the terms of the certificates, you should read carefully this entire prospectus supplement and

the prospectus, as well as the underlying offering documents relating to the underlying certificates, which are included as Annex A and Annex B hereto. Some capitalized terms used in this prospectus supplement have the meanings given below under "Description of the Certificates-Glossary of Terms" or in the prospectus under "Glossary."

Issuing Entity.....	RALI Series 2008-QR1 Trust.
Title of securities.....	Mortgage Asset-Backed Pass-Through Certificates, Series 2008-QR1.
Depositor.....	Residential Accredit Loans, Inc., an affiliate of Residential Funding Company, LLC, or Residential Funding.
Sponsor and Underlying Certificate Seller	Credit Suisse Securities (USA) LLC.
Certificate Administrator.....	Residential Funding Company, LLC.
Master Servicer.....	Residential Funding Company, LLC is the Master Servicer of the Underlying Certificates.
Trustee and Supplemental Interest Trust Trustee	Deutsche Bank Trust Company Americas.
Corridor Provider.....	Credit Suisse International.
Underlying Certificates.....	<p>The Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11, Class I-A-2, with an original certificate principal balance of \$110,758,000, are the Underlying Certificates for the Class I Certificates. The certificate principal balance of these certificates, after giving effect to distributions on the January 25, 2008 distribution date, is approximately \$101,958,257. These certificates comprise approximately 71.11% of the outstanding aggregate certificate principal balance of this class.</p> <p>The Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12, Class II-A-15, with an original certificate principal balance of \$20,744,973, are the Underlying Certificates for the Class II Certificates. The certificate principal balance of these certificates, after giving effect to distributions on the January 25, 2008 distribution date, is approximately \$16,372,873. These certificates comprise approximately 50.91% of the outstanding aggregate certificate principal balance of this class.</p> <p>The depositor and trustee for the Certificates are also the depositor and trustee for the Underlying Certificates.</p>
Significant Obligors.....	RALI Series 2006-QS11 Trust and RALI Series 2006-QS12 Trust, each of which is a common law trust formed under the laws of the State of New York.

Reference date.....	January 1, 2008.
Closing date.....	On or about February 8, 2008.
Distribution dates.....	The 25th of each month or, if the 25th is not a business day, on the next business day beginning in February 2008.
Scheduled final distribution date.....	With respect to the Class I-A-1, Class I-A-2, Class I-A-3 and Class I-A-4 Certificates, the distribution date in August 2036. With respect to the Class II-A-1, Class II-A-2, Class II-A-3, Class R-I and Class R-II Certificates, the distribution date in September 2036. The actual final distribution date could be substantially earlier. See "Certain Yield and Prepayment Considerations" in this prospectus supplement.
Form of certificates.....	<p>Book-entry: Class I-A-1, Class I-A-2, Class I-A-3, Class I-A-4, Class II-A-1, Class II-A-2 and Class II-A-3 Certificates.</p> <p>Physical: Class R Certificates.</p> <p>See "Description of the Certificates-General" in this prospectus supplement.</p>
Minimum denominations.....	Class I-A-1, Class I-A-4 and Class II-A-1 Certificates: \$1,000. Class I-A-2 Certificates: \$2,000,000 notional amount. Class I-A-3, Class II-A-2 and Class II-A-3 Certificates: \$100,000. Class R Certificates: 20% percentage interests.
Legal investment.....	<p>When issued the Class I Certificates and Class II Certificates will be "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984.</p> <p>See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus.</p>
ERISA considerations.....	Subject to the considerations described in this prospectus supplement, the Class I Certificates and Class II Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts. However, the Class I-A-1 Certificates may not be acquired or held by a person investing assets of any such plans or individual retirement accounts before the termination of the supplemental interest trust, unless such acquisition or holding is eligible for the exemptive relief available under one of the investor-based class exemptions or other applicable exemption described in this prospectus supplement under "ERISA Considerations." Sales of the Class R Certificates to such plans or retirement accounts are prohibited, except as permitted under

"ERISA Considerations" in this prospectus supplement.

See "ERISA Considerations" in this prospectus supplement and in the prospectus.

Offered Certificates

Class	Pass-Through Rate	Initial Certificate Principal Balance	Initial Rating (Fitch/ S&P)(1)	Designations(2)
Class I Certificates:				
I-A-1	Adjustable Rate	\$ 75,000,000	AAA/ AAA	Senior/Super Senior/Retail/Floater/Adj
I-A-2	Adjustable Rate	\$ Notional	AAA/ AAA	Senior/Interest Only/Inverse Floater/A
I-A-3	6.00%	\$ 12,038,257	AAA/ AAA	Component
I-A-4	6.00%	\$ 14,920,000	AAA/ AAA	Senior/Super Senior/Retail/Fixed Rate
Total Class I Certificates:		\$ 101,958,257		
Class II Certificates:				
II-A-1	Adjustable Rate	\$ 14,737,000	AAA/ AAA	Senior/Super Senior/Retail/Exchangeable/F Adjustable Rate
II-A-2	Adjustable Rate	\$ 1,635,873	AAA/ AAA	Senior/Senior Support/Exchangeable/Floate Adjustable Rate
II-A-3	Adjustable Rate	\$ 0.00(3)	AAA/ AAA	Senior/Exchanged/Floater/Adjustable Rate
Total Class II Certificates:		\$ 16,372,873		
Class R Certificates:				
R-I	0.00%	\$ 100	AAA/ AAA	Senior/Residual/Variable Rate
R-II	0.00%	\$ 100	AAA/ AAA	Senior/Residual/Variable Rate
Total Class R Certificates:		\$ 200		
Total Certificates:		\$ 118,331,330		

- (1) See "Ratings" in this prospectus supplement.
- (2) AS MORE FULLY DESCRIBED IN THIS PROSPECTUS SUPPLEMENT, THE CLASSES OF CERTIFICATES DESIGNATED AS EXCHANGEABLE CERTIFICATES MAY BE EXCHANGED FOR THE CLASS OF CERTIFICATES DESIGNATED AS EXCHANGED CERTIFICATES AS INDICATED IN ANNEX C TO THIS PROSPECTUS SUPPLEMENT.
- (3) As of any date of determination, the certificate principal balance of the exchanged certificates will be equal to the aggregate certificate principal balance of the exchangeable certificates, as described in this prospectus supplement.

Other Information:

The aggregate initial certificate principal balance of the certificates shown above may not equal the sum of the certificate principal balances of those certificates as listed above due to rounding.

Interest on the Class I-A-1, Class I-A-2, Class II-A-1, Class II-A-2 and Class II-A-3 Certificates will be determined as follows:

Adjustable Rates:	Initial	Formula	Maximum	Minimum
Class I-A-1	4.54000%	LIBOR +1.40%	7.50%, subject to the available funds cap*	1.40%
Class I-A-2	1.46000%	4.60% - LIBOR	4.60%	0.00%
Class II-A-1	3.87625%	LIBOR +0.50%	7.00%	0.50%
Class II-A-2	3.87625%	LIBOR +0.50%	7.00%	0.50%
Class II-A-3	3.87625%	LIBOR +0.50%	7.00%	0.50%

* With respect to any distribution date on or before the distribution date in January 2012, the available funds cap will be 6.00% per annum plus amounts, if any, paid pursuant to the corridor agreement, expressed as a per annum rate, and with respect to any distribution date after January 2012, the available funds cap will be 6.00% per annum.

The Class I-A-2 Certificates do not have a certificate principal balance. For the purpose of calculating interest payments, interest on the Class I-A-2 Certificates will accrue on a notional amount equal to the certificate principal balance of the Class I-A-1 Certificates immediately prior to the related distribution date, which is initially equal to approximately \$75,000,000.

Class I-A-3 Certificates:

The Class I-A-3 Certificates are comprised of the following two components:

Component	Initial Component Certificate Principal Balance	Pass-Through Rate	Designations
I-A-3A	\$10,196,257	6.00%	Senior/Senior Support/Fixed Rate
I-A-3B	\$1,842,000	6.00%	Senior/Senior Support/Fixed Rate

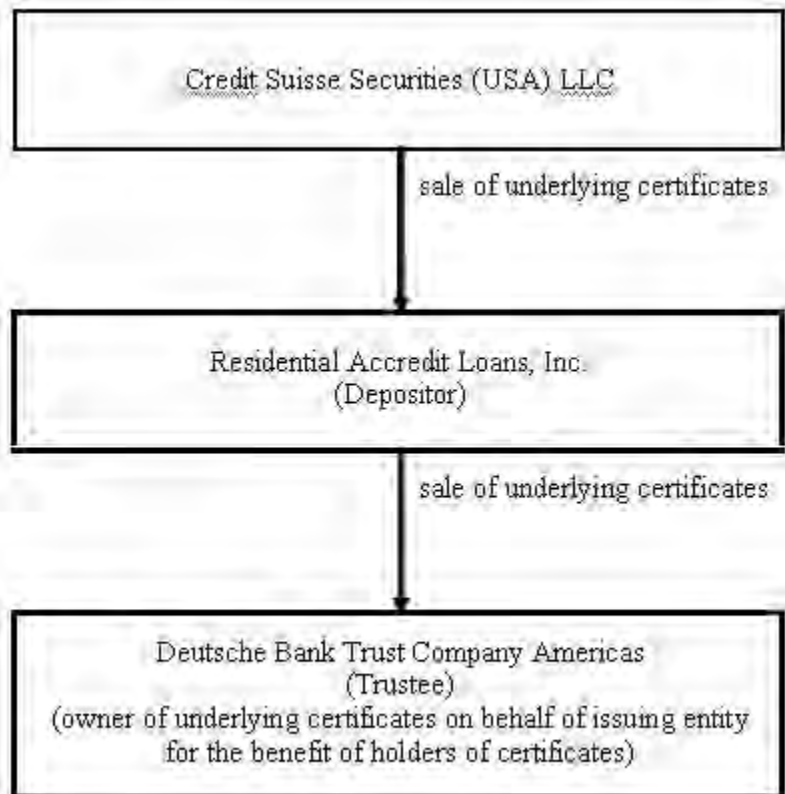
Holders of the Class I-A-3 Certificates may not transfer these components separately.

Underlying Certificates:

Payments on the Class I Certificates will be made solely from amounts received with respect to the Group I Underlying Certificates and the corridor agreement with respect to the Class I-A-1 Certificates. Payments on the Class II Certificates will be made solely from amounts received with respect to the Group II Underlying Certificates.

TRANSFER OF UNDERLYING CERTIFICATES

The diagram below illustrates the sequence of transfers of the underlying certificates that are included in the trust. Credit Suisse Securities (USA) LLC will, on the closing date, sell the Underlying Certificates to Residential Accredit Loans, Inc., as the depositor. The depositor will then transfer the Underlying Certificates to the trustee, on behalf of the trust that is the issuing entity. The trustee will accordingly own the Underlying Certificates for the benefit of the holders of the certificates. See "Trust Agreement-The Trustee" in this prospectus supplement. For a description of the affiliations among various transaction parties, see "Affiliations Among Transaction Parties" in this prospectus supplement.



The Trust

The depositor will establish a trust with respect to the Series 2008-QR1 Certificates, under a trust agreement dated as of January 1, 2008 among the depositor, the certificate administrator and the trustee.

On the closing date, the depositor will deposit the underlying certificates into the trust. In addition, the supplemental interest trust trustee will enter into a corridor agreement for the benefit of the Class I-A-1 Certificates. Each Class I-A-1 Certificate will represent a partial ownership interest in the trust and a partial ownership interest in the supplemental interest trust.

The Underlying Certificates

The underlying certificates relating to the Class I Certificates were issued by the RALI Series 2006-QS11 Trust. The RALI Series 2006-QS11 Trust issued 19 classes of certificates backed by two loan groups, including thirteen classes of senior certificates (which include the Class I-A-2 Certificates that constitute the related underlying certificates) and six classes of subordinate certificates.

The underlying certificates relating to the Class II Certificates were issued by the RALI Series 2006-QS12

Trust. The RALI Series 2006-QS12 Trust issued 33 classes of certificates backed by two loan groups, including 27 classes of senior certificates (which include the Class II-A-15 Certificates that constitute the related underlying certificates) and six classes of subordinate certificates.

The RALI Series 2006-QS11 Trust and the RALI Series 2006-QS12 Trust are referred to herein as the "underlying trusts."

The Mortgage Pools

As of the reference date, the mortgage pool comprising the RALI Series 2006-QS11 Trust consisted of 2,521 fixed rate mortgage loans with terms to maturity of not more than 30 years with an aggregate scheduled principal balance as of the reference date of approximately \$588,180,143, after deducting payments due during the month of the reference date.

As of the reference date, the mortgage pool comprising the RALI Series 2006-QS12 Trust consisted of 2,204 fixed rate mortgage loans with terms to maturity of not more than 30 years with an aggregate scheduled principal balance as of the reference date of approximately \$424,164,277, after deducting payments due during the month of the reference date.

The properties securing the mortgage loans include single-family detached properties, properties in planned unit developments, two-to-four family units, condominiums, townhouses, cooperative units and condotels.

Generally, the mortgage loans were originated using less stringent underwriting standards than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc.

The mortgage pool information described herein relates to the mortgage pools for the RALI Series 2006-QS11 Trust and the RALI Series 2006-QS12 Trust as of the reference date unless otherwise provided herein.

For additional information regarding the RALI Series 2006-QS11 mortgage pool see "Description of the Mortgage Pool" in Annex A to this prospectus supplement and for additional information regarding the RALI Series 2006-QS12 mortgage pool see "Description of the Mortgage Pool" in Annex B to this prospectus supplement.

Distributions on the Certificates

General. The master servicer collects monthly payments of principal and interest on the mortgage loans. After deducting any reimbursable expenses and advances and its servicing fee for the underlying trusts, the master servicer will forward all collections on the mortgage loans, together with any advances that it makes for delinquent principal and interest payments, to Deutsche Bank Trust Company Americas, as the trustee for the holders of the underlying certificates. The amount available for distribution to the holders of the underlying certificates will include:

- collections of monthly payments on the mortgage loans, including prepayments and other unscheduled collections plus
- advances for delinquent payments minus
- the fees and expenses of the subservicers and the master servicer, including reimbursement for advances.

On 25th day of each month, or if the 25th day is not a business day, the next succeeding business day, the trustee for the underlying certificates will distribute the amount remitted to it by the master servicer to the holders of the underlying certificates, in the amounts and priorities as set forth in the underlying offering documents.

See "Description of the Certificates-Interest Distributions" and "Description of the Certificates-Principal Distributions on the Senior Certificates" in Annexes A and B to this prospectus supplement.

The trustee will then distribute the amount received by it in respect of the underlying certificates to the holders of the certificates as set forth in this prospectus supplement.

See "Description of the Certificates-Interest Distributions on the Certificates," and "Description of the Certificates-Principal Distributions on the Certificates" in this prospectus supplement.

Interest distributions. The amount of interest accrued on each class of the certificates on each distribution date will equal:

- the pass-through rate for that class of certificates multiplied by
- the certificate principal balance or notional amount of that class of certificates as of the day immediately prior to the related distribution date multiplied by
- 1/12th minus
- the share of some types of interest shortfalls allocated to that class.

See "Description of the Certificates-Interest Distributions on the Certificates" in this prospectus supplement and "Description of the Certificates-Interest Distributions" in the underlying offering documents.

Allocations of principal. Principal distributions on the certificates will be allocated as described in this prospectus supplement.

See "Description of the Certificates-Principal Distributions on the Certificates" in this prospectus supplement and "Description of the Certificates-Principal Distributions" in the underlying offering documents.

Distributions on Exchangeable Certificates

The Class II-A-1 Certificates and Class II-A-2 Certificates are referred to herein as the exchangeable certificates and the Class II-A-3 Certificates are referred to herein as the exchanged certificates. Following the closing date, the holders of the exchangeable certificates will be entitled, for a fee, to exchange all or a part of the exchangeable certificates for the exchanged certificates and vice versa.

The exchangeable certificates outstanding on each distribution date will be entitled to the principal and interest distributions for each class of such exchangeable certificates as described under the headings "Description of the Certificates-Interest Distributions on the Certificates" and "-Principal Distributions on the Certificates" in this prospectus supplement. In addition, such exchangeable certificates will be allocated their share of losses and interest shortfalls as described under the heading "Description of the Certificates-Allocation of Losses" in this prospectus supplement. On each distribution date when exchanged certificates are outstanding, those exchanged certificates will be entitled to a share of the principal distributions, if any, on the classes of exchangeable certificates, plus the pass-through rate on such exchangeable certificates, as described in this prospectus supplement. In addition, exchanged certificates will bear a proportionate share of losses and interest shortfalls allocable to the exchangeable certificates.

See "Description of the Certificates-Exchangeable Certificates-Procedures" in and Annex C to this prospectus supplement and "Description of the Securities-Exchangeable Securities" in the accompanying prospectus for a description of exchangeable certificates and exchange procedures. For a more detailed description of how distributions will be allocated among the various classes of certificates, see "Description of the Certificates-Distributions on Certain Classes of Exchangeable Certificates", "-Interest Distributions on the Certificates" and "-Principal Distributions on the Certificates" in this prospectus supplement.

Credit Enhancement

Allocation of losses. Losses on the mortgage loans are generally allocated first to the subordinate certificates issued by the underlying trusts.

If none of the subordinate certificates issued by the underlying trusts remain outstanding, losses will be allocated to the underlying certificates (except as described below) in proportion to their respective remaining certificate principal balance or accrued certificate interest as further described in the related underlying offering documents, but only with respect to losses in the related loan group. Such losses allocated to the underlying certificates will be allocated to the certificates in proportion to their respective remaining certificate principal balances or accrued certificate interest.

In addition, all losses otherwise allocable to the Class I-A-1 Certificates will be allocated to the I-A-3A Component and all losses otherwise allocable to the Class I-A-4 Certificates will be allocated to the I-A-3B Component, in each case, as long as that component of the Class I-A-3 Certificates remain outstanding, and all losses otherwise allocable to the Class II-A-1 Certificates will be allocated to the Class II-A-2 Certificates as long as the Class II-A-2 Certificates remain outstanding.

Not all losses will be allocated solely to the subordinate certificates issued by the related underlying trust. Losses due to natural disasters such as floods and earthquakes, fraud by a mortgagor, or some losses related to the bankruptcy of a mortgagor will be allocated to the subordinate certificates issued by the related underlying trust only up to specified amounts. Losses of these types in excess of the specified amounts and losses due to other extraordinary events will be allocated proportionately among all outstanding classes of certificates related to that loan group issued by the related underlying trust with the exception of the related Class A-P Certificates. Losses of these types allocated to the underlying certificates will be allocated to the related certificates in proportion to their respective remaining principal balances or accrued certificate interest.

See "Description of the Offered Certificates-Allocation of Losses" in this prospectus supplement and "Description of the Certificates-Allocation of Losses; Subordination" in the underlying offering documents.

Priority of distributions on the underlying certificates. All or a disproportionately large portion of principal prepayments and other unscheduled payments of principal on the related mortgage loans will be allocated to the underlying certificates as described in the related underlying offering documents. This provides additional credit enhancement for the underlying certificates by reserving a greater portion of the principal balances of the subordinate certificates issued by the related underlying trusts for absorption of losses.

Corridor Agreement

The holders of the Class I-A-1 Certificates may benefit from a series of payments from Credit Suisse International, the corridor provider, pursuant to a corridor agreement as described in this prospectus supplement. Commencing on the distribution date in February 2008 up to and including the distribution date in

January 2012, this corridor agreement is intended to partially mitigate the interest rate risk that could result if one-month LIBOR increases to a rate greater than 4.60% per annum, subject to a maximum rate of 6.10% per annum, as described in this prospectus supplement.

See "The Corridor Provider" and "Description of the Certificates-The Corridor Agreement" in this prospectus supplement.

Compensation of Certificate Administrator and Trustee

The sponsor will pay the fees of the certificate administrator and the trustee. See "Trust Agreement-Certificate Administrator and Trustee Compensation." The servicing fees and other compensation payable to the servicers of the mortgage loans are described in the underlying offering documents under "The Pooling and Servicing Agreement-Servicing and Other Compensation and Payment of Expenses."

Advances

For any month, if the master servicer of the underlying mortgage loans does not receive the full scheduled payment on a mortgage loan, the master servicer will advance funds to cover the amount of the scheduled payment that was not made. However, the master servicer may only advance funds if it determines that the advance would be recoverable from future payments or collections on that mortgage loan.

The certificate administrator will not be required to advance any funds.

See "Description of the Certificates-Advances" in the underlying offering documents.

Optional Termination

With respect to each underlying trust, on any distribution date on which the aggregate stated principal balance of the related mortgage loans, after giving effect to distributions to be made on that distribution date, is less than 10% of the aggregate stated principal balance of the related mortgage loans as of the related cut-off date, the master servicer may, but will not be required to:

- purchase from the related underlying trust all of the remaining related mortgage loans, causing an early retirement of such underlying certificates;
or
- purchase all of the related underlying certificates.

The optional termination price paid by the master servicer will also include certain amounts owed by Residential Funding Company, LLC under the terms of the agreement pursuant to which Residential Funding Company, LLC sold the related mortgage loans to the depositor of the underlying trust, that remain unpaid on the date of the optional termination.

Under either type of optional purchase, holders of the outstanding certificates are entitled to receive payments as described in this prospectus supplement.

Neither the trustee nor the certificate administrator has the right to terminate the trust prior to retirement of the underlying certificates.

See "Trust Agreement-Termination" in this prospectus supplement and "The Pooling and Servicing Agreement-Termination; Retirement of Certificates" in the related underlying offering documents.

Ratings

When issued, the certificates will receive ratings that are not lower than those listed in the table on page S-6 of this prospectus supplement. The ratings on the certificates address the likelihood that holders of the certificates will receive all distributions on the related mortgage loans to which they are entitled. A security rating is not a recommendation to buy, sell or hold a security and may be changed or withdrawn at any time by the assigning rating agency. The ratings also do not address the rate of principal prepayments on the related mortgage loans. For example, the rate of prepayments, if different than originally anticipated, could adversely affect the yield realized by holders of the certificates or cause holders of the Class I-A-2 Certificates to fail to fully recover their initial investments. In addition, the ratings do not address the likelihood of the receipt of any amounts in respect of prepayment interest shortfalls, relief act shortfalls or payments received from the corridor agreement.

See "Ratings" in this prospectus supplement.

Legal Investment

When issued, the Class I Certificates and Class II Certificates will be "mortgage related securities" for purposes of SMMEA. You should consult your legal advisors in determining whether and to what extent the certificates constitute legal investments for you.

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus for important information concerning possible restrictions on ownership of the certificates by regulated institutions.

ERISA Considerations

Subject to the considerations described in this prospectus supplement, the Class I Certificates and Class II Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts. However, the Class I-A-1 Certificates may not be acquired or held by a person investing assets of any such plans or individual retirement accounts before the termination of the supplemental interest trust, unless such acquisition or holding is eligible for the exemptive relief available under one of the investor-based class exemptions or other applicable exemption described in this prospectus supplement under "ERISA Considerations." Sales of the Class R Certificates to such plans or retirement accounts are prohibited, except as permitted under "ERISA Considerations" in this prospectus supplement.

See "ERISA Considerations" in this prospectus supplement and in the prospectus.

Tax Status

For federal income tax purposes, the depositor will elect to treat the trust (exclusive of the corridor agreement) as two real estate mortgage investment conduits. The certificates (other than the Class R Certificates) will represent ownership of regular interests in the related real estate mortgage investment conduit coupled, in the case of the Class I-A-1 Certificates, with an interest in payments to be made under the related corridor agreement and, other than such interest in payments to be made under the related corridor agreement, generally will be treated as representing ownership of debt for federal income tax purposes. You will be required to include in income all interest and original issue discount, if any, on such certificates in

accordance with the accrual method of accounting regardless of your usual methods of accounting. For federal income tax purposes, each class of the Class R Certificates will represent ownership of the sole class of residual interests in the related real estate mortgage investment conduit.

For further information regarding the federal income tax consequences of investing in the certificates, see "Material Federal Income Tax Consequences" in this prospectus supplement and in the prospectus.

RISK FACTORS

The certificates are not suitable investments for all investors. In particular, you should not purchase any class of certificates unless you understand the prepayment, credit, liquidity and market risks associated with that class.

The certificates are complex securities. You should possess, either alone or together with an investment advisor, the expertise necessary to evaluate the information contained in this prospectus supplement and the prospectus in the context of your financial situation and tolerance for risk.

You should carefully consider, among other things, the factors set forth under "Risk Factors" in the related underlying offering documents included as Annex A and Annex B of this prospectus supplement for the risks related to the mortgage loans and the related underlying certificates.

You should also carefully consider the following risk factors in connection with the purchase of the certificates:

Risk of Loss

Underwriting standards may affect risk of loss on the mortgage loans.

Generally, the mortgage loans included in the underlying trusts have been originated using underwriting standards that are less stringent than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc. Applying less stringent underwriting standards creates additional risks that losses on the mortgage loans will be allocated to certificateholders.

Examples include the following:

- mortgage loans secured by non-owner occupied properties may present a greater risk that the borrower will stop making monthly payments if the borrower's financial condition deteriorates; and
- mortgage loans with loan-to-value ratios greater than 80% (i.e., the amount of the loan at origination is more than 80% of the value of the mortgaged property) may increase the risk that the value of the mortgaged property will not be sufficient to satisfy the mortgage loan upon foreclosure.

Some of the mortgage loans with loan-to-value ratios over 80% are insured by primary mortgage insurance to the extent described in the related underlying

offering document. However, if the insurer is unable to pay a claim, the amount of loss incurred on those loans may be increased.

In addition, in determining loan-to-value ratios for certain mortgage loans, the value of the related mortgaged property may be based on an appraisal that is up to 24 months old if there is a supporting broker's price opinion, automated valuation, drive-by appraisal or other certification of value. If such an appraisal does not reflect current market values and such market values have declined, the likelihood that proceeds from a sale of the mortgaged property may be insufficient to repay the mortgage loan is increased.

See "The Trusts-Underwriting Policies" and "Certain Legal Aspects of Mortgage Loans and Contracts" in the prospectus.

The return on your certificates may be affected by losses on the mortgage loans, which could occur due to a variety of causes.

Losses on the mortgage loans included in the underlying trusts may occur due to a wide variety of causes, including a decline in real estate values, and adverse changes in the borrower's financial condition. A decline in real estate values or economic conditions nationally or in the regions where the mortgaged properties are concentrated may increase the risk of losses on the mortgage loans.

The return on your certificates may be particularly sensitive to changes in real estate markets in specific regions.

One risk of investing in mortgage-backed securities is created by any concentration of the related properties in one or more geographic regions. As described in Annex A and Annex B hereto, a significant percentage of the mortgage loans underlying the Class I Certificates and the Class II Certificates are secured by properties located in California and Florida. If the regional economy or housing market weakens in California, Florida or in any other region having a significant concentration of properties underlying the mortgage loans, the mortgage loans in that region may experience high rates of loss and delinquency, resulting in losses to certificateholders. A region's economic condition and housing market may also be adversely affected by a variety of events, including natural disasters such as earthquakes, tornadoes, hurricanes, floods and eruptions, civil disturbances such as riots, disruptions such as ongoing power outages, or terrorist actions or acts of war. The economic impact of any of those events may also be felt in areas beyond the region immediately affected by the disaster or disturbance. The properties underlying the mortgage loans may be concentrated in these regions. This concentration may result in greater losses to certificateholders than those generally present for similar mortgage-backed securities without that concentration.

A number of wildfires, which recently struck various parts of southern California, may have adversely affected many mortgaged properties located in those areas. Residential Funding Company, LLC and the depositor have no obligation to repurchase any mortgage loan secured by a mortgaged property that becomes subject to any material damage by waste, fire, earthquake, windstorm, flood or other casualty after the issuance date of the underlying certificates. We do not know how many mortgaged properties have been or may be affected by these wildfires.

See "Description of the Mortgage Pool-Mortgage Pool Characteristics-The Mortgage Pool" in the underlying offering documents.

The return on your certificates will be reduced if losses exceed the credit enhancement available to your certificates.

The only credit enhancement for the certificates will be the subordination provided to the underlying certificates from subordinate classes of certificates issued by the related underlying trusts (and with respect to the Class I-A-1, Class I-A-4 and Class II-A-1 Certificates, the subordination provided by the I-A-3A Component, I-A-3B Component and Class II-A-2 Certificates, respectively). If the aggregate certificate principal balance of the related subordinated classes of certificates issued by the related underlying trust is reduced to zero, subsequent losses on the related mortgage loans will be allocated to the related underlying certificates. All losses on the underlying certificates will be allocated to the related certificates on a pro rata basis, provided that losses otherwise allocable to the Class I-A-1, Class I-A-4 and Class II-A-1 Certificates will first be allocated to the I-A-3A Component, I-A-3B Component and Class II-A-2 Certificates, respectively.

You should also be aware that the credit enhancement provided for some types of losses may be limited.

See "Description of the Certificates-Allocation of Losses" in this prospectus supplement.

The value of your certificates may be reduced if losses are higher than expected.

If the performance of the mortgage loans included in the underlying trusts is substantially worse than assumed by the rating agencies, the ratings of any class of the certificates may be lowered in the future. This would probably reduce the value of those certificates. None of the depositor, the master servicer or any other entity will have any obligation to supplement any credit enhancement, or to take any other action to maintain any rating of the certificates.

A transfer of master servicing in the event of a master servicer default may increase the risk of payment application errors.

If the master servicer defaults in its obligations under the pooling and servicing agreements relating to the underlying trusts, the master servicing of the mortgage loans may be transferred to the trustee or an alternate master servicer, as described under "The Pooling and Servicing Agreement-Rights Upon Event of Default" in the underlying offering documents. In the event of such a transfer of master servicing there may be an increased risk of errors in applying payments from borrowers or in transmitting information and funds to the successor master servicer.

Some of the mortgage loans have an initial interest only period, which may increase the risk of loss and delinquency on these mortgage loans.

As described in Annex A and Annex B, some of the mortgage loans included in the underlying trusts require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years or fifteen years following the date of origination. During this period, the payment made by the related borrower will be less than it would be if the mortgage loan amortized. In addition, the mortgage loan balance will not be reduced by the principal portion of scheduled monthly payments during this period. As a result, no principal payments will be made to the certificates from mortgage loans of this nature during their interest only period except in

the case of a prepayment.

After the initial interest only period, the scheduled monthly payment on these mortgage loans may increase, which may result in increased delinquencies by the related borrowers, particularly if interest rates have increased and the borrower is unable to refinance. In addition, losses may be greater on these mortgage loans as a result of the mortgage loan not amortizing during the early years of these mortgage loans. Although the amount of principal included in each scheduled monthly payment for a traditional mortgage loan can be relatively small during the first few years after the origination of a mortgage loan, in the aggregate the amount can be significant.

Mortgage loans with an initial interest only period are relatively new in the mortgage marketplace. The performance of these mortgage loans may be significantly different than mortgage loans that fully amortize. In particular, there may be a higher expectation by these borrowers of refinancing their mortgage loans with a new mortgage loan, in particular one with an initial interest only period, which may result in higher or lower prepayment speeds than would otherwise be the case. In addition, the failure to build equity in the related mortgaged property by the related mortgagor may affect the delinquency and prepayment experience of these mortgage loans.

Reduced documentation programs may increase your risk of loss.

As described in Annex A and Annex B hereto, certain mortgage loans were made to borrowers whose income is not verified, including borrowers who may not be required to state their income. With respect to these mortgage loans the borrowers may not be required to provide any information regarding their income and there may be no verification of their income or assets. Such mortgage loans increase the risk that borrowers may not have sufficient income or assets or may have overstated their income and assets and, as a consequence, may be unable to make their monthly mortgage loan payments. You should consider the risk that mortgage loans originated under reduced documentation programs may be subject to increased delinquencies and defaults.

Recent developments in the residential mortgage market may adversely affect the return on your certificates.

Recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the yield on your certificates. Delinquencies and losses with respect to residential mortgage loans generally have increased in recent months, and may continue to increase. In addition, in recent months housing prices in many states have declined or stopped appreciating, after extended periods of significant appreciation. A continued decline or an extended flattening of those values may result in additional increases in delinquencies and losses on residential mortgage loans generally, particularly with respect to second homes and investor properties and with respect to any residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. As a result of these and other factors, the value of some mortgage-backed securities has been negatively impacted.

A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance; in addition, many mortgage loans have

prepayment premiums that inhibit refinancing. Borrowers who intend to sell their homes may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates.

As a result of these and other factors, the rating agencies have recently downgraded or put on downgrade watch a significant number of mortgage-backed securities (particularly mortgage-backed securities backed by subprime and Alt-A mortgage loans originated in 2005 and 2006), including the certificates discussed below under "Risk of Loss-The ratings of the certificates are dependent on the ratings of the related underlying certificates."

In addition, various federal, state and local regulatory authorities have taken or proposed actions that could hinder the ability of the servicer to foreclose promptly on defaulted mortgage loans. Any such actions may adversely affect the performance of the loans and the yield on and value of the certificates.

You should consider that the general market conditions discussed above may affect the performance of the mortgage loans and may adversely affect the yield on, or market value of, your certificates.

The ratings of the certificates are dependent on the ratings of the related underlying certificates.

The ratings of the certificates by S&P and Fitch are dependent on the ratings of the related underlying certificates by those rating agencies. The rating agencies may reduce or withdraw the ratings on the underlying certificates at any time they deem appropriate. The rating agencies have recently downgraded or put on downgrade watch a significant number of mortgage-backed securities (particularly mortgage-backed securities backed by subprime and Alt-A mortgage loans originated in 2005 and 2006), including the Class M-2, Class M-3, Class B-1 and Class B-2 Certificates issued by the RALI Series 2006-QS11 Trust and the Class M-1, Class M-2, Class M-3, Class B-1 and Class B-2 Certificates issued by the RALI Series 2006-QS12 Trust. In general, the ratings address credit risk and do not address the likelihood of prepayments.

The ratings on the underlying certificates will depend primarily on an assessment by the rating agencies of the related underlying mortgage loans. Any negative change in the rating of a class of underlying certificates will result in a negative change in the ratings of the related certificates. A reduction or withdrawal of the ratings assigned to the certificates is likely to reduce the market value of the certificates and may affect your ability to sell your certificates.

Risks Relating to Primary Mortgage Insurers

You may incur losses if a primary mortgage insurer fails to make payments under a primary mortgage insurance policy.

As described in Annex A and Annex B, some of the mortgage loans included in the underlying trust have an LTV ratio at origination in excess of 80% and are insured by a primary mortgage insurance policy. All of the primary mortgage insurance policies were issued by Mortgage Guaranty Insurance Corporation, General Electric Mortgage Insurance Corporation/Genworth Mortgage Insurance

Company, Genworth of N.C., Triad Guaranty, Republic Mortgage Ins. N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, CUNA Mutual Group or Radian Guaranty Inc. If such a mortgage loan were subject to a foreclosure and the value of the related mortgaged property were not sufficient to satisfy the mortgage loan, payments under the primary mortgage insurance policy would be required to avoid any losses, or to reduce the losses on, such a mortgage loan.

If the insurer is unable or refuses to pay a claim, the amount of such losses would be allocated to holders of the Underlying Certificates as loss amounts.

Limited Obligations

Payments on the related underlying certificates are the sole source of payments on your certificates.

The certificates represent interests only in the RALI Series 2008-QR1 Trust. The certificates do not represent an ownership interest in or obligation of the depositor, the master servicer or any of their affiliates. If proceeds from the assets of the RALI Series 2008-QR1 Trust are not sufficient to make all payments provided for under the trust agreement, investors will have no recourse to the depositor, the master servicer, the certificate administrator or any other entity, and will incur losses. The Class I Certificates are payable only from payments received with respect to the Group I Underlying Certificates and the corridor agreement with respect to the Class I-A-1 Certificates and the Class II Certificates are payable only from payments received with respect to the Group II Underlying Certificates.

Liquidity Risks

You may have to hold your certificates to maturity if their marketability is limited.

A secondary market for your certificates may not develop. Even if a secondary market does develop, it may not continue or it may be illiquid. Neither the underwriter nor any other person will have any obligation to make a secondary market in your certificates. Illiquidity means you may not be able to find a buyer to buy your certificates readily or at prices that will enable you to realize a desired yield. Illiquidity can have a severe adverse effect on the market value of your certificates.

Any class of certificates may experience illiquidity, although generally illiquidity is more likely for classes that are especially sensitive to prepayment, credit or interest rate risk, or that have been structured to meet the investment requirements of limited categories of investors.

In addition, you should consider the impact that the factors discussed above under "Risk of Loss-Recent developments in the residential mortgage market may adversely affect the return on your certificates" may have on the liquidity of your certificates.

Bankruptcy Risks

Bankruptcy proceedings could delay or reduce distributions on the certificates.

The transfer of the underlying certificates from Credit Suisse Securities (USA) LLC, or Credit Suisse, to the depositor is intended by the parties to be and has been documented as a sale. However, if Credit Suisse were to become bankrupt, a trustee in bankruptcy could attempt to recharacterize the sale of the underlying

certificates as a loan secured by the underlying certificates or to consolidate the underlying certificates with the assets of Credit Suisse. Any such attempt could result in a delay in or reduction of collections on the underlying certificates available to make payments on the certificates.

In addition, if the certificate administrator, any servicer or the master servicer of the underlying trusts becomes bankrupt, a bankruptcy trustee or receiver may have the power to prevent the appointment of a certificate administrator, successor servicer or successor master servicer, as applicable. Any related delays in servicing could result in increased delinquencies or losses on the related mortgage loans or certificates.

The bankruptcy of a borrower may increase the risk of loss on a mortgage loan.

If a borrower becomes subject to a bankruptcy proceeding, a bankruptcy court may require modifications of the terms of a mortgage loan without a permanent forgiveness of the principal amount of the mortgage loan. Modifications have included reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In addition, a court having federal bankruptcy jurisdiction may permit a debtor to cure a monetary default relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. In addition, under the federal bankruptcy law, all actions against a borrower and the borrower's property are automatically stayed upon the filing of a bankruptcy petition.

Special Yield and Prepayment Considerations

The yield on your certificates will vary depending on the rate of prepayments.

The yield to maturity on each class of certificates will depend on a variety of factors, including:

- the rate and timing of principal payments on the related mortgage loans, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- the allocation of principal payments on the underlying certificates among the various classes of certificates;
- the pass-through rate for that class;
- the rate and timing of realized losses and interest shortfalls allocated to the underlying certificates;
- the priority of payments on the underlying certificates;
- the purchase price of that class; and
- the timing of the exercise of the optional termination of the related

underlying trust by the master servicer.

The rate of prepayments is one of the most important and least predictable of these factors. No assurances are given that the mortgage loans will prepay at any particular rate.

In addition, the master servicer may, in some cases, purchase any mortgage loan that is at least three months delinquent. Such repurchases would increase the prepayment rates on the mortgage loans.

In general, if you purchase a certificate at a price higher than its outstanding certificate principal balance and principal distributions on your certificate occur faster than you assumed at the time of purchase, your yield will be lower than you anticipated. Conversely, if you purchase a certificate at a price lower than its outstanding certificate principal balance and principal distributions on that class occur more slowly than you assumed at the time of purchase, your yield will be lower than you anticipated.

The rate of prepayments on the mortgage loans will vary depending on future market conditions and other factors.

Since mortgagors, in most cases, can prepay their mortgage loans at any time, the rate and timing of principal payments on the mortgage loans are highly uncertain and are dependent upon a wide variety of factors, including general economic conditions, interest rates, the availability of alternative financing and homeowner mobility. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans. This could result in a slower return of principal to you at a time when you might have been able to reinvest your funds at a higher rate of interest than the pass-through rate on your class of certificates. On the other hand, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans. The factors described in the previous two sentences could result in a faster return of principal to you at a time when you might not be able to reinvest your funds at an interest rate as high as the pass-through rate on your class of certificates.

Refinancing programs, which may involve soliciting all or some of the mortgagors to refinance their mortgage loans, may increase the rate of prepayments on the mortgage loans. These refinancing programs may be offered by the master servicer, any subservicer or their affiliates, and may include streamlined documentation programs. Streamlined documentation programs involve less verification of underwriting information than traditional documentation programs. Approximately 0.9% by principal balance of the mortgage loans underlying the Group I Underlying Certificates and approximately 0.9% of the mortgage loans underlying the Group II Underlying Certificates, in each case as of the reference date, were originated under streamlined documentation programs.

As described in Annex A and Annex B, certain mortgage loans provide for payment of a prepayment charge. Prepayment charges may reduce the rate of prepayment on the mortgage loans until the end of the period during which these prepayment charges apply. Prepayment charges received on the related mortgage loans may be waived and in any case will not be available for distribution on the

certificates.

See "Description of the Mortgage Pool-The Program" in the underlying offering documents and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Maturity and Prepayment Considerations" in the prospectus.

The mortgage loans with interest only payments may affect the yield on the certificates.

As described in Annex A and Annex B, certain of the mortgage loans included in the underlying trusts require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years or fifteen years following the date of origination. After the interest only period, the borrower's monthly payment will be recalculated to cover both interest and principal so that the mortgage loan will be paid in full by its final payment date. As a result, if the monthly payment increases, the related borrower may not be able to pay the increased amount and may default or may refinance the loan to avoid the higher payment.

In addition, because no scheduled principal payments are required to be made on these mortgage loans for a period of time, the certificates will receive smaller scheduled principal distributions during that period than they would have received if the related borrowers were required to make monthly payments of interest and principal from origination of these mortgage loans. Absent other considerations, this slower rate of principal distributions will result in longer weighted average lives of the certificates than would otherwise be the case if none of the mortgage loans had interest only periods.

The return on your certificates could be reduced by shortfalls due to the Servicemembers Civil Relief Act.

The Servicemembers Civil Relief Act, or the Relief Act, provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their mortgage loan. Current or future military operations of the United States may increase the number of borrowers who may be in active military service, including persons in reserve status who may be called to active duty. The Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a mortgage loan in excess of 6% per annum during the period of the borrower's active duty. Any resulting interest shortfalls are not required to be paid by the borrower at any future time. The master servicer of the underlying trusts is not required to advance these shortfalls as delinquent payments, and the shortfalls are not covered by any form of credit enhancement on the certificates.

The Relief Act also limits the ability of the servicer to foreclose on a mortgage loan during the borrower's period of active duty and, in some cases, during an additional three month period thereafter. As a result, there may be delays in payment and increased losses on the mortgage loans.

We do not know how many mortgage loans have been or may be affected by the application of the Relief Act or similar legislation or regulations.

See the definition of Accrued Certificate Interest under "Description of the Certificates-Glossary of Terms" and "Certain Legal Aspects of Mortgage Loans and

Contracts-Servicemembers Civil Relief Act" in the underlying offering documents.

The yield on your certificates will be affected by the specific terms that apply to that class, discussed below.

The certificates of each class have different yield considerations and different sensitivities to the rate and timing of principal distributions.

See "Certain Yield and Prepayment Considerations" in this prospectus supplement.

The certificates are each subject to different payment priorities.

The certificates are each subject to various priorities for payment of principal as described in this prospectus supplement. Distributions of principal on the certificates having an earlier priority of payment will be affected by the rates of principal prepayment of the related mortgage loans early in the life of the mortgage pool. Those classes of certificates with a later priority of payment will be affected by the rates of principal prepayment of the related mortgage loans experienced both before and after the commencement of principal distributions on such classes.

The yields on the Class I-A-1, Class I-A-2, Class II-A-1, Class II-A-2 and Class II-A-3 Certificates may be affected by changes in interest rates.

The pass-through rates on the Class I-A-1, Class II-A-1, Class II-A-2 and Class II-A-3 Certificates will vary with LIBOR, subject to the limitations described in this prospectus supplement. The pass-through rate on the Class I-A-2 Certificates will vary inversely with LIBOR, subject to the limitations described in this prospectus supplement. Thus, the yields to investors in these certificates will be sensitive to fluctuations in the level of LIBOR.

Class I-A-1, Class I-A-4 and Class II-A-1 Certificates

IN ADDITION TO THE CONSIDERATIONS SET FORTH BELOW, INVESTORS IN THE CLASS I-A-1, CLASS I-A-4 AND CLASS II-A-1 CERTIFICATES SHOULD BE AWARE THAT SUCH CERTIFICATES MAY NOT BE AN APPROPRIATE INVESTMENT FOR ALL PROSPECTIVE INVESTORS.

Investors in the Class I-A-4 Certificates should be aware that such certificates have a later priority of payment with respect to principal in relation to some of the other classes of certificates. Therefore, an investor's yield on such certificates will be particularly sensitive to the rate and timing of principal prepayments. In addition, certificates with a later priority of payments will be more likely to be affected by losses on the mortgage loans underlying the related underlying certificates not covered by the credit enhancement. Furthermore, the Class I-A-4 Certificates may not be an appropriate investment for any investor requiring a distribution of a particular amount of principal or interest on a specific date or dates.

Class I-A-2 Certificates

Investors in the Class I-A-2 Certificates should be aware that the yields on the Class I-A-2 Certificates will be extremely sensitive to the rate and timing of principal payments on the Group I Underlying Certificates, and that rate may fluctuate significantly over time. A faster than expected rate of principal payments on the Group I Underlying Certificates will have an adverse effect on the yields to investors in the Class I-A-2 Certificates and could result in their failure to fully recover their initial investments.

Class I-A-3 Certificates and Class II-A-2 Certificates

Investors in the Class I-A-3 Certificates should be aware that all losses otherwise allocable to the Class I-A-1 Certificates and Class I-A-4 Certificates will be allocated to the I-A-3A Component and the I-A-3B Component,

respectively, as described in this prospectus supplement. Investors in the Class II-A-2 Certificates should be aware that all losses otherwise allocable to the Class II-A-1 Certificates will be allocated to the Class II-A-2 Certificates as described in this prospectus supplement. Therefore, the yield to maturity on the Class I-A-3 Certificates will be extremely sensitive to losses otherwise allocable to the Class I-A-1 Certificates and Class I-A-4 Certificates, and the yield to maturity on the Class II-A-2 Certificates will be extremely sensitive to losses otherwise allocable to the Class II-A-1 Certificates.

Class II-A-1, Class II-A-2 and
Class II-A-3 Certificates

The Class II-A-1 Certificates and Class II-A-2 Certificates are referred to in this prospectus supplement as the exchangeable certificates.

The Class II-A-3 Certificates are referred to in this prospectus supplement as the exchanged certificates.

The Class II-A-1 Certificates and the Class II-A-2 Certificates may be exchanged for the Class II-A-3 Certificates. Investors are encouraged to also consider a number of factors that will limit a certificateholder's ability to exchange exchangeable certificates for exchanged certificates and vice versa:

- At the time of the proposed exchange, a certificateholder must own certificates of the related class or classes in the exact proportions necessary to make the desired exchange and must pay the exchange fee to the trustee.
- A certificateholder that does not own the certificates may be unable to obtain the necessary exchanged certificates or exchangeable certificates.
- The certificateholder of any class of certificates required for a desired combination may refuse to sell them at a reasonable price (or any price) or may be unable to sell them.
- Certain certificates may have been purchased or placed into other financial structures and thus be unavailable.
- Principal distributions and reductions in certificate principal balances will decrease the amounts available for exchange over time.
- Only the combinations described in this prospectus supplement are permitted.
- The record dates for exchangeable certificates and the exchanged certificates that are the subject of the exchange must be the same.

Amounts available under the corridor agreement may be limited.

Any amounts payable to the supplemental interest trust by the corridor provider under the corridor agreement will be available as described in this prospectus supplement to pay accrued certificate interest on the Class I-A-1 Certificates.

However, no amounts will be payable on a distribution date by the corridor provider unless LIBOR (as determined pursuant to the corridor agreement) exceeds 4.60% per annum on the determination date for that distribution date, and if LIBOR exceeds 6.10% per annum on such date the corridor provider will not pay any excess over 6.10%.

If LIBOR for any interest accrual period exceeds 4.60% per annum, the corridor provider will be required to make a payment that is intended to partially mitigate the risk to the investors in the Class I-A-1 Certificates that the pass-through rate on their certificates will be lower than LIBOR plus the related margin. However, the amount distributed on the Class I-A-1 Certificates from amounts payable under the corridor agreement is based on a notional amount equal to the lesser of the certificate principal balance of the Class I-A-1 Certificates and an amount determined based on an assumed rate of prepayments on the mortgage loans. Accordingly, if prepayments occur at a slower rate than assumed, the amount payable to the holders of the Class I-A-1 Certificates will be less than the amount of interest that would accrue on the certificate principal balance of the Class I-A-1 Certificates at the excess of LIBOR over 4.60% per annum. In addition, no additional amounts are payable under the corridor agreement with respect to the Class I-A-1 Certificates if LIBOR exceeds 6.10% per annum. Any amount by which the amount paid by the corridor provider is less than the difference between LIBOR and 4.60% per annum on the certificate principal balance of the Class I-A-1 Certificates will not be payable from any source on that distribution date or any future distribution date.

Amounts, if any, paid under the corridor agreement in excess of amounts payable on the Class I-A-1 Certificates on any distribution date will be released to Credit Suisse Securities (USA) LLC and will not be available for payments to the holders of the Class I-A-1 Certificates.

No assurance can be made that any amounts will be received under the corridor agreement, or that any such amounts that are received will be sufficient to cover shortfalls in amounts available to pay accrued certificate interest on the Class I-A-1 Certificates as described in this prospectus supplement. In addition, the corridor notional balance may be lower than the certificate principal balance of the Class I-A-1 Certificates on a distribution date. The ratings of the Class I-A-1 Certificates do not address the likelihood of payments under the corridor agreement.

In addition, if the corridor provider defaults on its obligations under the corridor agreement, then there may be insufficient funds to cover such amounts, and the amount available for distribution to the related certificates may be reduced. To the extent that distributions on the Class I-A-1 Certificates depend in part on payments to be received by the supplemental interest trust under the corridor agreement, the ability of the supplemental interest trust trustee to make those distributions on those certificates will be subject to the credit risk of the corridor provider.

Investors should note that the level of LIBOR as of February 7, 2008 is approximately 3.165% per annum.

Amounts available to the certificateholders may be reduced by extraordinary expenses of the trustee.

On each distribution date, the amount available for distribution to the holders of the certificates from distributions received on the Underlying Certificates will be reduced by extraordinary expenses and certain indemnities of the trustee, up to an annual maximum amount of \$100,000. Such extraordinary expenses and indemnities will be allocated first, to reduce the aggregate amount of interest available to be distributed to holders of the certificates and second, to reduce the aggregate amount of principal available to be distributed to holders of the certificates on that distribution date. To the extent that the allocation of such expenses reduces the amount available for interest distributions to the holders of the certificates, interest shortfalls may result and will not be paid on any future distribution date. In addition, any amount by which principal distributions are reduced on any distribution date will not be paid on any future distribution date.

The holders of the underlying certificates will share voting rights with the holders of the other pass-through certificates issued by the underlying trusts.

Pursuant to the pooling and servicing agreements for the underlying certificates, the holders of the underlying certificates will share certain voting rights with the holders of the other certificates issued pursuant to those agreements. As described in the pooling and servicing agreements for the underlying certificates, those voting rights include the ability to:

- amend, in some respects, the pooling and servicing agreements for the underlying certificates;
- remove the trustee thereunder;
- waive some events of default of the servicer thereunder; and
- direct the trustee to take actions in respect of the certificates issued by the underlying trusts.

The trustee as holder of the underlying certificates will vote as directed by holders of the related certificates.

The recording of mortgages in the name of MERS may affect the yield on the certificates.

The mortgages or assignments of mortgage for many of the mortgage loans included in the underlying trusts have been or may be recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns. Subsequent assignments of those mortgages are registered electronically through the MERS® System. However, if MERS discontinues the MERS® System and it becomes necessary to record an assignment of the mortgage to the trustee, then any related expenses shall be paid by the trust and will reduce the amount available to pay principal of and interest on the class or classes of certificates with certificate principal balances greater than zero with the lowest payment priorities.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. Public recording officers and others in the

mortgage industry may have limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to certificateholders and increase the amount of losses on the mortgage loans.

For additional information regarding MERS and the MERS® System, see "Description of the Mortgage Pool-Mortgage Pool Characteristics" and "Certain Yield and Prepayment Considerations" in the underlying offering documents.

ISSUING ENTITY

The depositor will establish a trust with respect to Series 2008-QR1, on the closing date, under a trust agreement, dated as of January 1, 2008, among the depositor, the certificate administrator and the trustee. The trust agreement is governed by the laws of the State of New York. On the closing date, the depositor will deposit the Underlying Certificates into the trust. The trust will not have any additional equity. The certificates will be issued pursuant to the trust agreement.

The trust agreement authorizes the trust to engage only in selling the certificates in exchange for the Underlying Certificates, entering into and performing its obligations under the trust agreement, activities necessary, suitable or convenient to such actions and other activities as may be required in connection with the conservation of the trust fund and making distributions to certificateholders.

The Group I Underlying Certificates were issued as part of the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11, issued on August 30, 2006 pursuant to a series supplement dated as of August 1, 2006 to the standard terms of pooling and servicing agreement dated as of March 1, 2006, among the depositor, the master servicer and the trustee. The Group I Underlying Certificates comprise approximately 71.11% of the Class I-A-2 Certificates issued pursuant to such agreement. The pass-through rate of the Group I Underlying Certificates is 6.00% per annum.

The Group II Underlying Certificates were issued as part of the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12, issued on September 28, 2006 pursuant to a series supplement dated as of September 1, 2006 to the standard terms of pooling and servicing agreement dated as of March 1, 2006, among the depositor, the master servicer and the trustee. The Group II Underlying Certificates comprise approximately 50.91% of the Class II-A-15 Certificates issued pursuant to such agreement. The pass-through rate of the Group II Underlying Certificates is an adjustable rate based on LIBOR, as more fully described in Annex B to this prospectus supplement.

On the closing date, Credit Suisse Securities (USA) LLC will convey the Underlying Certificates, together with the right to receive all distributions due thereon after the January 25, 2008 distribution date, to the depositor. The Underlying Certificates were purchased by the underwriter at prices that were individually negotiated at the time of purchase. As a result of differing views of market participants as to the current value of any particular residential mortgage-backed security, or the current state of the residential mortgage market in general, there is no current single ascertainable market price for the Underlying Certificates. Individual market participants' views of any single market price for the Underlying Certificates would likely be divergent.

The trust agreement provides that the depositor assigns to the trustee for the benefit of the certificateholders without recourse all the right, title and interest of the depositor in and to the Underlying Certificates. Furthermore, the trust agreement states that, although it is intended that the conveyance by the depositor to the trustee of the Underlying Certificates be construed as a sale, the conveyance of the Underlying Certificates shall also be deemed to be a grant by the depositor to the trustee of a security interest in the Underlying Certificates and related collateral.

For a description of the issuing entity of each group of Underlying Certificates, see "Issuing Entity" in Annex A and Annex B to this prospectus supplement.

THE SPONSOR AND THE UNDERLYING CERTIFICATE SELLER

The sponsor is Credit Suisse Securities (USA) LLC, or Credit Suisse Securities, a Delaware limited liability company. The sponsor's executive offices are located at 11 Madison Avenue, New York, New York 10010. The sponsor is also the underlying certificate seller and underwriter. The sponsor is an indirect wholly-owned subsidiary of Credit Suisse Holdings (USA), Inc. The sponsor is a registered broker-dealer and, as such, is in the business of purchasing, selling and underwriting securities, including mortgage-backed securities. The sponsor underwrites, sells and purchases mortgage-backed securities that have been issued by its affiliates and third parties. The sponsor was originally incorporated in Massachusetts. On January 17, 2003, the sponsor merged with Credit Suisse First Boston Corporation to become Credit Suisse First Boston LLC, a Delaware limited liability company. Effective January 16, 2006 Credit Suisse First Boston LLC was renamed Credit Suisse Securities (USA) LLC. Although Credit Suisse Securities has extensive experience in structuring securitizations for its affiliates and for third parties, it generally is its policy and practice not to act as the sponsor of securitizations. However, in the past two years Credit Suisse Securities has previously acted as sponsor of four resecuritizations of mortgage pass-through certificates. No event of default or other early amortization event has occurred in any of those transactions. As sponsor, Credit Suisse Securities was primarily responsible for structuring this transaction. Its only obligation will be to sell the Underlying Certificates to the depositor, make limited representations regarding the Underlying Certificates and cure breaches of those representations.

THE SIGNIFICANT OBLIGORS

In connection with the issuance of the Group I Underlying Certificates, RALI Series 2006-QS11 Trust, a common law trust created under the laws of the State of New York, was formed pursuant to a series supplement dated as of August 1, 2006 to the standard terms of pooling and servicing agreement dated as of March 1, 2006, among the depositor, the master servicer and the trustee. In connection with the issuance of the Group II Underlying Certificates, RALI Series 2006-QS12 Trust, a common law trust created under the laws of the State of New York, was formed pursuant to a series supplement dated as of September 1, 2006 to the standard terms of pooling and servicing agreement dated as of March 1, 2006, among the depositor, the master servicer and the trustee. The fiscal year end of each underlying trust is December 31.

Each underlying trust's activities are limited to the transactions and activities entered into in connection with the securitization described in the related underlying offering document, and except for those activities, that underlying trust is not authorized and has no power to borrow money or issue debt, merge with another entity, reorganize, liquidate or sell assets or engage in any business or activities. Consequently, each underlying trust is not permitted to hold any assets, or incur any liabilities, other than those described in the related underlying offering document. Because each underlying trust is created pursuant to the related pooling and servicing agreement, that underlying trust and its permissible activities can only be amended or modified by

amending its pooling and servicing agreement.

Because each underlying trust is a common law trust, it may not be eligible for relief under the federal bankruptcy laws, unless it can be characterized as a "business trust" for purposes of the federal bankruptcy laws. Bankruptcy courts look at various considerations in making this determination, so it is not possible to predict with any certainty whether an underlying trust would be characterized as a "business trust."

For a description of the sponsor of each underlying securitization transaction, see "Sponsor and Master Servicer" in Annex A and Annex B to this prospectus supplement. For a description of the trustee of each underlying trust, see "Pooling and Servicing Agreement-The Trustee" in Annex A and Annex B to this prospectus supplement. See "Pooling and Servicing Agreement-The Master Servicer and Subservicers" and "Description of the Mortgage Pool-Originators" in Annex A and Annex B to this prospectus supplement for information regarding the servicers and originators of the mortgage loans underlying the Underlying Certificates.

CERTIFICATE ADMINISTRATOR

Residential Funding Company, LLC, a Delaware limited liability company, will be the certificate administrator. Residential Funding Company, LLC's principal executive offices are located at One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423. Its telephone number is (952) 857-7000. Residential Funding Company, LLC has been the certificate administrator for five resecuritization transactions during the past five years. No event of default or other early amortization event has occurred in any of those transactions. The responsibilities that Residential Funding Company, LLC has undertaken as master servicer generally include its responsibilities as certificate administrator under the trust agreement. For a description of Residential Funding Company, LLC's sponsor and master servicing experience, see "Sponsor and Master Servicer" in the underlying offering documents. Residential Funding Company, LLC's material role and responsibilities in this transaction, as certificate administrator, are described in this prospectus supplement under "Trust Agreement-Certificate Administrator".

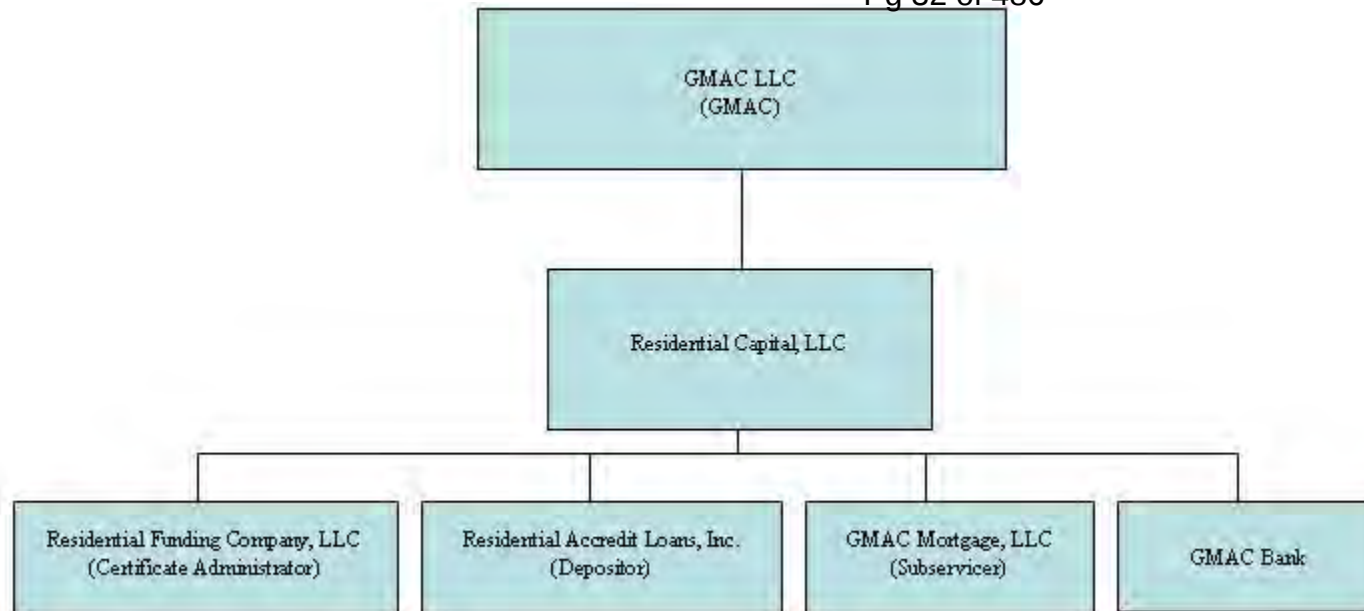
THE DEPOSITOR

Residential Accredit Loans, Inc., an affiliate of Residential Funding Company, LLC, is the depositor. For a description of the depositor, see "The Depositor" in the prospectus.

AFFILIATIONS AMONG TRANSACTION PARTIES

Credit Suisse International, the corridor provider, is an affiliate of Credit Suisse Securities (USA) LLC, the sponsor and underwriter.

The diagram below illustrates the various relationships among the transaction parties affiliated with the depositor. See "Affiliations Among Transaction Parties" in Annex A and Annex B to this prospectus supplement for a description of the relationships among the transaction parties in the underlying securitization transactions.



THE CORRIDOR PROVIDER

Credit Suisse International will be the corridor provider. Credit Suisse International ("CSI") was incorporated in England and Wales under the Companies Act 1985 on May 9, 1990 with registered no. 2500199 and was re-registered as unlimited under the name "Credit Suisse Financial Products" on July 6, 1990. Its registered office and principal place of business is at One Cabot Square, London E14 4QJ. CSI is an English bank and is regulated as a European Union credit institution by The Financial Services Authority ("FSA") under the Financial Services and Markets Act 2000. The FSA has issued a scope of permission notice authorizing CSI to carry out specified regulated investment activities. Effective as of March 27, 2000, Credit Suisse Financial Products was renamed "Credit Suisse First Boston International" and, effective as of January 16, 2006, was renamed "Credit Suisse International". These changes were renamings only.

CSI is an unlimited liability company and, as such, its shareholders have a joint, several and unlimited obligation to meet any insufficiency in the assets of CSI in the event of its liquidation. CSI's ordinary voting shares are owned, as to 56%, by Credit Suisse, as to 24%, by Credit Suisse (International) Holding AG and, as to 20%, by Credit Suisse Group. CSI commenced business on July 16, 1990. Its principal business is banking, including the trading of derivative products linked to interest rates, equities, foreign exchange, commodities and credit.

CSI has been assigned a senior unsecured debt rating of "AA- (positive outlook)" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a senior debt rating of "Aa1 (stable outlook)" by Moody's Investors Service Inc. and a long-term rating of "AA- (stable outlook)" by Fitch Ratings.

Credit Suisse International, the corridor provider, is an affiliate of Credit Suisse Securities (USA)

LLC, the sponsor and underwriter.

The information in the four preceding paragraphs has been provided by the corridor provider for use in this prospectus supplement. Except for the four preceding paragraphs, the corridor provider has not been involved in the preparation of, and does not accept responsibility for the accuracy or completeness of, this prospectus supplement.

DESCRIPTION OF THE MORTGAGE POOLS

As described in the Underlying Offering Documents, the mortgage loans were transferred and assigned to the trustee of the underlying trusts on the related date of issuance of the Underlying Certificates.

The mortgage pool of each of the RALI 2006-QS11 Underlying Trust and the RALI 2006-QS12 Underlying Trust consists of groups of fixed rate residential mortgage loans with original terms to stated maturity of up to 30 years.

For information about the mortgage pools as of the reference date, investors should review the related Underlying Offering Documents, which are attached as Annex A with respect to the RALI 2006-QS11 Underlying Trust and Annex B with respect to the RALI 2006-QS12 Underlying Trust.

Static Pool Information

Current static pool data with respect to mortgage loans serviced by Residential Funding is available on the internet at www.gmacrfcstaticpool.com (the "Static Pool Data"). Information presented under (i) "RALI" as the issuer/shelf, (ii) "QR" as the series, and (iii) "2008-QR1" as the deal, will include information regarding prior securitizations of mortgage loans that are similar to the mortgage loans included in the underlying trusts, based on underwriting criteria and credit quality, and that information is referred to in this prospectus supplement as Static Pool Data. The Static Pool Data is not deemed to be a part of the prospectus or the depositor's registration statement to the extent that the Static Pool Data relates to (a) any issuing entity that was established before January 1, 2006 and (b) information relating to the assets of the RALI 2008-QR1 Trust for periods prior to January 1, 2006.

With respect to the certificates, there are no substantially similar prior resecuritizations by the sponsor that would provide material static pool information.

As used in the Static Pool Data and in this prospectus supplement, a loan is considered to be "30 to 59 days" or "30 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the next following monthly scheduled due date; "60 to 89 days" or "60 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the second following monthly scheduled due date; and so on. The determination as to whether a mortgage loan falls into these categories is made as of the close of business on the last business day of each month. Grace periods and partial prepayments do not affect these determinations.

From time to time, the master servicer or a subservicer will modify a mortgage loan, recasting monthly payments for delinquent borrowers who have experienced financial difficulties. Generally such borrowers make payments under the modified terms for a trial period, before the modifications become final. During any such trial period, delinquencies are reported based on the mortgage loan's original payment terms. The trial period is designed to evaluate both a borrower's desire to remain in the mortgaged property and, in some cases, a

borrower's capacity to pay a higher monthly payment obligation. The trial period generally may extend to up to six months before a modification is finalized. Once the modifications become final, delinquencies are reported based on the modified terms. Generally if a borrower fails to make payments during a trial period, the mortgage loan goes into foreclosure. Historically, the master servicer has not modified a material number of mortgage loans in any pool. Furthermore, the rating agencies rating the certificates impose certain limitations on the ability of the master servicer to modify loans.

Charge offs are taken only when the master servicer has determined that it has received all payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to any mortgage loan.

There can be no assurance that the delinquency and foreclosure experience set forth in the Static Pool Data will be representative of the results that may be experienced with respect to the mortgage loans included in the trust.

DESCRIPTION OF THE CERTIFICATES

General

The Series 2008-QR1 Mortgage Asset-Backed Pass-Through Certificates will include the following nine classes:

- Class I-A-1 Certificates;
- Class I-A-2 Certificates, or the Inverse Floater Certificates, or the Interest Only Certificates;
- Class I-A-3 Certificates, which will consist of the following two components:
I-A-3A Component; and
I-A-3B Component;
- Class I-A-4 Certificates, and together with the Class I-A-1, Class I-A-2 and Class I-A-3 Certificates, the Class I Certificates;
- Class II-A-1 Certificates, and together with the Class I-A-1 Certificates and Class I-A-4 Certificates, the Retail Certificates or the Super Senior Certificates;
- Class II-A-2 Certificates, and together with the Class II-A-1 Certificates, the Exchangeable Certificates, and together with the Class I-A-3 Certificates, the Senior Support Certificates;
- Class II-A-3 Certificates, or the Exchanged Certificates, and together with the Class II-A-1 Certificates and the Class II-A-2 Certificates, the Class II Certificates, and collectively with the Class I-A-1, Class II-A-1 and Class II-A-2 Certificates, the Floater Certificates; and
- Class R-I and R-II Certificates, which together are sometimes referred to as the Class R Certificates or the Residual Certificates.

The Floater Certificates and the Inverse Floater Certificates are sometimes referred to collectively as the Adjustable Rate Certificates. Distributions of interest and principal on the Class I Certificates will be based primarily on interest and principal received with respect to the RALI Series 2006-QS11 Underlying Certificates and the corridor agreement with respect to the Class I-A-1 Certificates. Distributions of interest and principal on the Class II Certificates will be based primarily on interest and principal received with respect to the RALI Series 2006-QS12 Underlying Certificates. There will be no cross collateralization between the groups of Class I Certificates and Class II Certificates. All of the certificates are offered hereby. See "Glossary" in the prospectus for the meanings of capitalized terms and acronyms not otherwise defined in this prospectus supplement.

The components related to the Class I-A-3 Certificates are not separately transferable.

The certificates will evidence the entire beneficial ownership interest in the trust. The trust will consist of:

- the Underlying Certificates;
- the cash deposited in respect of the Underlying Certificates in the Certificate Account and belonging to the trust;
- with respect to the Class I-A-1 Certificates, the corridor agreement;
- the \$200 deposit made by the depositor into the Certificate Account on the closing date to pay the principal of the Class R Certificates on the first distribution date; and
- all proceeds of any of the foregoing.

The certificates will be available only in book-entry form through facilities of The Depository Trust Company, or DTC, and are collectively referred to as the DTC registered certificates. The Class I-A-1, Class I-A-4 and Class II-A-1 Certificates will be issued in minimum denominations of \$1,000 and integral multiples of \$1 in excess thereof. The Class I-A-3, Class II-A-2 and Class II-A-3 Certificates will be issued in minimum denominations of \$100,000 and integral multiples of \$1 in excess thereof. The Class I-A-2 Certificates will be issued in minimum denominations representing an initial Notional Amount of \$2,000,000, and integral multiples of \$1 in excess thereof. The Residual Certificates will be issued in registered, certificated form in minimum denominations of a 20% percentage interest, except, in the case of one Class R-I Certificate and one Class R-II Certificate, as otherwise described in this prospectus supplement under "Material Federal Income Tax Consequences."

The DTC registered certificates will be represented by one or more certificates registered in the name of Cede & Co., as the nominee of DTC. No beneficial owner will be entitled to receive a certificate of any class in fully registered form, or a definitive certificate, except as described in the prospectus under "Description of the Certificates-Form of Certificates."

For additional information regarding DTC and the DTC registered certificates, see "Description of the Certificates-Form of Certificates" in the prospectus.

Exchangeable Certificates

All or a portion of the Exchangeable Certificates may be exchanged for a proportionate interest in the related Exchanged Certificates as described in Annex C to this prospectus supplement. All or a portion of the

Exchanged Certificates may also be exchanged for the related Exchangeable Certificates in the same manner. Each exchange may be effected only in proportions that result in the aggregate principal and interest entitlements of the certificates being received being equal to the aggregate principal and interest entitlements of the certificates surrendered. Therefore, the Percentage Interest of each Exchangeable Certificate must be the same and will represent the Percentage Interest of each Exchanged Certificate that will be received upon exchange and vice versa.

The classes of Exchangeable Certificates and of Exchanged Certificates that are outstanding at any given time, and the outstanding Certificate Principal Balances of these classes will depend upon any related distributions of principal as well as any exchanges that occur.

Procedures. If a certificateholder wishes to exchange certificates after the closing date, the certificateholder must notify the trustee and the certificate administrator in writing (including by e-mail at RFC.Exchangenotifications@db.com and MSDocumentDistribution@gmacrfc.com), and in accordance with the requirements set forth herein, no earlier than the first calendar day of the month and no later than three business days before the proposed exchange date. The exchange date can generally be any business day other than the first or last business day of the month, subject to the trustee's approval and subject to the preceding sentence. The notice must be on the certificateholder's letterhead, carry a medallion stamp guarantee and set forth the following information: the CUSIP number for each of the certificates to be exchanged and certificates to be received, outstanding principal balance and the original principal balance of the certificates to be exchanged, the certificateholder's DTC participant number and the proposed exchange date. After receiving the notice, the trustee will e-mail the certificateholder with wire payment instructions relating to the exchange fee. The trustee will utilize the Deposit and Withdrawal System at DTC to exchange the certificates. A notice becomes irrevocable on the second business day before the proposed exchange date. In connection with each exchange, the certificateholder must pay the trustee a fee equal to \$10,000. The trustee will make the first distribution on an Exchanged Certificate or an Exchangeable Certificate received in an exchange transaction in the following month to the certificateholder of record as of the close of business on the Record Date for that distribution date. Neither the trustee nor the depositor or any of their affiliates will have any obligation to ensure the availability of the applicable certificates for the desired combination or exchange or to accomplish any combination or exchange other than those specified herein.

Additional Considerations. The characteristics of the Exchangeable Certificates will reflect, in the aggregate, generally the aggregate characteristics of the related Exchanged Certificates and vice versa. Investors are encouraged to also consider a number of factors that will limit a certificateholder's ability to exchange Exchanged Certificates for Exchangeable Certificates and vice versa:

- At the time of the proposed exchange, a certificateholder must own certificates of the related class or classes in the proportions necessary to make the desired exchange and must pay the exchange fee.
- A certificateholder that does not own the certificates may be unable to obtain the necessary Exchanged Certificates or Exchangeable Certificates.
- The certificateholder of certificates required for a desired combination may refuse to sell them at a reasonable price (or any price) or may be unable to sell them.
- Certain certificates may have been purchased or placed into other financial structures and thus be unavailable.

- Principal distributions and reductions in Certificate Principal Balances will decrease the amounts available for exchange over time.
- Only the combinations described in this prospectus supplement are permitted.
- The Record Dates for Exchangeable Certificates and the Exchanged Certificates that are the subject of the exchange must be the same.

Glossary of Terms

The following terms are given the meanings shown below to help describe the cash flows on the certificates:

Accrued Certificate Interest-With respect to any distribution date, an amount equal to (a) in the case of each class of certificates, other than the Interest Only Certificates, interest accrued during the related Interest Accrual Period on the Certificate Principal Balance of the certificates of that class immediately prior to that distribution date at the related Pass-Through Rate and (b) in the case of the Interest Only Certificates, interest accrued during the related Interest Accrual Period on the related Notional Amount immediately prior to that distribution date at the then-applicable Pass-Through Rate on that class for that distribution date; in each case less interest shortfalls, if any, allocated to the Underlying Certificates in respect of that distribution date, including in each case:

(i) any Prepayment Interest Shortfall to the extent not covered by the master servicer as described in Annex A and Annex B to this prospectus supplement under "Description of the Certificates-Interest Distributions";

(ii) the interest portions of Realized Losses, including Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses not allocated through subordination as described in Annex A and Annex B to this prospectus supplement under "Description of the Certificates-Allocation of Losses; Subordination";

(iii) the interest portion of any Advances that were made with respect to delinquencies that were ultimately determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, not allocated through subordination as described in Annex A and Annex B to this prospectus supplement under "Description of the Certificates-Allocation of Losses; Subordination;" and

(iv) any other interest shortfalls not covered by subordination, including interest shortfalls relating to the Servicemembers Civil Relief Act, or Relief Act, or similar legislation or regulations, all allocated as described in Annex A and Annex B to this prospectus supplement under "Description of the Certificates-Interest Distributions."

Any reductions allocated to the RALI Series 2006-QS11 Underlying Certificates will be allocated among the holders of all classes of Class I Certificates in proportion to the respective amounts of Accrued Certificate Interest that would have been payable on that distribution date absent these reductions. Any reductions allocated to the RALI Series 2006-QS12 Underlying Certificates will be allocated among the holders of all classes of Class II Certificates in proportion to the respective amounts of Accrued Certificate Interest that would have been payable on that distribution date absent these reductions. Accrued Certificate Interest on each class of

certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Available Distribution Amount-With respect to any distribution date and group of Underlying Certificates, an amount equal to the amount received on the related Underlying Certificates on that distribution date, as described under "Description of the Certificates" in Annex A and Annex B to this prospectus supplement, less extraordinary expenses and certain indemnities of the trustee up to an annual maximum amount of \$100,000; provided that such extraordinary expenses and indemnities will be allocated first, to reduce the Interest Distribution Amount and second, to reduce the Principal Distribution Amount for such distribution date.

Available Funds Cap-With respect to any distribution date on or before the distribution date in January 2012 and the Class I-A-1 Certificates, 6.00% per annum plus amounts, if any, paid pursuant to the corridor agreement, expressed as a per annum rate, and with respect to any distribution date after January 2012, 6.00% per annum.

Certificate Principal Balance-With respect to any certificate, other than the Interest Only Certificates, as of any date of determination, an amount equal to the initial Certificate Principal Balance of that certificate reduced by the aggregate of (a) all amounts allocable to principal previously distributed with respect to that certificate and (b) any reductions in the Certificate Principal Balance of that certificate due to allocations of Loss Amounts to such class of certificates in the manner described in this prospectus supplement. The Certificate Principal Balance of any Exchangeable Certificates that have been exchanged for Exchanged Certificates is equal to zero. The Certificate Principal Balance of any Exchanged Certificates that have not been issued or have been exchanged for Exchangeable Certificates is equal to zero. The Certificate Principal Balance for any component of the Class I-A-3 Certificates, as of any date of determination, is an amount equal to the initial Certificate Principal Balance of that component, reduced by the aggregate of (a) all amounts allocable to principal previously distributed with respect to that component and (b) any reductions in the Certificate Principal Balance of that component deemed to have occurred in connection with allocations of Loss Amounts in the manner described in this prospectus supplement.

Corridor Agreement Notional Balance-With respect to any distribution date specified below and the Class I-A-1 Certificates, the amount of the "Class I-A-1 Notional Balance" specified below for that distribution date.

Distribution Date	Class I-A-1 Notional Balance (\$)
February 2008	75,000,000.00
March 2008	73,416,053.86
April 2008	71,832,107.71
May 2008	70,248,161.57
June 2008	68,664,215.42
July 2008	67,080,269.28
August 2008	65,496,323.13
September 2008	63,912,376.99
October 2008	62,328,430.85
November 2008	60,744,484.70
December 2008	59,160,538.56
January 2009	57,576,592.41
February 2009	55,992,646.27
March 2009	54,408,700.12

April 2009	52,824,753.98
May 2009	51,240,807.84
June 2009	49,656,861.69
July 2009	48,072,915.55
August 2009	46,488,969.40
September 2009	44,905,023.26
October 2009	43,321,077.12
November 2009	41,737,130.97
December 2009	40,153,184.83
January 2010	38,569,238.68
February 2010	36,985,292.54
March 2010	35,401,346.39
April 2010	33,817,400.25
May 2010	32,233,454.11
June 2010	30,649,507.96
July 2010	29,065,561.82
August 2010	27,481,615.67
September 2010	25,897,669.53
October 2010	24,313,723.38
November 2010	22,729,777.24
December 2010	21,145,831.10
January 2011	19,561,884.95
February 2011	17,977,938.81
March 2011	16,393,992.66
April 2011	14,810,046.52
May 2011	13,226,100.37
June 2011	11,642,154.23
July 2011	10,058,208.09
August 2011	8,474,261.94
September 2011	6,890,315.80
October 2011	5,399,239.92
November 2011	3,916,334.53
December 2011	2,441,557.81
January 2012	974,868.17

Exchangeable Certificates-The Class II-A-1 Certificates and the Class II-A-2 Certificates.

Exchanged Certificates-The Class II-A-3 Certificates.

Interest Accrual Period- For all classes of certificates, other than the Adjustable Rate Certificates, the calendar month preceding the month in which the distribution date occurs. The Interest Accrual Period for the Adjustable Rate Certificates is the one-month period commencing on the 25th day of the month preceding the month in which the distribution date occurs and ending on the 24th day of the month in which the distribution date occurs. Notwithstanding the foregoing, the distributions of interest on any distribution date for all classes of certificates, will reflect interest accrued on the related Underlying Certificates, as it may be reduced by any Prepayment Interest Shortfalls and other shortfalls in collections of interest to the extent described in Annex A and Annex B to this prospectus supplement, and payable on that distribution date.

Interest Distribution Amount-With respect to any distribution date and group of Underlying Certificates,

the aggregate amount of interest distributed to such group of Underlying Certificates on that distribution date, less extraordinary expenses and indemnities reimbursable to the trustee.

Loss Amount-With respect to the Class I Certificates and Class II Certificates and each distribution date, the excess of the Certificate Principal Balance of the Class I Certificates and Class II Certificates over the certificate principal balance of the Group I Underlying Certificates and Group II Underlying Certificates, respectively, in each case after giving effect to distributions on or prior to that distribution date.

Notional Amount-With respect to the Class I-A-2 Certificates and any date of determination, an amount equal to the Certificate Principal Balance of the Class I-A-1 Certificates immediately prior to that date. The initial Notional Amount is approximately \$75,000,000.

Pass-Through Rate-The pass-through rate for each of the certificates is described in this prospectus supplement under "Description of the Certificates-Interest Distributions."

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

Prepayment Interest Shortfalls-Any interest shortfall resulting from a prepayment of a mortgage loan and allocated to the Underlying Certificates as described under "Description of the Certificates-Interest Distributions" in Annex A and Annex B to this prospectus supplement.

Principal Distribution Amount-With respect to any distribution date and group of Underlying Certificates, the aggregate amount of principal distributed to such group of Underlying Certificates on that distribution date, less extraordinary expenses and indemnities reimbursable to the trustee.

Record Date-With respect to any certificates other than the Adjustable Rate Certificates and the distribution date in February 2008, the closing date. With respect to any certificates, other than the Adjustable Rate Certificates for so long as the Adjustable Rate Certificates are in book-entry form, and any other distribution date, the close of business on the last business day of the preceding calendar month. With respect to the Adjustable Rate Certificates and any distribution date provided the Adjustable Rate Certificates are in book-entry form, the close of business on the business day prior to that distribution date.

Underlying Certificates-With respect to the Class I Certificates, a certificate that represents an approximate 71.11% interest in the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11, Class I-A-2. With respect to the Class II Certificates, a certificate that represents an approximate 50.91% interest in the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12, Class II-A-15.

Distributions on Certain Classes of Exchangeable Certificates

The classes of Exchangeable Certificates outstanding on any distribution date will be entitled to the principal and interest distributions for such certificates as further described under the headings "Description of the Certificates-Interest Distributions on the Certificates" and "-Principal Distributions on the

Certificates" in this prospectus supplement. In addition, the classes of Exchangeable Certificates outstanding on any distribution date will bear the share of Loss Amounts and interest shortfalls allocable to such class of certificates as described under the heading "Description of the Certificates-Allocation of Losses" in this prospectus supplement. The Exchanged Certificates outstanding on any distribution date will be entitled to the aggregate amount of principal and interest distributions that would be allocable to the related Exchangeable Certificates if such Exchangeable Certificates were outstanding on such date. In addition, such Exchanged Certificates will be allocated the Loss Amounts and interest shortfalls that would be allocable to each class of Exchangeable Certificates were each such class of Exchangeable Certificates outstanding on such date, on a pro rata basis in accordance with their respective Certificate Principal Balances in the case of Loss Amounts, or Accrued Certificate Interest, in the case of interest shortfalls. Principal distributions that would have been distributable to Exchangeable Certificates if they had not been exchanged will be distributed to the Exchanged Certificates as described below under the heading "-Principal Distributions on the Senior Certificates" in the prospectus supplement.

Interest Distributions on the Certificates

Holders of each class of certificates, other than the Class R Certificates, will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on that class on each distribution date, to the extent of the related Interest Distribution Amount for that distribution date. See "Description of the Certificates-Interest Distributions" and "Pooling and Servicing Agreement-Servicing and Other Compensation and Payment of Expenses" in Annex A and Annex B to this prospectus supplement. Holders of the Class I-A-1 Certificates will also be entitled to receive payments, if any, made pursuant to the corridor agreement as described in this prospectus supplement.

If on any distribution date the Interest Distribution Amount with respect to a group of Underlying Certificates is less than Accrued Certificate Interest on the related certificates, the shortfall will be allocated among the holders of the related certificates in proportion to the respective amounts of Accrued Certificate Interest for that distribution date.

These interest shortfalls could occur, for example, if the Underlying Certificates experience interest shortfalls due to delinquencies on the mortgage loans that were exceptionally high and were concentrated in a particular month and Advances by the master servicer did not cover the shortfall. These interest shortfalls will be carried forward and will be payable on future distribution dates. However, these amounts so carried forward will not bear interest. Any interest shortfalls will not be offset by a reduction in the servicing compensation of the master servicer or otherwise, except to the limited extent described in Annex A and Annex B to this prospectus supplement with respect to Prepayment Interest Shortfalls. See "Description of the Certificates-Interest Distributions" in Annex A and Annex B to this Prospectus Supplement. Any interest shortfalls resulting from the trustee's reimbursement of extraordinary expenses and indemnities will not be unpaid Accrued Certificate Interest and will not be carried forward.

Any interest shortfalls resulting from the failure of the corridor provider to make payments pursuant to the corridor agreement will not be unpaid Accrued Certificate Interest and will not be paid from any source on any distribution date.

The Pass-Through Rates on all classes of certificates, other than the Adjustable Rate Certificates, are fixed and are listed on page S-7 of this prospectus supplement.

The Pass-Through Rates on the Adjustable Rate Certificates are calculated as follows:

(1) The Pass-Through Rate on the Class I-A-1 Certificates with respect to the initial Interest Accrual Period is 4.54000% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 1.40%, with a maximum rate of 7.50%, subject to the Available Funds Cap, and a minimum rate of 1.40% per annum.

(2) The Pass-Through Rate on the Class I-A-2 Certificates with respect to the initial Interest Accrual Period is 1.46000% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to 4.60% minus LIBOR, with a maximum rate of 4.60% per annum and a minimum rate of 0.00% per annum.

(3) The Pass-Through Rate on the Class II-A-1 Certificates with respect to the initial Interest Accrual Period is 3.87625% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.50%, with a maximum rate of 7.00% per annum and a minimum rate of 0.50% per annum.

(4) The Pass-Through Rate on the Class II-A-2 Certificates with respect to the initial Interest Accrual Period is 3.87625% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.50%, with a maximum rate of 7.00% per annum and a minimum rate of 0.50% per annum.

(5) The Pass-Through Rate on the Class II-A-3 Certificates with respect to the initial Interest Accrual Period is 3.87625% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.50%, with a maximum rate of 7.00% per annum and a minimum rate of 0.50% per annum.

The Pass-Through Rates on the Adjustable Rate Certificates for the current and immediately preceding Interest Accrual Period are available at the trustee's website, which may be obtained by telephoning the trustee at (800) 735-7777.

As described in this prospectus supplement, the Accrued Certificate Interest allocable to each class of certificates is based on the Certificate Principal Balance of that class or, in the case of the Class I-A-2 Certificates, on the Notional Amount of that class.

Determination of LIBOR

LIBOR for any Interest Accrual Period after the initial Interest Accrual Period will be determined as described in the three succeeding paragraphs.

On each distribution date, LIBOR shall be established by the trustee and as to any Interest Accrual Period for the Adjustable Rate Certificates other than the initial Interest Accrual Period, LIBOR will equal the rate for United States dollar deposits for one month which appears on the Reuters Screen LIBOR01 page as of 11:00 A.M., London time, on the second LIBOR business day prior to the first day of that Interest Accrual Period, or the LIBOR rate adjustment date. Reuters Screen LIBOR01 page means the display designated as page LIBOR01 on the Reuters Screen or any other page as may replace LIBOR01 page on that service for the purpose of displaying London interbank offered rates of major banks. If the rate does not appear on that page or any other page as may replace that page on that service, or if the service is no longer offered, on any other service for displaying LIBOR or comparable rates that may be selected by the trustee after consultation with the certificate administrator, the rate will be the reference bank rate as described below.

The reference bank rate will be determined on the basis of the rates at which deposits in U.S. Dollars are offered by the reference banks, which shall be three major banks that are engaged in transactions in the London interbank market, selected by the trustee after consultation with the certificate administrator. The reference bank rate will be determined as of 11:00 A.M., London time, on the day that is one LIBOR business day

prior to the immediately preceding distribution date to prime banks in the London interbank market for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the Adjustable Rate Certificates then outstanding. The trustee will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If on that date fewer than two quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted by one or more major banks in New York City, selected by the trustee after consultation with the certificate administrator, as of 11:00 A.M., New York City time, on that date for loans in U.S. Dollars to leading European banks for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the Adjustable Rate Certificates then outstanding. If no quotations can be obtained, the rate will be LIBOR for the prior distribution date, or in the case of the first LIBOR rate adjustment date, 3.14% per annum with respect to the Adjustable Rate Certificates; provided however, if, under the priorities listed previously in this paragraph, LIBOR for a distribution date would be based on LIBOR for the previous distribution date for the third consecutive distribution date, the trustee shall, after consultation with the certificate administrator, select an alternative comparable index over which the trustee has no control, used for determining one-month Eurodollar lending rates that is calculated and published or otherwise made available by an independent party. LIBOR business day means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the city of London, England are required or authorized by law to be closed.

The establishment of LIBOR by the trustee and the certificate administrator's subsequent calculation of the Pass-Through Rates applicable to the Adjustable Rate Certificates for the relevant Interest Accrual Period, in the absence of manifest error, will be final and binding.

Principal Distributions on the Certificates

The holders of the certificates will be entitled to receive on each distribution date, in the priority described below and to the extent of the related Principal Distribution Amount, a distribution allocable to principal as follows:

(a) For the Class I Certificates, the Principal Distribution Amount for the Group I Underlying Certificates shall be distributed concurrently as follows:

(i) 10.0004236959% of such amount shall be distributed to the I-A-3A Component until the Certificate Principal Balance thereof has been reduced to zero; and

(ii) 89.9995763041% of such amount shall be distributed in the following manner and priority:

(A) first, to the Class I-A-1 Certificates, until the Certificate Balance thereof has been reduced to zero; and

(B) second, to the Class I-A-4 Certificates and the I-A-3B Component, on a pro rata basis, in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero.

(b) For the Class II Certificates, the Principal Distribution Amount for the Group II Underlying Certificates shall be distributed to the Class II-A-1 Certificates and Class II-A-2 Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate

Principal Balances thereof have been reduced to zero; provided, that for any distribution date on which the Class II-A-3 Certificates are outstanding, such certificates will be paid the amount that would otherwise have been distributable to the Class II-A-1 Certificates and Class II-A-2 Certificates exchanged for such certificates had such certificates been outstanding on such distribution date.

In addition, on the distribution date in February 2008, the Class R-I Certificates and the Class R-II Certificates will each be paid \$100 from funds deposited into the Certificate Account by the depositor on the closing date to be applied in reduction of the Certificate Principal Balance of the Class R-I Certificates and the Class R-II Certificates.

Allocation of Losses

Loss Amounts with respect to each group of Underlying Certificates will be allocated among the related classes of certificates, pro rata, in accordance with their respective Certificate Principal Balances; provided, however, that (a) such Loss Amounts otherwise allocable to the Class I-A-1 Certificates will be allocated to the I-A-3A Component until the Certificate Principal Balance of the I-A-3A Component has been reduced to zero, (b) such Loss Amounts otherwise allocable to the Class I-A-4 Certificates will be allocated to the I-A-3B Component until the Certificate Principal Balance of the I-A-3B Component has been reduced to zero and (c) such Loss Amounts otherwise allocable to the Class II-A-1 Certificates will be allocated to the Class II-A-2 Certificates until the Certificate Principal Balance of the Class II-A-2 Certificates has been reduced to zero. Loss Amounts allocable to the Class I-A-3 Certificates that are not allocated in accordance with clause (a) or (b) of the preceding sentence will be allocated between the I-A-3A Component and the I-A-3B Component on a pro rata basis in accordance with their respective Certificate Principal Balances. Loss Amounts will occur when Realized Losses are allocated to the related Underlying Certificates. The circumstances under which Realized Losses are allocated to the Underlying Certificates are described under "Description of the Certificates-Allocation of Losses; Subordination" in Annex A and Annex B to this prospectus supplement.

The amount of interest otherwise payable to holders of the certificates will be reduced by the interest portion of any Realized Losses allocated to the related Underlying Certificates as set forth in "Description of the Certificates-Allocation of Losses; Subordination" in Annex A and Annex B to this prospectus supplement. Interest shortfalls will be allocated among the classes of certificates, pro rata, based on the Accrued Certificate Interest payable on each such class. Interest shortfalls due to the allocation of Realized Losses on the Underlying Certificates will not carry forward and will not be paid on any future distribution date.

Distributions on the Underlying Certificates

As described herein, the amount of distributions on the certificates will be directly related to the actual amount of principal and interest distributed on the related Underlying Certificates. The amount distributed on the Underlying Certificates will, in turn, be affected by a number of provisions related thereto, including Prepayment Interest Shortfalls and provisions for reimbursing Advances by the master servicer from any cash flow otherwise distributable on the Underlying Certificates. See "Description of the Certificates" in Annex A and Annex B to this prospectus supplement.

The Corridor Agreement

Holders of the Class I-A-1 Certificates may benefit from a series of payments from Credit Suisse International pursuant to the corridor agreement. Commencing in February 2008 up to and including the distribution date in January 2012, the corridor agreement is intended to partially mitigate, on each distribution date, the interest rate risk that could result if LIBOR increases to a rate greater than 4.60% per annum, subject

to a maximum rate of 6.10% per annum.

On each distribution date commencing on the distribution date in February 2008 up to and including the distribution date in January 2012, (A) payments from the corridor provider under the corridor agreement will be made based on (a) the amount equal to the Corridor Agreement Notional Balance for that distribution date and (b) the positive excess, if any, of (i) the lesser of (x) LIBOR (as determined pursuant to the corridor agreement) and (y) 6.10% per annum, over (ii) 4.60% per annum and (B) payments to the Class I-A-1 Certificates from the corridor agreement payment will be based on (a) the amount equal to the lesser of (x) the Corridor Agreement Notional Balance for that distribution date and (y) the Certificate Principal Balance of the Class I-A-1 Certificates on that distribution date and (b) the positive excess, if any, of (i) the lesser of (x) LIBOR (as determined pursuant to the corridor agreement) and (y) 6.10% per annum, over (ii) 4.60% per annum.

With respect to any distribution date, the difference, if any, between (A) amounts paid by the corridor provider under the corridor agreement and (B) payments to the holders of the Class I-A-1 Certificates from amounts paid by the corridor provider under the corridor agreement will be paid to Credit Suisse Securities (USA) LLC and will not be available to the holders of the Class I-A-1 Certificates on any future distribution date. In certain limited circumstances, the calculation of LIBOR pursuant to the corridor agreement may be different from the calculation of LIBOR pursuant to the trust agreement. For the purpose of determining the amount of any payment to be made under the corridor agreement, LIBOR will be calculated as provided in the corridor agreement.

The corridor agreement will terminate following the last distribution date specified above, unless the corridor agreement is terminated earlier upon the occurrence of a Corridor Agreement Event of Default, a Corridor Agreement Termination Event or a Corridor Agreement Additional Termination Event, each as defined below.

The obligations of the corridor provider to pay specified amounts due under the corridor agreement (other than Corridor Agreement Termination Payments (as defined below)) generally will be subject to the following conditions precedent: (1) no Corridor Agreement Event of Default or event that with the giving of notice or lapse of time or both would become a Corridor Agreement Event of Default will have occurred and be continuing and (2) no "early termination date" (as defined in the corridor agreement) has occurred or been effectively designated.

Events of default under the corridor agreement (each a "Corridor Agreement Event of Default") include the following:

- failure to make a payment as required under the terms of the corridor agreement,
- certain insolvency or bankruptcy events, and
- certain mergers, consolidations or asset transfers without an assumption of related obligations under the corridor agreement,

each as further described in the corridor agreement.

Termination events under the corridor agreement (each a "Corridor Agreement Termination Event") include the following:

- illegality (which generally relates to changes in law causing it to become unlawful for either party to perform its obligations under the corridor agreement),

- tax event (which generally relates to the application of certain withholding taxes to amounts payable under the corridor agreement, as a result of a change in tax law or certain similar events), and

- tax event upon merger (which generally relates to the application of certain withholding taxes to amounts payable under the corridor agreement as a result of a merger or similar transaction),

each as further described in the corridor agreement.

Additional termination events under the corridor agreement (each a "Corridor Agreement Additional Termination Event"), include the failure of the corridor provider to comply with the Regulation AB provisions of the corridor agreement as further described in the corridor agreement.

Upon the occurrence of a Corridor Agreement Event of Default, the non defaulting party will have the right to designate an early termination date (an "Early Termination Date"). Upon the occurrence of a Corridor Agreement Termination Event or a Corridor Agreement Additional Termination Event, an Early Termination Date may be designated by one of the parties (as specified in the corridor agreement) and will occur only upon notice. The occurrence of an Early Termination Date under the corridor agreement will constitute a "Corridor Agreement Early Termination."

Upon a Corridor Agreement Early Termination, the corridor provider may be liable to make a termination payment (the "Corridor Agreement Termination Payment") to the supplemental interest trust trustee (regardless, if applicable, of which of the parties has caused the termination). The Corridor Agreement Termination Payment will be computed in accordance with the procedures set forth in the corridor agreement. The supplemental interest trust trustee may use the Corridor Agreement Termination Payment to purchase a replacement corridor agreement, although no assurances are given as to the terms of such replacement agreement or that a replacement agreement will be available.

The significance percentage of the corridor agreement is less than 10%.

Residual Interests

Holders of the Class R Certificates will be entitled to receive any residual cash flow from the mortgage pool, which is not expected to be significant, after all required payments have been made to the certificates. The Class R Certificates will not be entitled to any payments unless the aggregate amount received by the issuing entity with respect to the Underlying Certificates exceeds the aggregate amount payable to the other certificateholders, which is highly unlikely. A holder of a Class R Certificate will not have a right to alter the structure of this transaction. The Class R Certificates may be retained by the depositor or transferred to any of its affiliates, subsidiaries of the sponsor or any other party.

CERTAIN YIELD AND PREPAYMENT CONSIDERATIONS

General

Investors are urged to carefully review the description under "Certain Yield and Prepayment Considerations" in Annex A and Annex B to this prospectus supplement for a discussion of yield, prepayment and loss factors that could affect the Underlying Certificates. The yield to maturity on each class of certificates will be primarily affected by the following factors:

- the rate and timing of principal payments on the related mortgage loans, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- the allocation of principal payments to the related Underlying Certificates;
- the allocation of principal payments among the various classes of certificates;
- the rate and timing of realized losses and interest shortfalls allocated to the related Underlying Certificates;
- the Pass-Through Rate on the certificates, and fluctuations in LIBOR;
- with respect to the Exchanged Certificates, the yield to maturity of the related classes of Exchangeable Certificates; and
- the purchase price paid for the certificates.

For additional considerations relating to the yields on the certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Prepayment Considerations

The yields to maturity and the aggregate amount of distributions on the certificates will be affected by the rate of principal and interest distributions on the related Underlying Certificates which is in turn affected by the rate and timing of principal payments on the related mortgage loans. The yields may be adversely affected by a higher or lower than anticipated rate of principal payments on the mortgage loans in the related trust. The rate of principal payments on the mortgage loans will in turn be affected by the amortization schedules of the mortgage loans, the rate and timing of mortgagor prepayments on the mortgage loans, liquidations of defaulted mortgage loans and purchases of mortgage loans due to breaches of some representations and warranties.

The timing of changes in the rate of prepayments, liquidations and purchases of the mortgage loans in the related trust may significantly affect the yield to an investor, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. In addition, the rate of prepayments of the mortgage loans and the yields to investors on the related certificates may be affected by refinancing programs, which may include general or targeted solicitations, as described under "Maturity and Prepayment Considerations" in the prospectus. Since the rate and timing of principal payments on the mortgage loans will depend on future events and on a variety of factors, as described in this prospectus supplement and in the prospectus under "Yield Considerations" and "Maturity and Prepayment Considerations", no assurance can be given as to the rate or the timing of principal payments on the certificates. The yields to maturity and rate and timing of principal payments on the certificates will only be affected by the rate and timing of payments on the mortgage loans in the related trust.

Allocation of Principal Payments

The certificates, other than the Interest Only Certificates, are entitled to receive distributions in accordance with various priorities for payment of principal as described in this prospectus supplement. Distributions of principal on classes having an earlier priority of payment will be affected by the rates of prepayment of the related mortgage loans early in the life of the mortgage pool. The timing of commencement of principal distributions and the weighted average lives of the certificates with a later priority of payment will

be affected by the rates of prepayment of the mortgage loans both before and after the commencement of principal distributions on those classes. Holders of any class of certificates with a longer weighted average life bear a greater risk of loss than holders of certificates with a shorter weighted average life because the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11, Class M and Class B and the Residential Accredit Loans, Inc. Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12, Class M and Class B, could be reduced to zero before the certificates are retired.

Retail Certificates: IN ADDITION TO THE CONSIDERATIONS SET FORTH ABOVE, INVESTORS IN THE RETAIL CERTIFICATES SHOULD BE AWARE THAT SUCH CERTIFICATES MAY NOT BE AN APPROPRIATE INVESTMENT FOR ALL PROSPECTIVE INVESTORS. The Retail Certificates would not be an appropriate investment for any investor requiring a distribution of a particular amount of principal or interest on a specific date or dates or an otherwise predictable stream of cash payments. The timing of such distributions may have a significant effect on an investor's yield on such certificates if the certificate is purchased at a discount or a premium.

Furthermore, investors in the Class I-A-4 Certificates should be aware that because those certificates have a later priority of payment with respect to a substantial portion of their principal payments in relation to other classes of certificates, the effect on the market value of the Class I-A-4 Certificates of changes in market interest rates or market yields for similar securities will be greater than would be the effect of such changes on other classes of certificates entitled to principal distributions. Furthermore, this later payment priority also makes the Class I-A-4 Certificates particularly sensitive to the rate and timing of principal prepayments on the mortgage loans underlying the related Underlying Certificates. If prepayments on the related mortgage loans occur at a higher rate than anticipated, the weighted average life of the Retail Certificates may be shortened. Conversely, if prepayments on the related mortgage loans occur at a lower rate than anticipated, the weighted average life of the Retail Certificates may be extended.

Certificates with Subordination Features: The yield to maturity of the Class I-A-3 Certificates will be extremely sensitive to Loss Amounts with respect to the Group I Underlying Certificates, and the timing thereof, because the entire amount of Loss Amounts that would be otherwise allocable to the Class I-A-1 Certificates and the Class I-A-4 Certificates will be allocated to the I-A-3A Component and the I-A-3B Component, respectively. The yield to maturity of the Class II-A-2 Certificates will be extremely sensitive to Loss Amounts with respect to the Group II Underlying Certificates, and the timing thereof, because the entire amount of Loss Amounts that would be otherwise allocable to the Class II-A-1 Certificates will be allocated to the Class II-A-2 Certificates. Furthermore, because principal distributions are paid to some classes of certificates in a certificate group before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having an earlier priority for distribution of principal.

Realized Losses and Interest Shortfalls

The yields to maturity and the aggregate amount of distributions on the certificates may be affected by the timing of mortgagor defaults resulting in Realized Losses on the related mortgage loans. The timing of Realized Losses on the mortgage loans and the allocation of Realized Losses to the certificates could significantly affect the yield to an investor in the certificates. In addition, Realized Losses on the related mortgage loans may affect the market value of the certificates, even if these losses are not allocated to the certificates.

The amount of interest otherwise payable to holders of the certificates will be reduced by any interest shortfalls to the extent allocated to the related Underlying Certificates as set forth in "Description of the Certificates-Allocation of Loss; Subordination" in Annex A and Annex B to this prospectus supplement. See "Yield Considerations" in the prospectus and "Description of the Certificates-Interest Distributions" in Annex A and

Annex B to this prospectus supplement for a discussion of the effect of principal prepayments on the mortgage loans on the yield to maturity of the Underlying Certificates and possible shortfalls in the collection of interest.

Pass-Through Rates

The yields to maturity on the certificates will be affected by their Pass-Through Rates. Because the mortgage rates on the mortgage loans and the Pass-Through Rates on the certificates, other than the Adjustable Rate Certificates, are fixed, these rates will not change in response to changes in market interest rates. Accordingly, if market interest rates or market yields for securities similar to the certificates were to rise, the market value of the certificates may decline. See "-Adjustable Rate Certificate Yield Considerations" below.

Purchase Price

In addition, the yield to maturity on each class of the certificates will depend on, among other things, the price paid by the holders of the certificates. The extent to which the yield to maturity of an certificate is sensitive to prepayments will depend, in part, upon the degree to which it is purchased at a discount or premium. In general, if a class of certificates is purchased at a premium and principal distributions thereon occur at a rate faster than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. Conversely, if a class of certificates is purchased at a discount and principal distributions thereon occur at a rate slower than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. For additional considerations relating to the yields on the certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Assumed Final Distribution Date

The assumed final distribution date with respect to the Class I Certificates is the distribution date in August 2036, which is the distribution date immediately following the latest scheduled maturity date for any mortgage loan underlying the Group I Underlying Certificates. The assumed final distribution date with respect to the Class II Certificates and the Class R Certificates is the distribution date in September 2036, which is the distribution date immediately following the latest scheduled maturity date for any mortgage loan underlying the Group II Underlying Certificates. No event of default, change in the priorities for distribution among the various classes or other provisions under the trust agreement will arise or become applicable solely by reason of the failure to retire the entire Certificate Principal Balance of any class of certificates on or before its assumed final distribution date.

Weighted Average Life

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of each dollar distributed in reduction of principal of the security. The weighted average life of the certificates will be influenced by, among other things, the rate at which principal of the related mortgage loans is paid, which may be in the form of scheduled amortization, prepayments or liquidations.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The model used in this prospectus supplement, CPR, represents a constant rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans. A 10% CPR assumes a constant prepayment rate of 10% per annum of the then outstanding principal balance of the mortgage loans. CPR does not purport to be a

historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the mortgage loans in this mortgage pool.

The tables below captioned "Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR" have been prepared on the basis of the assumptions as listed in this paragraph regarding the weighted average characteristics of the mortgage loans that are included in the trusts as described in Annex A and Annex B to this prospectus supplement and their performance. The table assumes, among other things, that: (i) as of the date of issuance of the certificates, the mortgage loans have the following characteristics:

ASSUMED MORTGAGE LOAN CHARACTERISTICS

RALI 2006-QS11 GROUP I LOANS

	Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans Non-Interest Only	Discount Mortgage Loans 10 Yr Interest Only	Non-Discount Mortgage Loans 10 Yr Interest Only	Non-Discount Mortgage Loans 15 Yr Interest Only
Aggregate principal balance.....	\$99,489,578.37	\$229,600,842.02	\$50,316,267.23	\$182,529,361.19	\$748,838.67
Weighted average mortgage rate.....	6.5876519933%	7.2793%	6.5988547748%	7.3772%	7.5993%
Weighted average servicing fee rate...	0.2800000000%	0.3300%	0.2800000000%	0.3300%	0.3300%
Weighted average original term to maturity (months)...	360	359	360	360	360
Weighted average remaining term to maturity (months)....	338	339	341	342	341

RALI 2006-QS11 GROUP II LOANS

	Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans 5 Yr Interest Only	Discount Mortgage Loans 10 Yr Interest Only	Non-Discount Mortgage Loans 10 Yr Interest Only
Aggregate principal balance.....	\$2,914,390.34	\$7,174,410.39	\$147,920.00	\$3,761,905.82	\$18,339,421.35
Weighted average mortgage rate.....	6.5689402110%	7.2018%	8.1250%	6.3041484495%	7.3860%

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Weighted average servicing fee rate...	0.28000000000%	0.3300%	0.3300%	0.28000000000%	0.3300%
Weighted average original term to maturity (months)...	356	357	360	360	360
Weighted average remaining term to maturity (months)....	334	337	341	337	342

RALI 2006-QS12 GROUP I LOANS

	Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans Non-Interest Only	Discount Mortgage Loans 10 Yr Interest Only	Non-Discount Mortgage Loans 10 Yr Interest Only
Aggregate principal balance.....	\$4,499,356.86	\$48,226,739.47	\$4,038,906.22	\$46,226,702.32
Weighted average mortgage rate.....	6.7372134284%	7.4202%	6.8386309667%	7.3915%
Weighted average servicing fee rate...	0.3869247256%	0.3314%	0.4153715691%	0.3433%
Weighted average original term to maturity (months)...	360	358	360	360
Weighted average remaining term to maturity (months)....	342	338	342	342

RALI 2006-QS12 GROUP II LOANS

	Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans 5 Yr Interest Only	Discount Mortgage Loans 10 Yr Interest Only	Non-Discount Mortgage Loans 10 Yr Interest Only	Mo In
Aggregate principal balance.....	\$34,232,025.86	\$162,025,416.52	\$78,626.17	\$20,812,508.97	\$106,215,807.20	\$
Weighted average mortgage rate.....	6.6016792844%	7.4309%	8.2500%	6.5945485147%	7.3481%	6.
Weighted average servicing fee rate...	0.2897802663%	0.3331%	0.3300%	0.2941113849%	0.3309%	0.

Weighted average					
original term to					
maturity (months)...	359	360	360	359	360
Weighted average					
remaining term to					
maturity (months)....	339	340	343	341	342

(ii) the scheduled monthly payment for each mortgage loan has been based on its outstanding balance, mortgage rate and remaining term to maturity (after taking into account the interest only period), so that the mortgage loan will amortize in amounts sufficient for its repayment over its remaining term to maturity (after taking into account the interest only period); (iii) each of the 5 year, 10 year and 15 year interest only mortgage loans has an original interest only period of 60 months, 120 months and 180 months, respectively; (iv) none of the unaffiliated sellers, Residential Funding or the depositor will repurchase any mortgage loan, as described under "The Trusts-Representations with Respect to Mortgage Collateral" and "The Trusts-Repurchases of Mortgage Collateral" in the prospectus, and the master servicer does not exercise any option to purchase the mortgage loans and thereby cause a termination of the trusts; (v) there are no delinquencies or Realized Losses on the mortgage loans, and principal payments on the mortgage loans will be timely received together with prepayments, if any, at the respective constant percentages of CPR set forth in the table; (vi) there is no Prepayment Interest Shortfall or any other interest shortfall in any month; (vii) payments on the certificates will be received on the 25th day of each month beginning in February 2008; (viii) payments on the mortgage loans earn no reinvestment return; (ix) there are no additional ongoing trust expenses payable out of the trust; (x) the certificates will be purchased on February 8, 2008 and (xi) all of the Exchanged Certificates are issued on the closing date. Clauses (i) through (xi) above are collectively referred to as the structuring assumptions.

The actual characteristics and performance of the mortgage loans will differ from the assumptions used in constructing the tables below, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is very unlikely that the mortgage loans will prepay at a constant level of CPR until maturity or that all of the mortgage loans will prepay at the same level of CPR. Moreover, the diverse remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the tables at the various constant percentages of CPR specified, even if the weighted average remaining term to stated maturity and weighted average mortgage rate of the mortgage loans are as assumed. Any difference between the assumptions and the actual characteristics and performance of the mortgage loans, or actual prepayment or loss experience, will affect the percentages of initial Certificate Principal Balances of the certificates outstanding over time and the weighted average lives of the classes of certificates.

In accordance with the foregoing discussion and assumptions, the following tables indicate the weighted average life of each class of certificates, other than the Interest Only Certificates and Residual Certificates, and set forth the percentages of the initial Certificate Principal Balance of each class of certificates, that would be outstanding after each of the distribution dates at the various percentages of CPR shown.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

Class I-A-1 Certificates

Distribution Date	6%	8%	10%	15%	20%
Initial Percentage.....	100%	100%	100%	100%	100%
January 2009.....	75	75	75	75	75
January 2010.....	49	49	49	49	49
January 2011.....	24	24	24	24	24
January 2012.....	0	0	0	0	0
January 2013.....	0	0	0	0	0
January 2014.....	0	0	0	0	0
January 2015.....	0	0	0	0	0
January 2016.....	0	0	0	0	0
January 2017.....	0	0	0	0	0
January 2018.....	0	0	0	0	0
January 2019.....	0	0	0	0	0
January 2020.....	0	0	0	0	0
January 2021.....	0	0	0	0	0
January 2022.....	0	0	0	0	0
January 2023.....	0	0	0	0	0
January 2024.....	0	0	0	0	0
January 2025.....	0	0	0	0	0
January 2026.....	0	0	0	0	0
January 2027.....	0	0	0	0	0
January 2028.....	0	0	0	0	0
January 2029.....	0	0	0	0	0
January 2030.....	0	0	0	0	0
January 2031.....	0	0	0	0	0
January 2032.....	0	0	0	0	0
January 2033.....	0	0	0	0	0
January 2034.....	0	0	0	0	0
January 2035.....	0	0	0	0	0
January 2036.....	0	0	0	0	0
Weighted Average Life (in years)**	2.0	2.0	2.0	2.0	2.0

* Indicates a number greater than 0% but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

Class I-A-3 Certificates

Distribution Date	6%	8%	10%	15%	20%
Initial Percentage.....	100%	100%	100%	100%	100%
January 2009.....	82	82	82	82	82
January 2010.....	65	65	65	65	65
January 2011.....	47	47	47	47	47
January 2012.....	30	29	29	29	29
January 2013.....	0	0	0	0	0
January 2014.....	0	0	0	0	0
January 2015.....	0	0	0	0	0
January 2016.....	0	0	0	0	0
January 2017.....	0	0	0	0	0
January 2018.....	0	0	0	0	0
January 2019.....	0	0	0	0	0
January 2020.....	0	0	0	0	0
January 2021.....	0	0	0	0	0
January 2022.....	0	0	0	0	0
January 2023.....	0	0	0	0	0
January 2024.....	0	0	0	0	0
January 2025.....	0	0	0	0	0
January 2026.....	0	0	0	0	0
January 2027.....	0	0	0	0	0
January 2028.....	0	0	0	0	0
January 2029.....	0	0	0	0	0
January 2030.....	0	0	0	0	0
January 2031.....	0	0	0	0	0
January 2032.....	0	0	0	0	0
January 2033.....	0	0	0	0	0
January 2034.....	0	0	0	0	0
January 2035.....	0	0	0	0	0
January 2036.....	0	0	0	0	0
Weighted Average Life (in years)**	2.7	2.7	2.7	2.7	2.7

* Indicates a number greater than 0% but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

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Class I-A-4 Certificates

Distribution Date	6%	8%	10%	15%	20%
Initial Percentage.....	100%	100%	100%	100%	100%
January 2009.....	100	100	100	100	100
January 2010.....	100	100	100	100	100
January 2011.....	100	100	100	100	100
January 2012.....	97	94	94	94	94
January 2013.....	0	0	0	0	0
January 2014.....	0	0	0	0	0
January 2015.....	0	0	0	0	0
January 2016.....	0	0	0	0	0
January 2017.....	0	0	0	0	0
January 2018.....	0	0	0	0	0
January 2019.....	0	0	0	0	0
January 2020.....	0	0	0	0	0
January 2021.....	0	0	0	0	0
January 2022.....	0	0	0	0	0
January 2023.....	0	0	0	0	0
January 2024.....	0	0	0	0	0
January 2025.....	0	0	0	0	0
January 2026.....	0	0	0	0	0
January 2027.....	0	0	0	0	0
January 2028.....	0	0	0	0	0
January 2029.....	0	0	0	0	0
January 2030.....	0	0	0	0	0
January 2031.....	0	0	0	0	0
January 2032.....	0	0	0	0	0
January 2033.....	0	0	0	0	0
January 2034.....	0	0	0	0	0
January 2035.....	0	0	0	0	0
January 2036.....	0	0	0	0	0
Weighted Average Life (in years)**	4.5	4.4	4.4	4.4	4.4

* Indicates a number greater than 0% but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Percent of Initial Certificate Principal Balance Outstanding at the Following Percentages of CPR

Class II-A-1, Class II-A-2 and Class
II-A-3 Certificates

Distribution Date	6%	8%	10%	15%	20%
Initial Percentage.....	100%	100%	100%	100%	100%
January 2009.....	93	91	88	83	78
January 2010.....	86	82	78	69	60
January 2011.....	80	74	69	56	45
January 2012.....	74	67	61	46	34
January 2013.....	68	61	53	38	26
January 2014.....	63	55	47	31	20
January 2015.....	59	50	42	26	15
January 2016.....	54	45	37	22	12
January 2017.....	50	41	33	18	9
January 2018.....	46	37	29	15	7
January 2019.....	42	33	25	12	6
January 2020.....	38	29	22	10	4
January 2021.....	35	26	19	8	3
January 2022.....	32	23	17	7	3
January 2023.....	29	20	14	6	2
January 2024.....	26	18	12	5	2
January 2025.....	23	16	10	4	1
January 2026.....	20	13	9	3	1
January 2027.....	18	12	7	2	1
January 2028.....	15	10	6	2	*
January 2029.....	13	8	5	1	*
January 2030.....	11	7	4	1	*
January 2031.....	9	5	3	1	*
January 2032.....	7	4	2	1	*
January 2033.....	5	3	2	*	*
January 2034.....	4	2	1	*	*
January 2035.....	2	1	1	*	*
January 2036.....	1	*	*	*	*
January 2037.....	0	0	0	0	0
Weighted Average Life (in years)**	10.5	8.8	7.5	5.2	3.8

* Indicates a number greater than 0% but less than 0.5%.

** The weighted average life of a certificate of any class is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from the date of issuance of the certificate to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.
This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Adjustable Rate Certificate Yield Considerations

The yields to investors on the Adjustable Rate Certificates will be sensitive to fluctuations in the level of LIBOR. The Pass-Through Rates on the Floater Certificates will vary with LIBOR and the Pass-Through Rates on the Inverse Floater Certificates will vary inversely with LIBOR. The Pass-Through Rates on the Adjustable Rate Certificates are subject to maximum and minimum Pass-Through Rates, and are therefore limited despite changes in LIBOR in some circumstances. Changes in the level of LIBOR may not correlate with changes in prevailing mortgage interest rates or changes in other indices. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur concurrently with an increased level of LIBOR. Investors in the Adjustable Rate Certificates should also fully consider the effect on the yields on those certificates of changes in the level of LIBOR.

The yields to investors on the Inverse Floater Certificates will be extremely sensitive to the rate and timing of principal payments on the related Underlying Certificates, which will depend on the rate and timing of principal payments on the related mortgage loans, including prepayments, defaults and liquidations, which rate may fluctuate significantly over time. A faster than expected rate of principal payments on the related Underlying Certificates will have an adverse effect on the yields to such investors and could result in the failure of investors in the Inverse Floater Certificates to fully recover their initial investments.

To illustrate the significance of changes in the level of LIBOR and prepayments on the yields to maturity on the Adjustable Rate Certificates, the following tables indicate the approximate pre-tax yields to maturity on a corporate bond equivalent basis under the different constant percentages of CPR and varying levels of LIBOR indicated. Because the rate of distribution of principal on the certificates will be related to the actual amortization, including prepayments, of the mortgage loans underlying the related Underlying Certificates, which will include mortgage loans that have remaining terms to maturity shorter or longer than assumed and mortgage rates higher or lower than assumed, the pre-tax yields to maturity on the Adjustable Rate Certificates are likely to differ from those shown in the following tables, even if all the mortgage loans prepay at the constant percentages of CPR and the level of LIBOR is as specified, and the weighted average remaining term to maturity and the weighted average mortgage rate of the mortgage loans are as assumed. Any differences between the assumptions and the actual characteristics and performance of the related mortgage loans and of the certificates may result in yields being different from those shown in the tables. Discrepancies between assumed and actual characteristics and performance underscore the hypothetical nature of the tables, which are provided only to give a general sense of the sensitivity of yields in varying prepayment scenarios and different levels of LIBOR.

In addition, it is highly unlikely that the mortgage loans will prepay at a constant percentage of CPR until maturity, that all of the mortgage loans will prepay at the same rate, or that the level of LIBOR will remain constant. The timing of changes in the rate of prepayments may significantly affect the actual yield to maturity to an investor, even if the average rate of principal prepayments is consistent with an investor's expectation. In general, the earlier the payment of principal of the related mortgage loans, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher or lower than the rate anticipated by the investor during the period immediately following the issuance of the certificates will not be equally offset by a subsequent like reduction or increase in the rate of principal prepayments.

The tables below are based on the structuring assumptions, including the assumptions regarding the characteristics and performance of the related mortgage loans and the certificates, which may differ from their actual characteristics and performance, and assuming further that:

- on each LIBOR rate adjustment date, LIBOR will be at the level shown;
- the aggregate purchase prices of the Class I-A-1, Class I-A-2, Class II-A-1, Class II-A-2 and Class II-A-3 Certificates are approximately \$72,122,958, \$2,289,542, \$14,168,148, \$1,147,402 and \$15,249,691, respectively, in each case including accrued interest.
- no payments are made under the corridor agreement; and
- the initial Pass-Through Rates on the Class I-A-1, Class I-A-2, Class II-A-1, Class II-A-2 and Class II-A-3 Certificates are described on page S-8 of this prospectus supplement.

There can be no assurance that the mortgage loans will have the assumed characteristics, will prepay at any of the rates shown in the tables or at any other particular rate, that the pre-tax yields to maturity on the Adjustable Rate Certificates will correspond to any of the pre-tax yields to maturity shown in this prospectus supplement, that the level of LIBOR will correspond to the levels shown in the tables or that the aggregate purchase price of the Adjustable Rate Certificates will be as assumed. In addition to any other factors an investor may deem material, each investor must make its own decision as to the appropriate prepayment assumption to be used and the appropriate levels of LIBOR to be assumed in deciding whether or not to purchase an Adjustable Rate Certificate.

**Sensitivity of Pre-Tax Yield to Maturity of the
Class I-A-1 Certificates to Prepayments and LIBOR**

LIBOR	Percentage of CPR				
	6%	8%	10%	15%	20%
2.50%	6.19%	6.19%	6.19%	6.19%	6.19%
3.00%	6.70%	6.70%	6.70%	6.70%	6.70%
3.50%	7.22%	7.22%	7.22%	7.22%	7.22%
4.00%	7.73%	7.73%	7.73%	7.73%	7.73%
4.60%	8.35%	8.36%	8.36%	8.36%	8.36%

**Sensitivity of Pre-Tax Yield to Maturity of the
Class I-A-2 Certificates to Prepayments and LIBOR**

LIBOR	Percentage of CPR				
	6%	8%	10%	15%	20%
2.50%	26.85%	26.82%	26.82%	26.82%	26.82%
3.00%	3.92%	3.88%	3.88%	3.88%	3.88%
3.50%	(20.45)%	(20.51)%	(20.51)%	(20.51)%	(20.51)%
4.00%	(48.96)%	(49.04)%	(49.04)%	(49.04)%	(49.04)%
4.60%	*	*	*	*	*

* These yields represent a loss of all of the assumed purchase price of the certificates.

**Sensitivity of Pre-Tax Yield to Maturity of the
Class II-A-1 Certificates to Prepayments and LIBOR**

LIBOR	Percentage of CPR				
	6%	8%	10%	15%	20%
2.87625%	3.92%	4.00%	4.10%	4.36%	4.67%
3.12625%	4.18%	4.27%	4.36%	4.62%	4.93%
3.37625%	4.44%	4.53%	4.62%	4.89%	5.19%
3.62625%	4.70%	4.79%	4.89%	5.15%	5.45%
3.87625%	4.97%	5.05%	5.15%	5.41%	5.72%

**Sensitivity of Pre-Tax Yield to Maturity of the
Class II-A-2 Certificates to Prepayments and LIBOR**

LIBOR	Percentage of CPR				
	6%	8%	10%	15%	20%
2.87625%	8.54%	9.49%	10.52%	13.41%	16.71%
3.12625%	8.89%	9.85%	10.88%	13.78%	17.08%
3.37625%	9.25%	10.21%	11.25%	14.15%	17.46%
3.62625%	9.61%	10.57%	11.62%	14.52%	17.84%
3.87625%	9.96%	10.94%	11.98%	14.90%	18.21%

**Sensitivity of Pre-Tax Yield to Maturity of the
Class II-A-3 Certificates to Prepayments and LIBOR**

LIBOR	Percentage of CPR				
	6%	8%	10%	15%	20%
2.87625%	4.33%	4.49%	4.66%	5.14%	5.69%
3.12625%	4.60%	4.76%	4.93%	5.41%	5.96%
3.37625%	4.87%	5.03%	5.20%	5.68%	6.23%
3.62625%	5.14%	5.30%	5.47%	5.95%	6.51%
3.87625%	5.41%	5.57%	5.74%	6.22%	6.78%

Each pre-tax yield to maturity listed in the preceding tables was calculated by determining the monthly discount rate which, when applied to the assumed stream of cash flows to be paid on the Adjustable Rate Certificates, would cause the discounted present value of the assumed stream of cash flows to equal the assumed purchase price for those certificates. Accrued interest is excluded in the assumed purchase price and is used in computing the corporate bond equivalent yields shown. These yields do not take into account the different interest rates at which investors may be able to reinvest funds received by them as distributions on the Adjustable Rate Certificates, and thus do not reflect the return on any investment in the Adjustable Rate Certificates when any reinvestment rates other than the discount rates are considered.

Notwithstanding the assumed prepayment rates reflected in the preceding tables, it is highly unlikely that the mortgage loans will be prepaid according to one particular pattern. For this reason, and because the timing of cash flows is critical to determining yields, the pre-tax yields to maturity on the Adjustable Rate Certificates are likely to differ from those shown in the tables, even if all of the mortgage loans prepay at the indicated constant percentages of CPR over any given time period or over the entire life of the certificates.

There can be no assurance that the mortgage loans will prepay at any particular rate or that the yield on any class of Adjustable Rate Certificates will conform to the yields described in this prospectus supplement. Moreover, the various remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the preceding tables at the various constant percentages of CPR, even if the weighted average remaining term to maturity and weighted average mortgage rate of the mortgage loans are as assumed. Investors are urged to make their investment decisions based on their determinations as to anticipated rates of prepayment under a variety of scenarios. Investors in the Inverse Floater Certificates should fully consider the risk that a rapid rate of prepayments on the mortgage loans underlying the related Underlying Certificates could result in the failure of those investors to fully recover their investments.

For additional considerations relating to the yields on the certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Additional Yield Considerations Applicable Solely to the Residual Certificates

The Residual Certificateholders' after-tax rate of return on their Residual Certificates will reflect their pre-tax rate of return, reduced by the taxes required to be paid with respect to the Residual Certificates. Holders of Residual Certificates may have tax liabilities with respect to their Residual Certificates during the early years of the trust's term that substantially exceed any distributions payable thereon during any such period. In addition, holders of Residual Certificates may have tax liabilities with respect to their Residual Certificates the present value of which substantially exceeds the present value of distributions payable thereon and of any tax benefits that may arise with respect thereto. Accordingly, the after-tax rate of return on the Residual Certificates may be negative or may otherwise be significantly adversely affected. The timing and amount of taxable income attributable to the Residual Certificates will depend on, among other things, the timing and amounts of prepayments and losses experienced with respect to the mortgage loans in the related loan group.

The Residual Certificateholders are encouraged to consult their tax advisors as to the effect of taxes and the receipt of any payments made to those holders in connection with the purchase of the Residual Certificates on after-tax rates of return on the Residual Certificates. See "Material Federal Income Tax Consequences" in this prospectus supplement and "Material Federal Income Tax Consequences" in the prospectus.

TRUST AGREEMENT

General

The certificates will be issued under a trust agreement, dated as of January 1, 2008, among the depositor, the certificate administrator, and Deutsche Bank Trust Company Americas, as trustee. Reference is made to the prospectus for important information in addition to that described herein regarding the terms and conditions of the trust agreement and the certificates. The trustee, or any of its affiliates, in its individual capacity or any other capacity, may become the owner or pledgee of certificates with the same rights as it would have if it were not trustee.

The certificates will be transferable and exchangeable at the corporate trust office of the trustee, which will serve as certificate registrar and paying agent. The depositor will provide a prospective or actual certificateholder without charge, on written request, a copy, without exhibits, of the trust agreement. Requests should be addressed to the President, Residential Accredit Loans, Inc., One Meridian Crossings, Suite 100 Minneapolis, Minnesota 55423. In addition to the circumstances described in the prospectus, the depositor may terminate the trustee for cause under specified circumstances. See "The Trust Agreement-The Trustee" in the prospectus.

The Master Servicer and Certificate Administrator

For a general description of Residential Funding Company, LLC and its activities, see "Certificate Administrator" in this prospectus supplement.

As certificate administrator under the trust agreement, Residential Funding Company, LLC shall calculate the amounts to be distributed to holders of the certificates pursuant to the trust agreement. It will also prepare and forward to the trustee for distribution to certificateholders the certificateholder reports described below under "Reports to Certificateholders."

Certificate Administrator and Trustee Compensation

The sponsor will pay the certificate administrator a one-time fee on the closing date for acting as the certificate administrator so long as the certificates are outstanding. In addition, the sponsor will pay the fees and expenses of the trustee pursuant to a letter agreement with the trustee. If the sponsor does not pay the fees of the certificate administrator or the trustee, neither the certificate administrator nor the trustee may seek reimbursement from the trust. Extraordinary expenses of the trustee, including certain indemnities to the trustee, up to an annual maximum of \$100,000 will be paid by the trust, and any extraordinary expenses in excess of \$100,000 annually will be paid by the sponsor.

The servicing fees and other compensation payable to the servicers of the mortgage loans are described in the Underlying Offering Documents under "The Pooling and Servicing Agreement - Servicing and Other Compensation and Payment of Expenses."

Reports to Certificateholders

On each distribution date, a distribution date statement will be made available to each certificateholder setting forth certain information with respect to the composition of the payment being made, the Certificate Principal Balance or Notional Amount of an individual certificate following the payment and certain other information relating to the certificates and the Underlying Certificates. The trustee will make the distribution date statement and, at its option, any additional files containing the same information in an

alternative format, available each month to certificateholders and other parties to the trust agreement via the trustee's internet website, at www.tss.db.com/invr. For purposes of any electronic version of this prospectus supplement, the preceding uniform resource locator, or URL, is an inactive textual reference only. The depositor has taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus supplement was created. In addition, for so long as the issuing entity is required to file reports with the Commission under the Securities Exchange Act of 1934, the issuing entity's annual report on Form 10-K, distribution reports on Form 10-D, current reports on Form 8-K and amendments to those reports will be made available on such website as soon as reasonably practicable after such materials are electronically filed with, or furnished to, the Commission.

In addition, the trustee promptly will furnish or otherwise make available to the depositor and, upon request, to the certificateholders, copies of any notices, statements, reports or other written information received by the trustee in its capacity as the holder of the Underlying Certificates.

Voting Rights

There are actions specified in the prospectus that may be taken by holders of the Underlying Certificates evidencing a specified percentage of all undivided interests in the related trust and may be taken by holders of the Underlying Certificates entitled in the aggregate to that percentage of the voting rights. 98% of all voting rights held by the Group I Underlying Certificates pursuant to the related pooling and servicing agreement will be allocated among the holders of the Class I Certificates, other than the Interest Only Certificates and Residual Certificates, in proportion to their then outstanding Certificate Principal Balances, 1.0% of all such voting rights will be allocated among the holders of the Class I-A-2 Certificates, and 0.5% and 0.5% of all such voting rights will be allocated among the holders of the Class R-I Certificates and Class R-II Certificates, respectively, in proportion to the percentage interests evidenced by their respective certificates. 100% of all voting rights held by the Group II Underlying Certificates pursuant to the related pooling and servicing agreement will be allocated among the holders of the Class II Certificates in proportion to their then outstanding Certificate Principal Balances. Voting rights of Exchangeable Certificates will be allocated to the Exchanged Certificates exchanged for such Exchangeable Certificates.

Termination

Under each pooling and servicing agreement related to the Underlying Certificates, the master servicer will have the option on any distribution date on which the aggregate Stated Principal Balance of the related mortgage loans after giving effect to distributions to be made on that distribution date is less than 10% of the Stated Principal Balance of the related mortgage loans as of the related cut-off date, either to purchase all remaining mortgage loans and other assets in the related trust, thereby effecting early retirement of the related Underlying Certificates or to purchase, in whole but not in part, the related Underlying Certificates. Any early retirement of a group of Underlying Certificates will also result in the early retirement of the related certificates.

Any such purchase of mortgage loans and other assets of an underlying trust shall be made at a price equal to the sum of (a) 100% of the unpaid principal balance of each mortgage loan or the fair market value of the related underlying mortgaged properties with respect to defaulted mortgage loans as to which title to such mortgaged properties has been acquired if such fair market value is less than such unpaid principal balance, net of any unreimbursed Advance attributable to principal, as of the date of repurchase plus (b) accrued interest thereon at the Net Mortgage Rate to, but not including, the first day of the month in which the repurchase price is distributed. In either case, the optional termination price paid by the master servicer will also include certain amounts owed by Residential Funding Company, LLC as seller of the related mortgage loans, under the terms

of the agreement pursuant to which Residential Funding Company, LLC sold the related mortgage loans to the depositor, that remain unpaid on the date of such optional termination.

Distributions on the certificates relating to an optional termination will be paid, first, in the case of an optional termination of the RALI Series 2006-QS11 Trust, to the Class I Certificates, or in the case of an optional termination of the RALI Series 2006-QS12 Trust, to the Class II Certificates, in each case, in the order of their payment priority and in each case until the Certificate Principal Balance thereof has been reduced to zero and, second, with respect to the optional termination of the RALI Series 2006-QS11 Trust or the RALI Series 2006-QS12 Trust, to the Class R Certificates. The proceeds of any such distribution may not be sufficient to distribute the full amount to each class of certificates if the purchase price of the related Underlying Certificates is based in part on the fair market value of the underlying mortgaged property and the fair market value is less than 100% of the unpaid principal balance of the related mortgage loan. Any such purchase of the Underlying Certificates will be made at a price equal to 100% of their Certificate Principal Balance plus the Accrued Certificate Interest thereon for the immediately preceding Interest Accrual Period at the then-applicable Pass-Through Rate and any previously unpaid Accrued Certificate Interest. After the aggregate certificate principal balance of the Underlying Certificates has been reduced to zero, the certificate administrator shall terminate the trust in accordance with the terms of the trust agreement.

Neither the trustee nor the certificate administrator has the right to terminate the trust prior to retirement of the Underlying Certificates.

Upon presentation and surrender of the certificates in connection with the termination of the trust or a purchase of certificates under the circumstances described in the two preceding paragraphs, the holders of the certificates will be entitled to receive an amount equal to the Certificate Principal Balance of that class plus Accrued Certificate Interest thereon for the immediately preceding Interest Accrual Period at the then-applicable Pass-Through Rate, plus any previously unpaid Accrued Certificate Interest and Prepayment Interest Shortfalls, or, with respect to the Interest Only Certificates, interest for the immediately preceding Interest Accrual Period on their Notional Amount plus any previously unpaid Accrued Certificate Interest. In addition, distributions to the holders of the most subordinate class of certificates outstanding with a Certificate Principal Balance greater than zero will be reduced, as described in the preceding paragraph, in the case of the termination of the trust resulting from a purchase of all the assets of the trust.

The Trustee

Deutsche Bank Trust Company Americas, or DBTCA, is the trustee. DBTCA is a New York banking corporation. DBTCA has acted as trustee on numerous residential mortgage-backed securities transactions. While the structure of the transactions referred to in the preceding sentence may differ among these transactions, DBTCA is experienced in administering transactions of this kind. DBTCA has no pending legal proceedings that would materially affect its ability to perform its duties as trustee on behalf of the holders of the certificates.

DBTCA and its affiliates have provided trustee and custodial services on mortgaged-backed transactions since 1991 and have acted as trustee on over 2,000 mortgage-backed transactions. In 2005, DBTCA and its affiliates have acted as trustee in over 350 combined new asset-backed and mortgage-backed transactions involving the aggregate issuance of over 300 billion dollars in securities.

DBTCA is providing the foregoing information at the issuing entity's and depositor's request in order to assist the issuing entity and depositor with the preparation of their disclosure documents to be filed with the SEC pursuant to Regulation AB. Otherwise, DBTCA has not participated in the preparation of such disclosure

documents and assumes no responsibility for their contents.

Subject to certain qualifications specified in the trust agreement, the trustee will be liable for its own negligent action, its own negligent failure to act and its own willful misconduct for actions.

The trustee's duties and responsibilities under the trust agreement include collecting funds from the master servicer to distribute to certificateholders at the direction of the certificate administrator and providing certificateholders and applicable rating agencies with monthly distribution statements and notices of the occurrence of a default under the trust agreement.

The sponsor will pay to the trustee reasonable compensation for its services and reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the trust agreement, except any such expense as may arise from the trustee's negligence or bad faith. The sponsor has also agreed to indemnify the trustee for any losses and expenses in excess of \$100,000 annually incurred without negligence or willful misconduct on the trustee's part arising out of the acceptance and administration of the trust. Extraordinary expenses and certain indemnities of the trustee up to an annual maximum of \$100,000 will be paid by the trust.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the trust agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

Any costs associated with removing and replacing a trustee will be paid by the sponsor.

LEGAL PROCEEDINGS

There are no material pending legal or other proceedings involving the mortgage loans or Residential Funding Company, LLC, as certificate administrator, Residential Accredit Loans, Inc. as depositor, RALI Series 2008-QR1 Trust as the issuing entity, GMACM, as subservicer, Credit Suisse Securities (USA) LLC, as sponsor, or any other parties described in Item 1117 of Regulation AB that, individually or in the aggregate, would have a material adverse impact on investors in these certificates.

Residential Funding Company, LLC and GMACM are currently parties to various legal proceedings arising from time to time in the ordinary course of their businesses, some of which purport to be class actions. Based on information currently available, it is the opinion of Residential Funding Company, LLC and GMACM that the eventual outcome of any currently pending legal proceeding, individually or in the aggregate, will not have a material adverse effect on their ability to perform their obligations in relation to the mortgage loans and the certificates. No assurance, however, can be given that the final outcome of these legal proceedings, if unfavorable, either individually or in the aggregate, would not have a material adverse impact on Residential Funding Company, LLC or GMACM. Any such unfavorable outcome could adversely affect the ability of Residential Funding Company, LLC or GMACM to perform its servicing duties with respect to the mortgage loans and the certificates and potentially lead to the replacement of Residential Funding Company, LLC or GMACM with a successor servicer.

Among the legal proceedings to which Residential Funding is a party is a class action lawsuit that was

filed against a lender (Mortgage Capital Resources Corporation), Residential Funding and other parties in state court in Kansas City, Missouri. Plaintiffs asserted violations of the Missouri Second Mortgage Loan Act ("SMLA"), Mo.R.S. Section 408.233, based on the lender's charging or contracting for payment of allegedly unlawful closing costs and fees. The relief sought included a refund of all allegedly illegal fees, the refund of interest paid, and the discounted present value of interest to be paid in the future on active mortgage loans. The plaintiffs also sought prejudgment interest and punitive damages.

Residential Funding is an assignee of some of the mortgage loans in question. The plaintiffs contended that Residential Funding is strictly liable for the lender's alleged SMLA violations pursuant to the assignee provisions of the Home Ownership and Equity Protection Act of 1994 ("HOEPA"), 15 U.S.C. Section 1641(d)(1). Residential Funding terminated its relationship with the lender in early May 2000.

In connection with that proceeding, on January 4, 2008, a verdict was returned that Residential Funding pay \$4.33 million in actual damages and \$92 million in punitive damages. Residential Funding intends to appeal and vigorously contest the punitive damage award. However, even if the punitive damage award is not reduced upon appeal, Residential Funding's management believes that any liability with respect to this proceeding would not have a material adverse effect on investors in the certificates.

Credit Suisse Securities (USA) LLC is currently a party to various legal proceedings arising from time to time in the ordinary course of its businesses, some of which purport to be class actions. Based on information currently available, it is the opinion of Credit Suisse Securities (USA) LLC that the eventual outcome of any currently pending legal proceeding, individually or in the aggregate, will not have a material adverse effect on its ability to perform its obligations in relation to the certificates. No assurance, however, can be given that the final outcome of these legal proceedings, if unfavorable, either individually or in the aggregate, would not have a material adverse impact on Credit Suisse Securities (USA) LLC. Any such unfavorable outcome could adversely affect the ability of Credit Suisse Securities (USA) LLC to perform its duties with respect to the certificates.

See "Legal Proceedings" in Annex A and Annex B to this prospectus supplement.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

Upon the issuance of the certificates, Orrick, Herrington & Sutcliffe LLP, counsel to the depositor, will render an opinion to the effect that, assuming compliance with all provisions of the trust agreement, for federal income tax purposes, the trust, exclusive of the corridor agreement, will qualify as two REMICs under the Internal Revenue Code, which shall be referred to in this prospectus supplement as REMIC I and REMIC II.

For federal income tax purposes:

- the Class R-I Certificates will constitute the sole class of "residual interests" in REMIC I;
- the Class R-II Certificates will constitute the sole class of "residual interests" in REMIC II; and
- each class of certificates (other than the Residual Certificates) will represent ownership of "regular interests" in REMIC II, which will generally be treated as debt instruments of REMIC II and, in addition, with respect to the Class I-A-1 Certificates an interest in the corridor agreement.

See "Material Federal Income Tax Consequences-REMICs" in the prospectus.

For federal income tax purposes, the Class I-A-2 Certificates will, and all other classes of certificates (other than the Residual Certificates) may, be treated as having been issued with original issue discount. The prepayment assumption that will be used in determining the rate of accrual of original issue discount, market discount and premium, if any, for federal income tax purposes will be based on the assumption that subsequent to the date of any determination the mortgage loans will prepay at a rate equal to 10% CPR. No representation is made that the mortgage loans will prepay at those rates or at any other rate. See "Material Federal Income Tax Consequences-General" and "-REMICs-Taxation of Owners of REMIC Regular Certificates-Original Issue Discount" in the prospectus.

The holders of the certificates will be required to include in income interest on their certificates in accordance with the accrual method of accounting, which may result in the inclusion of such interest in income prior to the receipt of the related cash, especially in light of the limitation on interest paid on the certificates to interest received on the Underlying Certificates.

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

In some circumstances the OID regulations permit the holder of a debt instrument to recognize original issue discount under a method that differs from that used by the issuing entity. Accordingly, it is possible that the holder of an certificate may be able to select a method for recognizing original issue discount that differs from that used by the master servicer in preparing reports to the certificateholders and the Internal Revenue Service, or IRS.

Certain classes of certificates may be treated for federal income tax purposes as having been issued at a premium. Whether any holder of one of those classes of certificates will be treated as holding a certificate with amortizable bond premium will depend on the certificateholder's purchase price and the distributions remaining to be made on the certificate at the time of its acquisition by the certificateholder. The use of a zero prepayment assumption may be required in calculating the amortization of premium. Holders of those classes of certificates are encouraged to consult their tax advisors regarding the possibility of making an election to amortize such premium. See "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Regular Certificates" and "-Premium" in the prospectus.

The IRS has issued the OID Regulations under sections 1271 to 1275 of the Internal Revenue Code generally addressing the treatment of debt instruments issued with original issue discount. Purchasers should be aware that Section 1272(a)(6) of the Internal Revenue Code and the OID Regulations do not adequately address some issues relevant to, or applicable to, prepayable securities bearing an adjustable rate of interest. In the absence of other authority, the master servicer intends to be guided by certain principles of the OID Regulations applicable to adjustable rate debt instruments in determining whether certificates should be treated as issued with original issue discount and in adapting the provisions of Section 1272(a)(6) of the Internal Revenue Code to such certificates for the purpose of preparing reports furnished to certificateholders and the IRS. Because of the uncertainties concerning the application of Section 1272(a)(6) of the Internal Revenue Code to such certificates and because the rules relating to debt instruments having an adjustable rate of interest are limited in their application in ways that could preclude their application to such certificates even in the absence of Section 1272(a)(6) of the Internal Revenue Code, the IRS could assert that certificates should be governed by

some other method not yet set forth in regulations or should be treated as having been issued with original issue discount. Prospective purchasers are advised to consult their tax advisors concerning the tax treatment of such certificates.

The IRS proposed regulations on August 24, 2004 concerning the accrual of interest income by the holders of REMIC regular interests. The proposed regulations would create a special rule for accruing OID on REMIC regular interests providing for a delay between record and payment dates, such that the period over which OID accrues coincides with the period over which the holder's right to interest payment accrues under the governing contract provisions rather than over the period between distribution dates. If the proposed regulations are adopted in the same form as proposed, taxpayers would be required to accrue interest from the issue date to the first record date, but would not be required to accrue interest after the last record date. The proposed regulations are limited to REMIC regular interests with delayed payment for periods of fewer than 32 days. The proposed regulations are proposed to apply to any REMIC regular interest issued after the date the final regulations are published in the Federal Register. The proposed regulations provide automatic consent for the holder of a REMIC regular interest to change its method of accounting for OID under the final regulations. The change is proposed to be made on a cut-off basis and, thus, does not affect REMIC regular interests issued before the date the final regulations are published in the Federal Register.

The IRS issued a notice of proposed rulemaking on the timing of income and deductions attributable to interest-only regular interests in a REMIC on August 24, 2004. In this notice, the IRS and Treasury requested comments on whether to adopt special rules for taxing regular interests in a REMIC that are entitled only to a specified portion of the interest in respect of one or more mortgage loans held by the REMIC, or REMIC IOs, high-yield REMIC regular interests, and apparent negative-yield instruments. The IRS and Treasury also requested comments on different methods for taxing the foregoing instruments, including the possible recognition of negative amounts of OID, the formulation of special guidelines for the application of Code Section 166 to REMIC IOs and similar instruments, and the adoption of a new alternative method applicable to REMIC IOs and similar instruments. It is uncertain whether the IRS actually will propose any regulations as a consequence of the solicitation of comments and when any resulting new rules would be effective.

The offered certificates will be treated as assets described in Section 7701(a)(19)(C) of the Internal Revenue Code and "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code generally in the same proportion that the assets of the REMIC underlying the certificates would be so treated. In addition, interest on the offered certificates or, in the case of the Residual Certificates, income allocated thereto, exclusive of any interest payable to the Class I-A-1 Certificates in respect of amounts received pursuant to the corridor agreement, will be treated as "interest on obligations secured by mortgages on real property" under Section 856(c)(3)(B) of the Internal Revenue Code generally to the extent that the offered certificates are treated as "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code. Moreover, the offered certificates, other than the Residual Certificates and, in the case of the Class I-A-1 Certificates, exclusive of the portion thereof representing the right to receive payments from amounts received pursuant to the corridor agreement, will be "qualified mortgages" within the meaning of Section 860G(a)(3) of the Internal Revenue Code if transferred to another REMIC on its startup day in exchange for a regular or residual interest in that REMIC. However, prospective investors should note that, notwithstanding that treatment, any repurchase of a certificate pursuant to the right of the master servicer to repurchase the offered certificates may adversely affect any REMIC that holds the offered certificates if the repurchase is made under circumstances giving rise to a prohibited transaction tax under the Internal Revenue Code. See "Material Federal Income Tax Consequences-REMICs- Characterization of Investments in REMIC Certificates" in the prospectus.

For further information regarding federal income tax consequences of investing in the certificates, see "Material Federal Income Tax Consequences-REMICs" in the prospectus.

Pursuant to the trust agreement, (i) the trustee, upon receipt of the requisite tax identification number from the appropriate taxing authority, shall execute, if required, and deliver a United States Internal Revenue Service Form W-9 for the trust or successor applicable form or other appropriate United States tax forms as may be reasonably required, to the corridor provider upon execution of the corridor agreement or on or before the first payment date under the corridor agreement and thereafter prior to the expiration or obsolescence of such form, (ii) each holder of a Class I-A-1 Certificate, as required by the trust agreement, shall provide to the trustee a certification reasonably acceptable to the trustee to enable the trust to make payments on the Class I-A-1 Certificates without U.S. federal backup withholding and (iii) as authorized by the holders of the Class I-A-1 Certificates, the trustee will deliver such certification or a similar certification from Deutsche Bank Securities Inc. to the corridor provider, if requested. If the above obligations are satisfied, under current law, no U.S. federal backup withholding taxes will be required to be deducted or withheld from payments by the corridor provider to the trust. If any holder of a Class I-A-1 Certificate fails to provide the certification required by clause (ii) above, amounts otherwise payable by the corridor provider under the related corridor agreement may be reduced on account of taxes withheld by the corridor provider and/or the trustee.

Special Tax Considerations Applicable to the Class I-A-1 Certificates

Each holder of a Class I-A-1 Certificate is deemed to own an undivided beneficial ownership interest in two assets, a REMIC regular interest and an interest in payments to be made under the corridor agreement. The treatment of amounts received by the holder of a Class I-A-1 Certificate under such certificateholder's right to receive payments under the corridor agreement will depend on the portion, if any, of such holder's purchase price allocable thereto. Under the REMIC regulations, each holder of a Class I-A-1 Certificate must allocate its purchase price for that certificate between its undivided interest in the REMIC regular interest and its undivided interest in the right to receive payments under the corridor agreement in accordance with the relative fair market values of each property right. The master servicer intends to treat payments made to the holders of the Class I-A-1 Certificates with respect to the payments under the corridor agreement as includible in income based on the tax regulations relating to notional principal contracts. The OID regulations provide that the trust's allocation of the issue price is binding on all holders unless the holder explicitly discloses on its tax return that its allocation is different from the trust's allocation. Under the REMIC regulations, the master servicer is required to account for the REMIC regular interest and the right to receive payments under the corridor agreement as discrete property rights. Holders of the Class I-A-1 Certificates are advised to consult their own tax advisors regarding the allocation of issue price, timing, character and source of income and deductions resulting from the ownership of their certificates. Treasury regulations have been promulgated under Section 1275 of the Internal Revenue Code generally providing for the integration of a "qualifying debt instrument" with a hedge if the combined cash flows of the components are substantially equivalent to the cash flows on a variable rate debt instrument. However, such regulations specifically disallow integration of debt instruments subject to Section 1272(a)(6) of the Internal Revenue Code. Therefore, holders of the Class I-A-1 Certificates will be unable to use the integration method provided for under such regulations with respect to such certificates. If the master servicer's treatment of payments under the corridor agreement is respected, ownership of the right to the payments under the corridor agreement will nevertheless entitle the owner to amortize the separate price paid for the right to the payments under the corridor agreement under the notional principal contract regulations.

To the extent that the right to receive the payments under a corridor agreement is characterized as a "notional principal contract" for federal income tax purposes, upon the sale of a Class I-A-1 Certificate, the amount of the sale proceeds allocated to the selling certificateholder's right to receive payments under the corridor agreement would be considered a "termination payment" under the notional principal contract regulations allocable to the related certificate. A holder of a Class I-A-1 Certificate would have gain or loss from such a

termination of the right to receive payments in respect of the payments under the corridor agreement equal to (i) any termination payment it received or is deemed to have received minus (ii) the unamortized portion of any amount paid, or deemed paid, by the certificateholder upon entering into or acquiring its interest in the right to receive payments under the corridor agreement.

Gain or loss realized upon the termination of the right to receive payments under a corridor agreement will generally be treated as capital gain or loss. Moreover, in the case of a bank or thrift institution, Internal Revenue Code Section 582(c) would likely not apply to treat such gain or loss as ordinary income.

Special Tax Considerations Applicable to Exchangeable and Exchanged Certificates

For a discussion of special tax considerations applicable to Exchangeable and Exchanged Certificates, see "Material Federal Income Tax Consequences-Taxation of Classes of Exchangeable Certificates" in the prospectus.

Special Tax Considerations Applicable to Residual Certificates

The IRS has issued REMIC regulations under the provisions of the Internal Revenue Code that significantly affect holders of Residual Certificates. The REMIC regulations impose restrictions on the transfer or acquisition of some residual interests, including the Residual Certificates. The trust agreement includes other provisions regarding the transfer of Residual Certificates, including:

- the requirement that any transferee of a Residual Certificate provide an affidavit representing that the transferee:
 - is not a disqualified organization;
 - is not acquiring the Residual Certificate on behalf of a disqualified organization; and
 - will maintain that status and will obtain a similar affidavit from any person to whom the transferee shall subsequently transfer a Residual Certificate;
- a provision that any transfer of a Residual Certificate to a disqualified organization shall be null and void; and
- a grant to the master servicer of the right, without notice to the holder or any prior holder, to sell to a purchaser of its choice any Residual Certificate that shall become owned by a disqualified organization despite the first two provisions above.

In addition, under the trust agreement, the Residual Certificates may not be transferred to non-United States persons.

The REMIC regulations also provide that a transfer to a United States person of "noneconomic" residual interests will be disregarded for all federal income tax purposes, and that the purported transferor of "noneconomic" residual interests will continue to remain liable for any taxes due with respect to the income on the residual interests, unless "no significant purpose of the transfer was to impede the assessment or collection of tax." Based on the REMIC regulations, the Residual Certificates may constitute noneconomic residual interests during some or all of their terms for purposes of the REMIC regulations and, accordingly, unless no significant

purpose of a transfer is to impede the assessment or collection of tax, transfers of the Residual Certificates may be disregarded and purported transferors may remain liable for any taxes due relating to the income on the Residual Certificates. All transfers of the Residual Certificates will be restricted in accordance with the terms of the trust agreement that are intended to reduce the possibility of any transfer of a Residual Certificate being disregarded to the extent that the Residual Certificates constitute noneconomic residual interests. See "Material Federal Income Tax Consequences -REMICs-Taxation of Owners of REMIC Residual Certificates-Noneconomic REMIC Residual Certificates" in the prospectus.

The IRS has issued final REMIC regulations that add to the conditions necessary to assure that a transfer of a non-economic residual interest would be respected. The additional conditions require that in order to qualify as a safe harbor transfer of a residual the transferee represent that it will not cause the income "to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the transferee or another U.S. taxpayer" and either (i) the amount received by the transferee be no less on a present value basis than the present value of the net tax detriment attributable to holding the residual interest reduced by the present value of the projected payments to be received on the residual interest or (ii) the transfer is to a domestic taxable corporation with specified large amounts of gross and net assets and that meets certain other requirements where agreement is made that all future transfers will be to taxable domestic corporations in transactions that qualify for the same "safe harbor" provision. Eligibility for the safe harbor requires, among other things, that the facts and circumstances known to the transferor at the time of transfer not indicate to a reasonable person that the taxes with respect to the residual interest will not be paid, with an unreasonably low cost for the transfer specifically mentioned as negating eligibility. The regulations generally apply to transfers of residual interests occurring on or after February 4, 2000, although certain of their provisions apply only to transfers of residual interests occurring on or after August 19, 2002. See "Material Federal Income Tax Consequences -REMICs-Taxation of Owners of REMIC Residual Certificates-Noneconomic REMIC Residual Certificates" in the prospectus.

A Residual Certificateholder may be required to report an amount of taxable income with respect to the earlier accrual periods of the term of the related REMIC that significantly exceeds the amount of cash distributions received by such Residual Certificateholder from the REMICs with respect to those periods. Furthermore, the tax on that income may exceed the cash distributions with respect to those periods. Consequently, the Residual Certificateholders should have other sources of funds sufficient to pay any federal income taxes due in the earlier years of each REMIC's term as a result of their ownership of the Residual Certificates. In addition, the required inclusion of this amount of taxable income during REMICs' earlier accrual periods and the deferral of corresponding tax losses or deductions until later accrual periods or until the ultimate sale or disposition of a Residual Certificate, or possibly later under the "wash sale" rules of Section 1091 of the Internal Revenue Code may cause the Residual Certificateholders' after-tax rate of return to be zero or negative even if the Residual Certificateholders' pre-tax rate of return is positive. That is, on a present value basis, the Residual Certificateholders' resulting tax liabilities could substantially exceed the sum of any tax benefits and the amount of any cash distributions on the Residual Certificates over their life.

The rules for accrual of OID with respect to certain classes of certificates are subject to significant complexity and uncertainty. Because OID on the certificates will be deducted by the related REMIC in determining its taxable income, any changes required by the IRS in the application of those rules to the certificates may significantly affect the timing of OID deductions to the related REMIC and therefore the amount of the related REMIC's taxable income allocable to holders of the Residual Certificates.

An individual, trust or estate that holds, whether directly or indirectly through certain pass-through entities, a Residual Certificate, particularly a Class R-I Certificate, may have significant additional gross income with respect to, but may be limited on the deductibility of, servicing and trustee's fees and other

administrative expenses properly allocable to the related REMIC in computing the certificateholder's regular tax liability and will not be able to deduct those fees or expenses to any extent in computing the certificateholder's alternative minimum tax liability. Those expenses will be allocated for federal income tax information reporting purposes entirely to the Class R-I Certificates and not to the Class R-II Certificates. However, it is possible that the IRS may require all or some portion of those fees and expenses to be allocable to the Class R-II Certificates. See "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Residual Certificates-Possible Pass-Through of Miscellaneous Itemized Deductions" in the prospectus.

The IRS has issued proposed regulations that, if adopted as final regulations, would cause the question of whether a transfer of residual interests will be respected for federal income tax purposes to be determined in the audits of the transferee and transferor rather than an item to be determined as a partnership item in the audit of the REMIC's return.

Residential Funding will be designated as the "tax matters person" with respect to each REMIC as defined in the REMIC Provisions, as defined in the prospectus, and in connection therewith will be required to hold not less than 0.01% of each class of the Residual Certificates.

Purchasers of the Residual Certificates are strongly encouraged to consult their tax advisors as to the economic and tax consequences of investment in the Residual Certificates.

For further information regarding the federal income tax consequences of investing in the Residual Certificates, see "Certain Yield and Prepayment Considerations-Additional Yield Considerations Applicable Solely to the Residual Certificates" in this prospectus supplement and "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Residual Certificates" in the prospectus.

Tax Return Disclosure and Investor List Requirements

Recent Treasury pronouncements directed at abusive tax shelter activity appear to apply to transactions not conventionally regarded as tax shelters. Regulations require taxpayers to report certain disclosures on IRS form 8886 if they participate in a "reportable transaction." Organizers and sellers of the transaction are required to maintain records including investor lists containing identifying information and to furnish those records to the IRS upon demand. A transaction may be a "reportable transaction" based upon any of several indicia one or more of which may be present with respect to your investment in the certificates. Congress has enacted provisions that impose significant penalties for failure to comply with these disclosure requirements. Investors in Residual Certificates are encouraged to consult their own tax advisers concerning any possible disclosure obligation with respect to their investment, and should be aware that the issuer and other participants in the transaction intend to comply with such disclosure and investor list maintenance requirements as they determine apply to them with respect to this transaction.

Notwithstanding any other express or implied agreement to the contrary, the depositor, the issuer, the underwriter and each recipient of this prospectus supplement and the prospectus agree that each of them and each of their employees, representatives, and other agents may disclose, immediately upon commencement of discussions, to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transaction and all materials of any kind, including opinions or other tax analyses, that are provided to any of them relating to the tax treatment and tax structure.

Penalty Protection

If penalties were asserted against purchasers of the certificates in respect of their treatment of the

certificates for tax purposes, the summary of tax considerations contained, and the opinions stated, herein and in the prospectus may not meet the conditions necessary for purchasers' reliance on that summary and those opinions to exculpate them from the asserted penalties.

For further information regarding federal income tax consequences of investing in the certificates, see "Material Federal Income Tax Consequences-REMICs" in the prospectus.

METHOD OF DISTRIBUTION

In accordance with the terms and conditions of an underwriting agreement, dated February 7, 2008, Credit Suisse Securities (USA) LLC will serve as underwriter for the certificates and has agreed to purchase and the depositor has agreed to sell the certificates. It is expected that delivery of the certificates, other than the Residual Certificates, will be made only in book-entry form through the Same Day Funds Settlement System of DTC, and that delivery of the Residual Certificates will be made at the offices of Credit Suisse Securities (USA) LLC, on or about February 8, 2008 against payment therefor in immediately available funds.

In connection with the certificates, the underwriter has agreed, in accordance with the terms and conditions of the underwriting agreement, to purchase all of the certificates if any of those certificates are purchased thereby.

The underwriting agreement provides that the obligation of the underwriter to pay for and accept delivery of its certificates is subject to, among other things, the receipt of legal opinions and to the conditions, among others, that no stop order suspending the effectiveness of the depositor's registration statement shall be in effect, and that no proceedings for that purpose shall be pending before or threatened by the Securities and Exchange Commission.

The distribution of the certificates by the underwriter may be effected from time to time in one or more negotiated transactions, or otherwise, at varying prices to be determined at the time of sale. The underwriter may effect these transactions by selling the certificates to or through dealers, and those dealers may receive compensation in the form of underwriting discounts, concessions or commissions from the underwriter for whom it acts as agent. In connection with the sale of the certificates, the underwriter may be deemed to have received compensation from the depositor in the form of underwriting compensation. The underwriter and any dealers that participate with the underwriter in the distribution of the certificates are also underwriter under the Securities Act of 1933. Any profit on the resale of the certificates positioned by an underwriter would be underwriter compensation in the form of underwriting discounts and commissions under the Securities Act, as amended.

The underwriting agreement provides that the depositor will indemnify the underwriter, and that under limited circumstances the underwriter will indemnify the depositor, against some liabilities under the Securities Act, or contribute to payments required to be made in respect thereof.

There is currently no secondary market for the certificates. The underwriter intends to make a secondary market in the certificates but is not obligated to do so. There can be no assurance that a secondary market for the certificates will develop or, if it does develop, that it will continue. The certificates will not be listed on any securities exchange.

The distribution of the certificates also constitutes a distribution of the Underlying Certificates, the underwriters of which are the issuing entity, the depositor and Credit Suisse Securities (USA) LLC.

The primary source of information available to investors concerning the certificates will be the monthly statements discussed in the prospectus under "Description of the Certificates-Reports to Certificateholders" and in this prospectus supplement under "Trust Agreement-Reports to Certificateholders," which will include information as to the outstanding principal balance or notional amount of the certificates. There can be no assurance that any additional information regarding the certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the certificates will be available on an ongoing basis. The limited nature of this information regarding the certificates may adversely affect the liquidity of the certificates, even if a secondary market for the certificates becomes available.

USE OF PROCEEDS

The net proceeds from the sale of the certificates to the underwriter will consist of the Underlying Certificates. The depositor will deposit the Underlying Certificates into the trust.

LEGAL OPINIONS

Certain legal matters relating to the certificates will be passed upon for the depositor by Orrick, Herrington & Sutcliffe LLP, New York, New York and for the underwriter by Thacher Proffitt & Wood llp, New York, New York.

RATINGS

It is a condition of the issuance of the certificates that they be rated as indicated on page S-7 of this prospectus supplement.

Ratings assigned by Standard & Poor's Rating Services, a division of The McGraw Hill Companies, Inc., also referred to in this prospectus supplement as Standard & Poor's or S&P, on mortgage pass-through certificates address the likelihood of the receipt by certificateholders of payments required under the trust agreement. Standard & Poor's ratings take into consideration the credit quality of the mortgage pool, structural and legal aspects associated with the certificates, and the extent to which the payment stream in the mortgage pool is adequate to make payments required under the certificates. Standard & Poor's rating on the certificates does not, however, constitute a statement regarding frequency of prepayments on the mortgages. See "Certain Yield and Prepayment Considerations" in this prospectus supplement.

The ratings assigned by Fitch to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which they are entitled under the transaction structure. Fitch's ratings reflect its analysis of the riskiness of the underlying mortgage loans and the structure of the transaction as described in the operative documents. Fitch's ratings do not address the effect on the certificates' yield attributable to prepayments or recoveries on the underlying mortgage loans. Further, the rating on the Interest Only Certificates does not address whether investors therein will recoup their investments. The ratings on the Residual Certificates only addresses the return of its Certificate Principal Balance and interest on the Residual Certificates at the related Pass-Through Rate.

The ratings assigned by Standard & Poor's and Fitch do not address the likelihood that Prepayment Interest Shortfalls or Relief Act Shortfalls will be allocated to the certificates, or the likelihood that payments due under the corridor agreement will be paid to holders of the certificates.

The depositor has not requested a rating on the certificates by any rating agency other than Standard &

Poor's and Fitch. However, there can be no assurance as to whether any other rating agency will rate the certificates, or, if it does, what rating would be assigned by any other rating agency. A rating on the certificates by another rating agency, if assigned at all, may be lower than the ratings assigned to the certificates by Standard & Poor's and Fitch.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating. The ratings of the Interest Only Certificates do not address the possibility that the holders of those certificates may fail to fully recover their initial investments. In the event that the ratings initially assigned to the certificates are subsequently lowered for any reason, no person or entity is obligated to provide any additional support or credit enhancement with respect to the certificates.

The fees paid by the depositor to the rating agencies at closing include a fee for ongoing surveillance by the rating agencies for so long as any certificates are outstanding. However, the rating agencies are under no obligation to the depositor to continue to monitor or provide a rating on the certificates.

LEGAL INVESTMENT

The Class I Certificates and Class II Certificates will constitute "mortgage related securities" for purposes of SMMEA so long as they are rated in at least the second highest rating category by one of the rating agencies, and, as such, are legal investments for some entities to the extent provided in SMMEA. SMMEA provides, however, that states could override its provisions on legal investment and restrict or condition investment in mortgage related securities by taking statutory action on or prior to October 3, 1991. Some states have enacted legislation which overrides the preemption provisions of SMMEA.

One or more classes of the certificates may be viewed as "complex securities" under TB 73a and TB 13a, which apply to thrift institutions regulated by the OTS.

The depositor makes no representations as to the proper characterization of any class of the certificates for legal investment or other purposes, or as to the ability of particular investors to purchase any class of the certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of certificates. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent any class of the certificates constitutes a legal investment or is subject to investment, capital or other restrictions.

See "Legal Investment Matters" in the prospectus.

ERISA CONSIDERATIONS

Any fiduciary that proposes to cause an employee benefit plan or other retirement arrangement that is subject to Title I of ERISA and/or to Section 4975 of the Code (an "ERISA plan") to acquire any of the Class I Certificates or Class II Certificates should consult with its counsel about the potential consequences under ERISA and/or the Code of the ERISA plan's acquisition and ownership of those certificates. See "ERISA Considerations" in the prospectus. Section 406 of ERISA and Section 4975 of the Code prohibit "parties in interest" (as defined in Section 3(14) of ERISA) and "disqualified persons" (as defined in Section 4975(e)(2) of the Code) (collectively, "Parties in Interest") with respect to an ERISA plan from engaging in specific transactions involving that ERISA plan and its assets unless a statutory, regulatory or administrative exemption applies to the transaction. Section 4975 of the Code imposes various excise taxes on prohibited transactions

involving ERISA plans and other arrangements (including, but not limited to, individual retirement accounts) described under that Section. ERISA authorizes the imposition of civil penalties for prohibited transactions involving ERISA plans not subject to the requirements of Section 4975 of the Code.

Some employee benefit plans, including governmental plans and some church plans, are not subject to ERISA's requirements. Accordingly, assets of those plans may be invested in the Class I Certificates or Class II Certificates without regard to the ERISA considerations described in this prospectus supplement and in the prospectus, subject to the provisions of other applicable federal, state and local law. However, any of these plans that are qualified and exempt from taxation under Sections 401(a) and 501(a) of the Code may be subject to the prohibited transaction rules described in Section 503 of the Code.

Except as noted above, investments by ERISA plans (excluding plans or other retirement arrangements that are subject only to Section 4975 of the Code) are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA plan's investments be made in accordance with the documents governing the ERISA plan. A fiduciary that decides to invest the assets of an ERISA plan in the Class I Certificates or Class II Certificates should consider, among other factors, the extreme sensitivity of the investment to the rate of principal payments, including prepayments, on the mortgage loans.

The U.S. Department of Labor ("DOL") has granted to RFC an individual administrative exemption (the "RFC Exemption") from some of the prohibited transaction rules of ERISA and the related excise tax provisions of Section 4975 of the Code for the initial purchase, the holding and the subsequent resale by ERISA plans of securities, including certificates, issued by asset backed entities, including trusts, that consist of particular receivables, loans and other obligations that meet the conditions and requirements of the RFC Exemption. Assuming that the general conditions of the RFC Exemption are met, the RFC Exemption applies to certificates that qualify for the RFC Exemption and that represent interests in a trust consisting of mortgage loans like the mortgage loans in the trust. For a general description of the RFC Exemption, and the conditions that must be satisfied for the RFC Exemption to apply, see "ERISA Considerations" in the prospectus.

If the Class I-A-1 Certificates are rated at least "BBB-" or "Baa3" by at least one of S&P, Fitch Ratings, Moody's, DBRS Limited or DBRS, Inc. ("Exemption Eligible Certificates") at the time of acquisition, the purchase and holding of those certificates by persons investing ERISA plan assets may be eligible for relief under the RFC Exemption, considering those certificates without the rights to receive payments with respect to the corridor agreement. Any person purchasing an Exemption Eligible Certificate and the right to receive payments with respect to the corridor agreement will have acquired, for purposes of ERISA, (i) the Exemption Eligible Certificate without the right to receive related payments from the supplemental interest trust, and (ii) the right to receive those payments from the supplemental interest trust. The RFC Exemption may not apply to the acquisition, holding or resale of the right to receive payments with respect to the corridor agreement from the supplemental interest trust. Accordingly, the acquisition of the right to receive payments from the supplemental interest trust by an ERISA plan could result in a prohibited transaction unless another statutory or administrative exemption to ERISA's prohibited transaction rules is applicable. Section 408(b)(17) of ERISA provides a statutory exemption for certain prohibited transactions between an ERISA plan and a person or entity that is a Party in Interest to such ERISA plan (other than a Party in Interest that is a fiduciary, or its affiliate, that has or exercises discretionary authority or control or renders investment advice with respect to the assets of the ERISA plan involved in the transaction) solely by reason of providing services to the ERISA plan, but only if the ERISA plan pays no more, or receives no less, than adequate consideration. Further, one or more alternative exemptions issued by the DOL ("Investor-Based Exemptions") may be available with respect to the initial purchase, holding and resale of the right to receive payments from the supplemental interest trust, including, but not limited to:

- Prohibited Transaction Class Exemption ("PTCE") 84-14, regarding transactions negotiated by independent "qualified professional asset managers";
- PTCE 90-1, regarding investments by insurance company pooled separate accounts;
- PTCE 91-38, regarding investments by bank collective investment funds;
- PTCE 95-60, regarding investments by insurance company general accounts; or
- PTCE 96-23, regarding transactions negotiated by certain "in house asset managers."

Exemptive relief may not be available under any of Section 408(b)(17) of ERISA or those Investor Based Exemptions for all transactions for which exemptive relief is provided by the RFC Exemption.

Each beneficial owner of an Exemption Eligible Certificate or any interest therein that is acquired by an ERISA plan as of any date prior to the termination of the supplemental interest trust shall be deemed to have represented, by virtue of its acquisition or holding of that certificate or interest therein, that its acquisition of the Exemption Eligible Certificate and the right to receive (and its receipt of) payments from the supplemental interest trust are eligible for the exemptive relief available under at least one Investor-Based Exemption or other applicable exemption.

An ERISA plan fiduciary should also consider its general fiduciary obligations under ERISA in determining whether to purchase any Class I Certificates or Class II Certificates on behalf of an ERISA plan in reliance upon the RFC Exemption and any Investor Based Exemption or other exemption.

The rating of a security may change. If a class of certificates is no longer rated at least "BBB-" or "Baa3" by at least one of S&P, Fitch Ratings, Moody's, DBRS Limited or DBRS, Inc., such certificate will no longer be eligible for relief under the RFC Exemption (although an ERISA plan that had purchased the certificate when it satisfied the rating condition would not be required by the RFC Exemption to dispose of it). Consequently, transfers of any Class I Certificates or Class II Certificates rated below investment grade (collectively, "ERISA Restricted Certificates") will not be registered by the trustee unless the trustee or the supplemental interest trust trustee receives the following:

- a representation from the transferee of the ERISA Restricted Certificates, acceptable to and in form and substance satisfactory to the trustee, to the effect that that transferee is neither an ERISA plan nor a person acting on behalf of, or using the assets of, any such ERISA plan or arrangement to effect the transfer;
- if the purchaser is an insurance company, a representation, acceptable to and in form and substance satisfactory to the trustee, that the purchaser is an insurance company which is purchasing ERISA Restricted Certificates with funds contained in an "insurance company general account," as that term is defined in Section V(e) of PTCE 95-60, and that the purchase and holding of the ERISA Restricted Certificates are eligible for exemptive relief under PTCE 95-60; or
- an opinion of counsel satisfactory to the trustee, which opinion of counsel will not be at the expense of the trustee, that the purchase or holding of the ERISA Restricted Certificates by an ERISA plan, any person acting on behalf of a ERISA plan or using an ERISA plan's assets, is permissible under applicable law, will not result in any non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the

Code and will not subject the Depositor, the trustee, the Servicer, or any subservicer or back up servicer to any obligation in addition to those undertaken in the Trust Agreement.

In the event that the representation is violated, or any attempt to transfer to an ERISA plan or person acting on behalf of an ERISA plan or using an ERISA plan's assets is attempted without the representation or opinion of counsel, the attempted transfer or acquisition shall be void and of no effect.

The RFC Exemption imposes certain specific conditions for exemption from the application of Section 406(a), 406(b) and 407(a) of ERISA and the taxes imposed by Section 4975(a) and (b) of the Code. These conditions reflect certain limitations on the exemptive relief provided for (i) the sale or transfer of certificates in the initial issuance of certificates between the depositor or an underwriter and an ERISA plan when a fiduciary of the ERISA plan is a mortgagor with respect to 5% or less of the fair market value of a trust or an affiliate of such a person, (ii) the direct or indirect acquisition or disposition of certificates in the secondary market by an ERISA plan, and (iii) the holding of certificates by an ERISA plan. These conditions also reflect certain limitations on the exemptive relief provided for transactions under the trust agreement associated with the issued certificates and the defeasance and substitution of mortgage obligations in commercial mortgage backed transactions. See "ERISA Considerations" in the prospectus. The depositor expects that the foregoing specific conditions (if applicable) should be satisfied with respect to the Class I Certificates or Class II Certificates, so that the RFC Exemption should provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Code for transactions in connection with the servicing, management and operation of the mortgage pools, provided that the general conditions of the RFC Exemption are satisfied.

Prospective ERISA plan investors should consult with their legal advisors concerning the impact of ERISA and Section 4975 of the Code, the applicability of the RFC Exemption and other exemptions and the potential consequences in their specific circumstances, prior to making an investment in the Class I Certificates or Class II Certificates. Moreover, each ERISA plan fiduciary should determine whether under the general fiduciary standards of investment prudence and diversification, an investment in the Class I Certificates or Class II Certificates is appropriate for the ERISA plan, taking into account the overall investment policy of the ERISA plan and the composition of the ERISA plan's investment portfolio.

If Exchangeable Certificates or Exchanged Certificates are exchanged for the related Exchanged Certificates or Exchangeable Certificates, as applicable, each class of certificates received in the exchange is expected to be eligible for the exemptive relief under the RFC Exemption to the extent that such class of certificates received in the exchange satisfies the ratings requirement of the RFC Exemption. The purchase, sale or holding of any Exchangeable Certificates or Exchanged Certificates received in an exchange that are not eligible for exemptive relief under the RFC Exemption may give rise to prohibited transactions if an ERISA plan and a "party in interest" as defined in Section 3(14) of ERISA or "disqualified person" as defined in Section 4975(e)(2) of the Code with respect to such ERISA plan are involved in the transaction. Purchasers of such ineligible Exchangeable Certificates or Exchanged Certificates must deliver an opinion of counsel (as described below with respect to the Residual Certificates) or be deemed to have represented that such purchaser is not an ERISA plan nor a person using assets of any ERISA plan to effect such purchase.

Because the exemptive relief afforded by the RFC exemption or any similar exemption that might be available will not likely apply to the purchase, sale or holding of the Residual Certificates, transfers of those certificates to any ERISA plan investor will not be registered by the trustee unless the transferee provides the depositor, the trustee and the master servicer with an opinion of counsel satisfactory to those entities, which opinion will not be at the expense of those entities, that the purchase of those certificates by or on behalf of the ERISA plan investor:

- is permissible under applicable law;
- will not constitute or result in a non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code; and
- will not subject the depositor, the trustee or the master servicer to any obligation in addition to those undertaken in the pooling and servicing agreement.

The sale of any of the Class I Certificates or Class II Certificates to an ERISA plan is in no respect a representation by the depositor or an underwriter that such an investment meets all relevant legal requirements relating to investments by ERISA plans generally or any particular ERISA plan, or that such an investment is appropriate for ERISA plans generally or any particular ERISA plan.

ANNEX A

PROSPECTUS SUPPLEMENT FOR
RESIDENTIAL ACCREDIT LOANS, INC. MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATES, SERIES 2006-QS11

Prospectus supplement dated February 7, 2008 (to prospectus dated April 9, 2007)

\$101,958,257
RALI Series 2006-QS11 Trust

Issuing Entity

Residential Accredit Loans, Inc.

Depositor

Residential Funding Company, LLC

Master Servicer and Sponsor

Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11

The trust holds a pool of one- to four-family residential first lien mortgage loans divided into two loan groups.

- The trust issued the Class I-A-2 Certificates that are offered under this prospectus supplement on August 30, 2006, as more fully described in the table on pages S-7 and S-8 of this prospectus supplement.

Credit enhancement for these certificates will be provided by additional classes of subordinated certificates which are not offered hereby.

Distributions on the offered certificates are on the 25th of each month or, if the 25th is not a business day, on the next business day.

You should consider carefully the risk factors beginning on page S-17 in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the offered certificates or determined that this prospectus supplement or the prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

The certificates represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of Residential Accredit Loans, Inc., as the depositor, Residential Funding Company, LLC, as the sponsor, or any of their affiliates.

The offered certificates, which comprise approximately 71.11% of the outstanding Class I-A-2 Certificates, are being offered hereby and only in connection with a resecuritization offering by the Residential Accredit Loans, Inc. Series 2008-QR1 Trust. Credit Suisse Securities (USA) LLC, as underwriter, will purchase the RALI Series 2008-QR1 certificates from the depositor.

Credit Suisse

Underwriter

Important notice about information presented in this
prospectus supplement and the prospectus

We provide information to you about the offered certificates in two separate documents that provide progressively more detail:

- the accompanying prospectus, which provides general information, some of which may not apply to your series of certificates; and
- this prospectus supplement, which describes the specific terms of your series of certificates.

The depositor's principal offices are located at One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423 and its telephone number is (952) 857 7000.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of certificates to the public in that Relevant Member State prior to the publication of a prospectus in relation to the certificates which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of certificates to the public in that Relevant Member State at any time:

- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iii) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of certificates to the public" in relation to any certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the certificates to be offered so as to enable an investor to decide to purchase or subscribe the certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Underwriter has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the certificates in, from or otherwise involving the United Kingdom.

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SUMMARY

The following summary provides a brief description of material aspects of this offering, and does not contain all of the information that you should consider in making your investment decision. To understand all of the terms of the offered certificates, you should read carefully this entire document and the prospectus.

Issuing entity..... RALI Series 2006-QS11 Trust.

Title of securities..... Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS11.

Depositor..... Residential Accredit Loans, Inc., an affiliate of Residential Funding Company, LLC or Residential Funding.

Master servicer and sponsor..... Residential Funding Company, LLC.

Subservicers..... GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC, subservices approximately 74.1%, 100.0% and 75.5% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively as of the reference date.

Trustee..... Deutsche Bank Trust Company Americas.

Originators..... Approximately 35.1%, 33.1% and 35.0% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date, were originated by Homecomings Financial, LLC, a wholly-owned subsidiary of Residential Funding Company, LLC. Approximately 3.4%, 6.5% and 3.6% by principal amount of the group I loans, group II loans and all of the mortgage loans, respectively, as of the reference date, were originated by GMAC Mortgage, LLC. Approximately 11.0% and 10.4% by principal amount of the group I loans and all of the mortgage loans, respectively, as of the reference date, were originated by Wachovia Mortgage Corporation. Approximately 22.0% by principal amount of the group II loans, as of the reference date, were originated by MortgageIT, Inc.

Mortgage pool..... 2,521 fixed rate mortgage loans with an aggregate principal balance of approximately \$588,180,143 as of the reference date, secured by first liens on one- to four-family residential properties or interests in shares issued by a cooperative apartment corporation and the related proprietary lease.

Reference date..... January 1, 2008.

Cut-off date..... August 1, 2006.

Closing date..... On or about February 8, 2008.

Issuance date..... August 30, 2006.

Distribution dates..... The 25th of each month or, if the 25th is not a business day, on the next business day.

Assumed final distribution date..... August 25, 2036. The actual final distribution date could be substantially earlier. See "Certain Yield and Prepayment

Form of the offered certificates..... Considerations" in this prospectus supplement.
Book-entry.

See "Description of the Certificates-General" in this prospectus supplement.

Minimum denominations of the offered certificates..... Class I-A-2 Certificates: \$25,000.

Legal investment..... The Class I-A-2 Certificates will be "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended, or SMMEA, so long as they are rated in at least the second highest rating category by one of the rating agencies.

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus.

ERISA Considerations..... Subject to the considerations described in this prospectus supplement, the Class I-A-2 Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts.

See "ERISA Considerations" in this prospectus supplement and the prospectus.

Offered Certificates

Class	Principal Balance After Giving Effect to Distributions on the January 25, 2008 Distribution Date	Pass-Through Rate	February 6, 2008 (Fitch/Moody's/ S&P)(1)	Designation
Class A Senior Certificates:				
I-A-2	\$ 143,383,000	6.00%	AAA/Aaa/AAA	Senior/Fixed Rate
Total offered certificates:	\$ 101,958,257(2)			

Non-Offered Certificates (3)

Class A Senior Certificates:

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I-A-1	\$	231,053,843	6.50%	AAA/Aaa/AAA	Senior/Accretion Directed/Fixed Rate
I-A-3	\$	26,971,000	6.50%	AAA/Aaa/AAA	Senior/Super Senior/Fixed Rate
I-A-4	\$	67,838,000	6.50%	AAA/Aaa/AAA	Senior/Super Senior/Lockout/Fixed Rate
I-A-5	\$	0	6.50%	AAA/Aaa/AAA	Senior/Accrual/Fixed Rate
I-A-6	\$	3,556,000	6.50%	AAA/Aa1/AAA	Senior/Senior Support/Lockout/Fixed Rate
I-A-7	\$	0	6.50%	AAA/Aaa/AAA	Senior/Interest Only/Fixed Rate
I-A-8	\$	42,284,000	6.00%	AAA/Aaa/AAA	Senior/Fixed Rate
II-A-1	\$	29,639,051	6.50%	AAA/Aaa/AAA	Senior/Fixed Rate
A-P	\$	4,716,368	0.00%	AAA/Aaa/AAA	Senior/Principal Only
A-V	\$	0	Variable Rate	AAA/Aaa/AAA	Senior/Interest Only/Variable Rate
Total Class A Senior Certificates	\$	549,441,262			
Class R Senior Certificates:					
R-I	\$	0	6.50%	AAA/Aaa/AAA	Senior/Residual/Fixed Rate
R-II	\$	0	6.50%	AAA/Aaa/AAA	Senior/Residual/Fixed Rate
Total senior certificates:	\$	549,441,262			
Class M Certificates:					
M-1	\$	24,853,578	6.50%	AA/NA/NA	Mezzanine/Fixed Rate
M-2	\$	7,047,757	6.50%	Rating Watch Negative(4) BBB+(5) /NA/NA	Mezzanine/Fixed Rate
M-3	\$	5,564,029	6.50%	Rating Watch Negative(4) B(6) /NA/NA	Mezzanine/Fixed Rate
Total Class M Certificates:	\$	37,465,365			
Class B Certificates:					

B-1	\$	3,338,437	6.50%	C DR4(7)/NA/NA	Subordinate/Fixed Rate
B-2	\$	2,971,921	6.50%	C DR5(7)/NA/NA	Subordinate/Fixed Rate
B-3	\$	1,805,949	6.50%	NA/NA/NA	Subordinate/Fixed Rate
Total Class B Certificates:	\$	8,116,307			
Total offered and non-offered certificates:	\$	595,022,935(8)			

(1) See "Ratings" in this prospectus supplement.

(2) The information presented for the total offered certificates differs from the Class I-A-2 Certificates because the total offered certificates comprise a 71.11% portion of the outstanding principal balance of the Class I-A-2 Certificates.

(3) The information presented for non-offered certificates is provided solely to assist your understanding of the offered certificates.

(4) The rating Watch Negative status indicates that there is a reasonable probability of a potential downgrade.

(5) On the issuance date, the Class M-2 Certificates were rated A by Fitch.

(6) On the issuance date, the Class M-3 Certificates were rated BBB by Fitch.

(7) On the issuance date, the Class B-1 Certificates were rated BB by Fitch, and the Class B-2 Certificates were rated B by Fitch. Fitch's Distressed Recovery (DR) ratings within its various ratings categories are issued on a scale of "DR1" (highest) to "DR6" (lowest) to denote Fitch's estimate of the range of recovery prospects given a currently distressed or defaulted structure finance security. A Fitch "DR4" rating indicates average recovery prospects in the event of default, and a Fitch "DR5" rating indicates below average recovery prospects in the event of default.

(8) The aggregate principal balance of the mortgage loans does not equal the aggregate certificate principal balance of the certificates because (i) the aggregate principal balance of the mortgage loans is provided as of January 1, 2008, after giving effect to scheduled principal payments due in January 2008, while the aggregate certificate principal balance of the certificates is presented after giving effect to the January 25, 2008 distribution date, which is reduced by scheduled principal payments due in January 2008 received or advanced by the master servicer as well as principal prepayments received through January 15, 2008 and (ii) mortgage loans that have been the subject of foreclosure proceedings where title to the mortgage property has been obtained on behalf of the trust, or REO Mortgage Loans, are treated as having a principal balance of zero. Nonetheless, any related liquidation proceeds on the REO Mortgage Loans will be distributed to certificateholders in accordance with the pooling and servicing agreement.

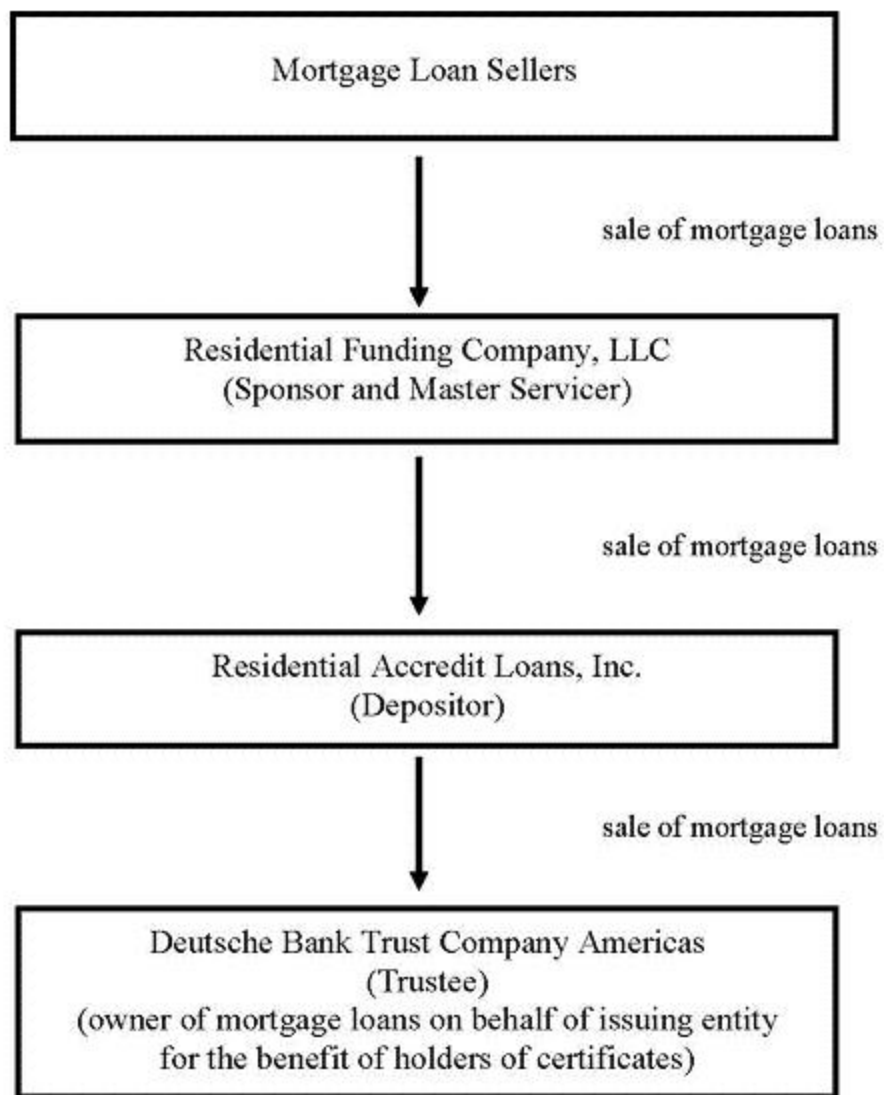
Other Information:

The aggregate certificate principal balance of the offered and non-offered certificates shown above may not equal the sum of the certificate principal balances of those certificates as listed above due to rounding. Only the offered certificates are offered for sale pursuant to this prospectus supplement and the related prospectus. The non-offered senior certificates and the Class M

Certificates have previously been offered for sale pursuant to a prospectus supplement and related prospectus. The Class B Certificates have been sold by the depositor in a transaction exempt from registration under the Securities Act of 1933.

TRANSFER OF MORTGAGE LOANS

The diagram below illustrates the sequence of transfers of the mortgage loans that are included in the mortgage pool. Various mortgage loan sellers sold the mortgage loans to Residential Funding Company, LLC, as sponsor, on or prior to the issuance date. Residential Funding Company, LLC sold the mortgage loans to Residential Accredit Loans, Inc., as the depositor, on the issuance date. The depositor then transferred the mortgage loans to the trustee, on behalf of the trust that is the issuing entity. The trustee accordingly owns the mortgage loans for the benefit of the holders of the certificates. See "Pooling and Servicing Agreement—The Trustee" in this prospectus supplement and in the prospectus. For a description of the affiliations among various transaction parties, see "Affiliations Among Transaction Parties" in this prospectus supplement.



The Trust

The depositor has established a trust with respect to the Series 2006-QS11 Certificates under a series supplement, dated as of August 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, among the depositor, the master servicer and the trustee. On

the issuance date, the depositor deposited the pool of mortgage loans described in this prospectus supplement into the trust which was divided into two groups that have the characteristics described in this prospectus supplement. Each certificate represents a partial ownership interest in the trust.

The Mortgage Pool

The mortgage loans deposited into the trust have the following characteristics as of the reference date, after deducting payments due during the month of the reference date:

The mortgage loans deposited into the trust are divided into two loan groups. The mortgage loans consist of fixed rate mortgage loans with terms to maturity of not more than 30 years.

The group I loans have the following characteristics as of the reference date, after deducting payments due during the month of the reference date:

LOAN GROUP I

	Range	Weighted Average
Principal balance	\$19,600 to \$1,505,000	\$230,033*
Mortgage rate	5.750% to 8.875%	7.1218%
Remaining stated term to maturity (months)	221 to 343	342
*Indicates average principal balance		

The following tables describe certain characteristics of the group I loans included in the trust as of the reference date:

Loan Purpose	Number of Group I Loans	Principal Balance	Percent of Group I Loans
Purchase.....	1,411	\$303,632,946	54.61%
Rate/Term Refinance.....	390	87,085,983	15.66
Equity Refinance.....	616	165,271,165	29.73
Total.....	2,417	\$555,990,095	100.00%

Loan Documentation	Number of Group I Loans	Principal Balance	Percent of Group I Loans
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Full/Alternate Documentation..	802	\$155,194,196	27.91%
Reduced Documentation.....	1,072	270,176,850	48.59
No Stated Income.....	250	61,004,716	10.97
No Income/No Asset Verification.....	293	69,614,333	12.52
Total.....	2,417	\$555,990,095	100.00%

Occupancy	Number of Group I Loans	Principal Balance	Percent of Group I Loans
Primary Residence.....	1,698	\$423,430,415	76.16%
Second/Vacation.....	102	22,599,442	4.06
Non Owner-occupied.....	617	109,960,237	19.78
Total.....	2,417	\$555,990,095	100.00%

The group II loans have the following characteristics as of the reference date, after deducting payments due during the month of the reference date:

LOAN GROUP II

	Range	Weighted Average
Principal balance	\$64,095 to \$1,500,000	\$309,520*
Mortgage rate	5.750% to 8.750%	7.1491%
Remaining stated term to maturity (months)	213 to 343	341

*Indicates average principal balance

The following tables describe certain characteristics of the group II loans included in the trust as of the reference date:

Loan Purpose	Number of Group II Loans	Principal Balance	Percent of Group II Loans
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Purchase.....	55	\$15,077,168	46.84%
Rate/Term Refinance..	13	3,738,795	11.61
Equity Refinance.....	36	13,374,085	41.55
Total.....	104	\$32,190,048	100.00%

Loan Documentation	Number of Group II Loans	Principal Balance	Percent of Group II Loans
Full/Alternate Documentation.....	32	\$6,654,927	20.67%
Reduced Documentation	55	19,446,689	60.41
No Stated Income.....	8	4,252,793	13.21
No Income/No Asset Verification.....	9	1,835,639	5.70
Total.....	104	\$32,190,048	100.00%

Occupancy	Number of Group II Loans	Principal Balance	Percent of Group II Loans
Primary Residence...	83	\$25,817,078	80.20%
Second/Vacation.....	2	2,499,950	7.77
Non Owner-occupied..	19	3,873,020	12.03
Total.....	104	\$32,190,048	100.00%

ALL MORTGAGE LOANS

	Range	Weighted Average
Principal balance	\$19,600 to \$1,505,000	\$233,312*
Mortgage rate	5.750% to 8.875%	7.1233%
Remaining stated term to maturity (months)	213 to 343	342

*Indicates average principal balance

The following tables describe certain characteristics of the mortgage loans included in the trust as of the reference date:

Loan Purpose	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Purchase.....	1,466	\$318,710,114	54.19%
Rate/Term Refinance...	403	90,824,778	15.44
Equity Refinance.....	652	178,645,250	30.37
Total.....	2,521	\$588,180,143	100.00%

Loan Documentation	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Full/Alternate Documentation.....	834	\$161,849,122	27.52%
Reduced Documentation...	1,127	289,623,539	49.24
No Stated Income.....	258	65,257,510	11.09
No Income/No Asset Verification.....	302	71,449,972	12.15
Total.....	2,521	\$588,180,143	100.00%

Occupancy	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Primary Residence...	1,781	\$449,247,494	76.38%
Second/Vacation.....	104	25,099,392	4.27
Non Owner-occupied..	636	113,833,257	19.35
Total.....	2,521	\$588,180,143	100.00%

The properties securing the mortgage loans include single-family detached properties, properties in planned unit developments, two-to-four family units, condominiums, cooperatives and townhouses.

Generally, the mortgage loans were originated using less stringent underwriting standards than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage

Securities I, Inc.

The securities described on the table on pages S-7 and S-8 are the only securities backed by this mortgage pool that will be issued.

For additional information regarding the mortgage pool see "Description of the Mortgage Pool" in this prospectus supplement.

Servicing

Residential Funding Company, LLC will master service the mortgage loans, as more fully described under "Pooling and Servicing Agreement" herein.

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan prior to payments to certificateholders. The servicing fees relating to each mortgage loan will be at least 0.28% per annum and not more than 0.33% per annum of the outstanding principal balance of that mortgage loan, with a weighted average servicing fee of approximately 0.3167% per annum as of the reference date. The servicing fees consist of (a) servicing fees payable to the master servicer, which are payable with respect to each mortgage loan at a minimum rate of 0.03% and not more than 0.08% per annum, depending on the type of mortgage loan and (b) subservicing fees payable to the subservicer, which are payable with respect to each mortgage loan at a minimum rate of 0.25% per annum, and other related compensation payable to the subservicer, including any payment due to prepayment charges on the related mortgage loans and such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer.

Repurchases or Substitutions of Mortgage Loans

If Residential Funding Company, LLC cannot cure a breach of any representation or warranty made by it and assigned to the trustee for the benefit of the certificateholders relating to a mortgage loan within 90 days after notice from the trustee or servicer, and the breach materially and adversely affects the interests of the certificateholders in the mortgage loan, Residential Funding Company, LLC will be obligated to purchase the mortgage loan at a price equal to its principal balance as of the date of purchase plus accrued and unpaid interest to the first day of the month following the month of repurchase, less the amount payable in respect of servicing compensation.

Likewise, as described under "Description of the Certificates—Review of Mortgage Loan or Contract Documents" in the prospectus, if Residential Funding Company, LLC cannot cure certain documentary defects with respect to a mortgage loan, Residential Funding Company, LLC will be required to repurchase the related mortgage loan.

In addition, Residential Funding Company, LLC may substitute a new mortgage loan for a deleted mortgage loan that is removed from the trust within two years after the issuance date if it delivers an opinion of counsel with respect to certain tax matters. Any substitute mortgage loan will be required to satisfy certain conditions regarding its outstanding principal balance, mortgage rate, LTV ratio and remaining term to maturity, as described more fully under "The Trusts - Limited Right of Substitution" in the prospectus. See also "The Trusts—Repurchases of Mortgage Collateral" in the prospectus.

Distributions on the Certificates

Amount available for monthly distribution.


On each monthly distribution date, the trustee will make distributions to investors. Except as provided in this prospectus supplement, the Class I-A-1, Class I-A-2, Class I-A-3, Class I-A-4, Class I-A-5, Class I-A-6, Class I-A-7, Class I-A-8 and Class R-I Certificates will receive payments primarily from the group I loans, and the Class II-A-1 Certificates and Class R-II Certificates will receive payments primarily from the group II loans. The Class A-P, Class A-V and Class M Certificates represent rights to receive payments from all of the mortgage loans. The amount available for distribution will include:

- o collections of monthly payments on the mortgage loans, including prepayments and other unscheduled collections plus
- o advances for delinquent payments that are deemed recoverable by the master servicer minus
- o the fees and expenses of the subservicers and the master servicer, including reimbursement for advances.

The aggregate amount of monthly distributions will be determined separately with respect to the two loan groups.

Priority of distributions. Distributions on the senior certificates and Class M Certificates will be made from available amounts from the related loan group or loan groups, as applicable, for that class of certificates as described in this prospectus supplement as follows:

Priority of Distributions

	Senior Certificates interest from the related loan group (pro rata)
	Senior Certificates principal from the related loan group
	Reimbursement of certain advances to master servicer
	Class M-1 interest
	Class M-1 principal
	Class M-2 interest
	Class M-2 principal
	Class M-3 interest
	Class M-3 principal

Interest distributions. The amount of interest accrued on each class of interest-bearing certificates on each distribution date will equal:

- o the pass-through rate for that class of certificates multiplied by
- o the certificate principal balance or notional amount of that class of certificates as of the day immediately prior to the related distribution date multiplied by
- o 1/12th minus
- o the share of some types of interest shortfalls allocated to that class, such as prepayment interest shortfalls and the interest portion of realized losses not allocated through subordination and the interest portion of any advances made with respect to delinquencies

that were ultimately determined to be hazard losses, fraud losses or bankruptcy losses in excess of specified amounts or extraordinary losses, as described more fully in the definition of "Accrued Certificate Interest" in "Description of the Certificates—Glossary of Terms" in this prospectus supplement.

See "Description of the Certificates—Interest Distributions" in this prospectus supplement.

Allocations of principal. Principal distributions on the certificates made from principal payments on the mortgage loans in the corresponding loan group or loan groups will be allocated among the various classes of certificates as described in this prospectus supplement. Until the distribution date in September 2011, all principal prepayments on the mortgage loans from a loan group will generally be distributed among the related senior certificates, other than the Class I-A-7 Certificates and Class A-V Certificates, unless those senior certificates entitled to principal distributions, other than the Class A-P Certificates, are no longer outstanding. In addition, until the distribution date in September 2011, the Class I-A-4 Certificates and Class I-A-6 Certificates are not expected to receive any principal payments on the group I loans, and on or after the distribution date in September 2011 but before the distribution date in September 2015, the Class I-A-4 Certificates and Class I-A-6 Certificates will receive less than a pro rata share of principal payments on the group I loans, unless the other senior certificates entitled to principal distributions from the group I loans, or the Class M Certificates and Class B Certificates, are no longer outstanding. Not all outstanding senior certificates will receive principal on each distribution date. The Class A-P Certificates receive only a portion of the principal received from each mortgage loan that has a net mortgage rate of less than 6.50%. The Class I-A-7 Certificates and Class A-V Certificates are not entitled to receive any principal distributions.

In addition, the Class I-A-1 Certificates may receive as principal the interest accrued on the Class I-A-5 Certificates.

See "Description of the Certificates—Principal Distributions on the Senior Certificates" and "—Principal Distributions on the Class M Certificates" in this prospectus supplement.

Credit Enhancement

Allocation of losses. Except for the three exceptions described below, the Class M Certificates and Class B Certificates will act as credit enhancement for the Class I-A Certificates and Class II-A Certificates. Losses on the mortgage loans will be allocated in full to the first class of certificates listed below with a certificate principal balance greater than zero:

- o Class B-3
- o Class B-2
- o Class B-1
- o Class M-3
- o Class M-2
- o Class M-1

When this occurs, the certificate principal balance of the class to which the loss is allocated is reduced, without a corresponding payment of principal.

If the aggregate certificate principal balance of the Class M Certificates and Class B Certificates has been reduced to zero, losses on the mortgage loans will be allocated proportionately among the senior certificates in accordance with their respective remaining certificate principal balances or accrued interest, subject to the exceptions described below, but only with respect to losses in the related loan group.

In addition, most losses otherwise allocable to the Class I-A-3 Certificates and Class I-A-4 Certificates will be allocated to the Class I-A-6 Certificates as long as the Class I-A-6 Certificates remain outstanding, subject to the limitations described in this prospectus supplement.

Not all losses will be allocated in the priority described above. Losses due to natural disasters such as floods and earthquakes, fraud by a mortgagor, or some losses related to the bankruptcy of a mortgagor will be allocated as described above only up to specified amounts. Losses of these types in excess of the specified amounts and losses due to other extraordinary events will be allocated proportionately among all outstanding classes of certificates related to that loan group, except as described below for the Class A-P Certificate. Therefore, the Class M Certificates and Class B Certificates do not act as credit enhancement for the senior certificates for these types of losses.

Special loss allocation for Class A-P Certificates. Whenever losses are allocated to the senior certificates, the Class A-P Certificates will share in the loss only if the mortgage loan had a net mortgage rate less than 6.50% per annum. In that case, the Class A-P Certificates will bear a share of the loss equal to their percentage interest in the principal of that mortgage loan.

See "Description of the Certificates—Allocation of Losses; Subordination" in this prospectus supplement.

Priority of distributions. All principal prepayments and other unscheduled payments of principal on the mortgage loans in a loan group will be allocated to the related senior certificates as described in this prospectus supplement during the first five years after the issuance date, subject to the exceptions described in this prospectus supplement. This provides additional credit enhancement for the senior certificates by reserving a greater portion of the certificate principal balances of the Class M Certificates and Class B Certificates for absorption of losses, thereby decreasing the likelihood of losses being allocated to the senior certificates.

Advances

For any month, if the master servicer does not receive the full scheduled payment on a mortgage loan, the master servicer will advance funds to cover the amount of the scheduled payment that was not made. However, the master servicer will advance funds only if it determines that the advance will be recoverable from future payments or collections on that mortgage loan.

See "Description of the Certificates—Advances" in this prospectus supplement.

Optional Termination

On any distribution date on which the aggregate outstanding principal balance of the mortgage loans as of the related determination date is less than 10% of their aggregate stated principal balance as of the cut-off date, the master servicer may, but will not be required to:

- o purchase from the trust all of the remaining mortgage loans, causing an early retirement of the certificates; or
- o purchase all of the certificates.

Under either type of optional purchase, holders of the outstanding certificates are entitled to receive the outstanding certificate principal balance of those certificates in full with accrued interest as described in this prospectus supplement. However, any optional purchase of the remaining mortgage loans in a loan group may result in a shortfall to the holders of the most subordinate classes of related certificates outstanding, if the trust then holds properties acquired from foreclosing upon defaulted loans in that loan group. In either case, there will be no reimbursement of losses or interest shortfalls allocated to the certificates.

See "Pooling and Servicing Agreement—Termination" in this prospectus supplement and "The Pooling and Servicing Agreement—Termination; Retirement of Certificates" in the prospectus.

Ratings

The offered certificates have received the ratings which are listed in the table on page S-8 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled. A security rating is not a recommendation to buy, sell or hold a security and may be changed or withdrawn at any time by the assigning rating agency. The ratings also do not address the rate of principal prepayments on the mortgage loans. For example, the rate of prepayments, if different than originally anticipated, could adversely affect the yields realized by holders of the offered certificates or cause holders of the Class I-A-7 Certificates and Class A-V Certificates to fail to fully recover their initial investments.

See "Ratings" in this prospectus supplement.

Legal Investment

The Class I-A-2 Certificates will be "mortgage related securities" for purposes of SMMEA, so long as they are rated in at least the second highest rating category by one of the rating agencies. You should consult your legal advisors in determining whether and to what extent the offered certificates constitute legal investments for you.

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus for important information concerning possible restrictions on ownership of the offered certificates by regulated institutions.

ERISA Considerations

Subject to the considerations described in "ERISA Considerations" in this prospectus supplement, the Class I-A-2 Certificates are expected to be considered eligible for purchase by persons investing

assets of employee benefit plans or individual retirement accounts.

See "ERISA Considerations" in this prospectus supplement and in the prospectus.

Tax Status

For federal income tax purposes, the depositor has elected to treat the trust as two real estate mortgage investment conduits. The offered certificates represent ownership of regular interests in the related real estate mortgage investment conduit and generally will be treated as representing ownership of debt for federal income tax purposes. You will be required to include in income all interest and original issue discount on the offered certificates in accordance with the accrual method of accounting regardless of your usual methods of accounting.

For further information regarding the federal income tax consequences of investing in the offered certificates, see "Material Federal Income Tax Consequences" in this prospectus supplement and in the prospectus.

Risk Factors

The offered certificates are not suitable investments for all investors. In particular, you should not purchase the offered certificates unless you understand the prepayment, credit, liquidity and market risks associated with that class.

The offered certificates are complex securities. You should possess, either alone or together with an investment advisor, the expertise necessary to evaluate the information contained in this prospectus supplement and the prospectus in the context of your financial situation and tolerance for risk.

You should carefully consider the following risk factors in connection with the purchase of the offered certificates:

Risk of Loss

Underwriting standards may affect risk of loss on the mortgage loans. Generally, the mortgage loans have been originated using underwriting standards that are less stringent than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc. Applying less stringent underwriting standards creates additional risks that losses on the mortgage loans will be allocated to certificateholders.

Examples include the following:

- o mortgage loans secured by non-owner occupied properties, which constitute approximately 19.8%, 12.0% and 19.4% of the group I loans, the group II loans and all of the mortgage loans respectively, by principal balance as of the reference date, may present a greater risk that the borrower will stop making monthly payments if the borrower's

financial condition deteriorates; and

- o mortgage loans with loan-to-value ratios greater than 80% (i.e., the amount of the loan at origination is more than 80% of the value of the mortgaged property), which constitute approximately 6.1%, 0.4% and 5.7% of the group I loans, the group II loans and all of the mortgage loans respectively, by principal balance as of the reference date, may increase the risk that the value of the mortgaged property will not be sufficient to satisfy the mortgage loan upon foreclosure.

Some of the mortgage loans with loan-to-value ratios over 80% are insured by primary mortgage insurance to the extent described in this prospectus. However, if the insurer is unable to pay a claim, the amount of loss incurred on those loans may be increased.

In addition, in determining loan-to-value ratios for certain mortgage loans, the value of the related mortgaged property may be based on an appraisal that is up to 24 months old if there is a supporting broker's price opinion, automated valuation, drive-by appraisal or other certification of value. If such an appraisal does not reflect current market values and such market values have declined, the likelihood that proceeds from a sale of the mortgaged property may be insufficient to repay the mortgage loan is increased.

See "The Trusts—Underwriting Policies" and "Certain Legal Aspects of Mortgage Loans and Contracts" in the prospectus.

The return on your certificates may be affected by losses on the mortgage loans, which could occur due to a variety of causes.

Losses on the mortgage loans may occur due to a wide variety of causes, including a decline in real estate values, and adverse changes in the borrower's financial condition. A decline in real estate values or economic conditions nationally or in the regions where the mortgaged properties are concentrated may increase the risk of losses on the mortgage loans.

The return on your certificates may be particularly sensitive to changes in real estate markets in specific regions.

One risk of investing in mortgage-backed securities is created by any concentration of the related properties in one or more geographic regions. Approximately 17.0%, 49.5% and 18.8% of the reference date principal balances of the group I loans, the group II loans and all of the mortgage loans, respectively, are located in California. In addition, approximately 15.2% and 14.8% of the reference date principal balances of the group I loans and all of the mortgage loans, respectively, are located in Florida. If the regional economy or housing market weakens in California or Florida, or in any other region having a significant concentration of properties underlying the mortgage loans, the mortgage loans in that region may experience high rates of loss and delinquency, resulting in losses to certificateholders. A region's economic condition and housing market may also be adversely affected by a variety of events, including natural disasters such as earthquakes, hurricanes, tornadoes, floods and eruptions, civil disturbances such as riots, disruptions such as ongoing power outages, or terrorist actions or acts of war. The economic impact of any of those events may also be felt in areas beyond the region immediately affected by the disaster or disturbance. The properties underlying

the mortgage loans may be concentrated in these regions. This concentration may result in greater losses to certificateholders than those generally present for similar mortgage-backed securities without that concentration.

A number of wildfires, which recently struck various parts of Southern California, may have adversely affected many mortgaged properties located in those areas. Residential Funding Company, LLC will have no obligation to repurchase any mortgage loan secured by a mortgaged property that becomes subject to any material damage by waste, fire, earthquake, windstorm, flood or other casualty after the closing date. We do not know how many mortgaged properties have been or may be affected by these wildfires.

See "Description of the Mortgage Pool—Mortgage Pool Characteristics" in this prospectus supplement.

The return on your certificates will be reduced if losses exceed the credit enhancement available to your certificates.

The only credit enhancement for the senior certificates will be the subordination provided by the Class M Certificates and the Class B Certificates (and with respect to the Class I-A-3 Certificates and Class I-A-4 Certificates, the additional subordination provided by the Class I-A-6 Certificates). The only credit enhancement for the Class M Certificates will be the subordination provided by the Class B Certificates and by any class of Class M Certificates with a lower payment priority. You should also be aware that the credit enhancement provided for some types of losses is limited.

See "Summary—Credit Enhancement" and "Description of the Certificates—Allocation of Losses; Subordination" in this prospectus supplement.

The value of your certificates may be reduced if losses are higher than expected.

If the performance of the mortgage loans is substantially worse than assumed by the rating agencies, the ratings of any class of the certificates may be lowered in the future. This would probably reduce the value of those certificates. None of the depositor, the master servicer or any other entity will have any obligation to supplement any credit enhancement, or to take any other action to maintain any rating of the certificates.

A transfer of master servicing in the event of a master servicer default may increase the risk of payment application errors.

If the master servicer defaults in its obligations under the pooling and servicing agreement, the master servicing of the mortgage loans may be transferred to the trustee or an alternate master servicer, as described under "The Pooling and Servicing Agreement—Rights Upon Event of Default" in the prospectus. In the event of such a transfer of master servicing there may be an increased risk of errors in applying payments from borrowers or in transmitting information and funds to the successor master servicer.

Some of the mortgage loans have an initial interest only period, which may increase the risk of loss and delinquency on these mortgage loans.

As of the reference date, approximately 41.3% and 0.1% of the group I loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first ten years and fifteen years, respectively, following the date of origination; approximately 0.5% and 68.2% of the group II loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years and ten years, respectively, following the date of origination; and approximately 0.1%, 42.8%

and 0.1% of all of the mortgage loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years and fifteen years, respectively, following the date of origination. During this period, the payment made by the related borrower will be less than it would be if the mortgage loan amortized. In addition, the mortgage loan balance will not be reduced by the principal portion of scheduled monthly payments during this period. As a result, no principal payments will be made to the certificates from mortgage loans of this nature during their interest only period except in the case of a prepayment.

After the initial interest only period, the scheduled monthly payment on these mortgage loans may increase, which may result in increased delinquencies by the related borrowers, particularly if interest rates have increased and the borrower is unable to refinance. In addition, losses may be greater on these mortgage loans as a result of the mortgage loan not amortizing during the early years of these mortgage loans. Although the amount of principal included in each scheduled monthly payment for a traditional mortgage loan can be relatively small during the first few years after the origination of a mortgage loan, in the aggregate the amount can be significant.

Mortgage loans with an initial interest only period are relatively new in the mortgage marketplace. The performance of these mortgage loans may be significantly different than mortgage loans that fully amortize. In particular, there may be a higher expectation by these borrowers of refinancing their mortgage loans with a new mortgage loan, in particular one with an initial interest only period, which may result in higher or lower prepayment speeds than would otherwise be the case. In addition, the failure to build equity in the related mortgaged property by the related mortgagor may affect the delinquency and prepayment experience of these mortgage loans.

Reduced documentation programs may increase your risk of loss.

Approximately 72.1%, 79.3% and 72.5% of the group I loans, the group II loans and all of the mortgage loans, respectively, by principal balances as of the reference date were made to borrowers whose income is not verified, including borrowers who may not be required to state their income. With respect to these mortgage loans the borrowers may not be required to provide any information regarding their income and there may be no verification of their income or assets. Such mortgage loans increase the risk that borrowers may not have sufficient income or assets or may have overstated their income and assets and, as a consequence, may be unable to make their monthly mortgage loan payments. You should consider the risk that mortgage loans originated under reduced documentation programs may be subject to increased delinquencies and defaults.

Recent developments in the residential mortgage market may adversely affect the return on your certificates.

Recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the yield on your certificates. Delinquencies and losses with respect to residential mortgage loans generally have increased in recent months, and may continue to increase. In addition, in recent months housing prices in many states have declined or stopped appreciating, after extended periods of significant appreciation. A continued decline or an extended flattening of

those values may result in additional increases in delinquencies and losses on residential mortgage loans generally, particularly with respect to second homes and investor properties and with respect to any residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. As a result of these and other factors, the value of some mortgage-backed securities has been negatively impacted.

A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance; in addition, many mortgage loans have prepayment premiums that inhibit refinancing. Borrowers who intend to sell their homes may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates.

As a result of these and other factors, the rating agencies have recently downgraded or put on downgrade watch a significant number of mortgage-backed securities (particularly mortgage-backed securities backed by subprime and Alt-A mortgage loans originated in 2005 and 2006), including the Class M-2 Certificates, Class M-3 Certificates, Class B-1 Certificates and Class B-2 Certificates.

In addition, various federal, state and local regulatory authorities have taken or proposed actions that could hinder the ability of the servicer to foreclose promptly on defaulted mortgage loans. Any such actions may adversely affect the performance of the loans and the yield on and value of the certificates.

You should consider that the general market conditions discussed above may affect the performance of the mortgage loans and may adversely affect the yield on, or market value of, your certificates.

Risks Relating to Primary Mortgage Insurers

You may incur losses if a primary mortgage insurer fails to make payments under a primary mortgage insurance policy.

Approximately 6.1%, 0.4% and 5.7% of the aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date have an LTV ratio at origination in excess of 80% and are insured by a primary mortgage insurance policy. All of the primary mortgage insurance policies were issued by Mortgage Guaranty Insurance Corporation, General Electric Mortgage Insurance Corporation/Genworth Mortgage Insurance Company, Republic Mortgage Ins. N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, CUNA Mutual Group or Radian Guaranty Inc. If such a mortgage loan were subject to a foreclosure and the value of the related mortgaged property were not sufficient to satisfy the mortgage loan, payments under the primary mortgage insurance policy would be required to avoid any losses, or to reduce the losses on, such a mortgage loan. If the insurer is unable or refuses to pay a claim, the amount of such losses would be allocated to holders of certificates as realized losses.

Limited Obligations

Payments on the mortgage loans are the primary source of payments on your certificates.

The certificates represent interests only in the RALI Series 2006-QS11 Trust. The certificates do not represent an ownership interest in or obligation of the depositor, the master servicer or any of their affiliates. If proceeds from the assets of the RALI Series 2006-QS11 Trust are not sufficient to make all payments provided for under the pooling and servicing agreement, investors will have no recourse to the depositor, the master servicer or any other entity, and will incur losses.

Liquidity Risks

You may have to hold your certificates to maturity if their marketability is limited.

A secondary market for your certificates may not develop. Even if a secondary market does develop, it may not continue or it may be illiquid. Neither the underwriter nor any other person will have any obligation to make a secondary market in your certificates. Illiquidity means you may not be able to find a buyer to buy your securities readily or at prices that will enable you to realize a desired yield. Illiquidity can have a severe adverse effect on the market value of your certificates.

The offered certificates may experience illiquidity.

In addition, you should consider the impact that the factors discussed above under "Risk of Loss—Recent developments in the mortgage market may adversely affect the return on your certificates" may have on the liquidity of your certificates.

Bankruptcy Risks

Bankruptcy proceedings could delay or reduce distributions on the certificates.

The transfer of the mortgage loans from Residential Funding Company, LLC, or Residential Funding, to the depositor is intended by the parties to be and has been documented as a sale. However, if Residential Funding were to become bankrupt, a trustee in bankruptcy could attempt to recharacterize the sale of the mortgage loans as a loan secured by the mortgage loans or to consolidate the mortgage loans with the assets of Residential Funding. Any such attempt could result in a delay in or reduction of collections on the mortgage loans available to make payments on the certificates.

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

The bankruptcy of a borrower may increase the risk of loss on a mortgage loan.

If a borrower becomes subject to a bankruptcy proceeding, a bankruptcy court may require modifications of the terms of a mortgage loan without a permanent forgiveness of the principal amount of the mortgage loan. Modifications have included reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In addition, a court having federal bankruptcy jurisdiction may permit a debtor to cure a monetary default

relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. In addition, under the federal bankruptcy law, all actions against a borrower and the borrower's property are automatically stayed upon the filing of a bankruptcy petition.

Special Yield and Prepayment Considerations

The yield on your certificates will vary depending on the rate of prepayments.

The yield to maturity on the offered certificates will depend on a variety of factors, including:

- the rate and timing of principal payments on the mortgage loans, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- the allocation of principal payments on the mortgage loans among the various classes of certificates;
- the pass-through rate for that class;
- interest shortfalls due to mortgagor prepayments; and
- the purchase price of that class.

The rate of prepayments is one of the most important and least predictable of these factors. No assurances are given that the mortgage loans will prepay at any particular rate.

In addition, the master servicer may, in some cases, purchase any mortgage loan or contract that is at least three months delinquent. Such repurchases would increase the prepayment rates on the mortgage loans.

In general, if you purchase a certificate at a price higher than its outstanding certificate principal balance and principal distributions on your certificate occur faster than you assumed at the time of purchase, your yield will be lower than you anticipated. Conversely, if you purchase a certificate at a price lower than its outstanding certificate principal balance and principal distributions on that class occur more slowly than you assumed at the time of purchase, your yield will be lower than you anticipated.

The rate of prepayments on the mortgage loans will vary depending on future market conditions and other factors.

Since mortgagors, in most cases, can prepay their mortgage loans at any time, the rate and timing of principal distributions on the offered certificates are highly uncertain and are dependent upon a wide variety of factors, including general economic conditions, interest rates, the availability of alternative financing and homeowner mobility. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans. This could result in a slower return of principal to you at a time when you might have

been able to reinvest your funds at a higher rate of interest than the pass-through rate on your class of certificates. On the other hand, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans. This could result in a faster return of principal to you at a time when you might not be able to reinvest your funds at an interest rate as high as the pass-through rate on your class of certificates.

Refinancing programs, which may involve soliciting all or some of the mortgagors to refinance their mortgage loans, may increase the rate of prepayments on the mortgage loans. These refinancing programs may be offered by the master servicer, any subservicer or their affiliates, and may include streamlined documentation programs. Streamlined documentation programs involve less verification of underwriting information than traditional documentation programs. Approximately 1.0% and 0.9% of the reference date principal balances of the group I loans and all of the mortgage loans, respectively, were originated under streamlined documentation programs.

See "Description of the Mortgage Pool—The Program" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Maturity and Prepayment Considerations" in the prospectus.

The mortgage loans with interest only payments may affect the yield on the offered certificates.

As of the reference date, approximately 41.3% and 0.1% of the group I loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first ten years and fifteen years, respectively, following the date of origination; approximately 0.5% and 68.2% of the group II loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years and ten years, respectively, following the date of origination; and approximately 0.1%, 42.8% and 0.1% of all of the mortgage loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years and fifteen years, respectively, following the date of origination. After the interest only period, the borrower's monthly payment will be recalculated to cover both interest and principal so that the mortgage loan will be paid in full by its final payment date. As a result, if the monthly payment increases, the related borrower may not be able to pay the increased amount and may default or may refinance the loan to avoid the higher payment.

In addition, because no scheduled principal payments are required to be made on these mortgage loans for a period of time, the offered certificates will receive smaller scheduled principal distributions during that period than they would have received if the related borrowers were required to make monthly payments of interest and principal from origination of these mortgage loans. Absent other considerations, this slower rate of principal distributions will result in longer weighted average lives of the offered certificates than would otherwise be the case if none of the mortgage loans had interest only periods.

The return on your certificates could be reduced by shortfalls due

The Servicemembers Civil Relief Act, or the Relief Act, provides relief to borrowers who enter active military service and to borrowers in reserve status

to the Servicemembers Civil Relief Act.

who are called to active duty after the origination of their mortgage loan. Current or future military operations of the United States may increase the number of borrowers who may be in active military service, including persons in reserve status who may be called to active duty. The Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a mortgage loan in excess of 6% per annum during the period of the borrower's active duty. Any resulting interest shortfalls are not required to be paid by the borrower at any future time. The master servicer is not required to advance these shortfalls as delinquent payments, and the shortfalls are not covered by any form of credit enhancement on the certificates. Interest shortfalls on the mortgage loans due to the application of the Relief Act or similar legislation or regulations will be applied to reduce accrued interest on each class of the certificates on a pro rata basis.

The Relief Act also limits the ability of the servicer to foreclose on a mortgage loan during the borrower's period of active duty and, in some cases, during an additional three month period thereafter. As a result, there may be delays in payment and increased losses on the mortgage loans. Those delays and increased losses will be borne primarily by the class of certificates with a certificate principal balance greater than zero with the lowest payment priority.

We do not know how many mortgage loans have been or may be affected by the application of the Relief Act or similar legislation or regulations.

See the definition of Accrued Certificate Interest under "Description of the Certificates—Glossary of Terms" in this prospectus supplement and "Certain Legal Aspects of Mortgage Loans and Contracts—Servicemembers Civil Relief Act" in the prospectus.

The yield on your certificates will be affected by the specific terms that apply to that class, discussed below.

The certificates of each class have different yield considerations and different sensitivities to the rate and timing of principal distributions. The following is a general discussion of yield considerations and prepayment sensitivities of some classes of certificates.

See "Yield and Prepayment Considerations" in this prospectus supplement.

Senior Certificates

The Class I-A-1, Class I-A-2, Class I-A-3, Class I-A-4, Class I-A-5, Class I-A-6, Class I-A-7, Class I-A-8, or the Class I-A Certificates, and the Class R-I Certificates will receive payments primarily from the group I loans, and the Class II-A-1 Certificates and Class R-II Certificates will receive payments primarily from the group II loans.

The Class I-A Certificates, other than the Class I-A-7 Certificates, are subject to various priorities for payment of principal. Distributions of principal on the Class I-A Certificates entitled to principal distributions with an earlier priority of payment will be affected by the rates of prepayment of the group I loans early in the life of the mortgage pool. Those classes of Class I-A Certificates entitled to principal distributions with a later

priority of payment will be affected by the rates of prepayment of the group I loans experienced both before and after the commencement of principal distributions on those classes, and will be more likely to be affected by losses on the mortgage loans not covered by the credit enhancement since these classes will be outstanding for a longer period of time.

See "Description of the Certificates—Principal Distributions on the Senior Certificates" in this prospectus supplement.

Class I-A-4 Certificates and Class I-A-6 Certificates

It is not expected that the Class I-A-4 Certificates and Class I-A-6 Certificates will receive any distributions of principal until the distribution date in September 2011. On or after the distribution date in September 2011 but before the distribution date in September 2015, the Class I-A-4 Certificates and Class I-A-6 Certificates may receive a portion of principal payments that is smaller than a pro rata share of such principal payments. Accordingly, the Class I-A-4 Certificates and Class I-A-6 Certificates are more likely to experience losses than if they were to receive distributions of principal prior to the distribution date in September 2011.

Class I-A-5 Certificates

Because the Class I-A-5 Certificates are not entitled to receive any distributions of interest for some period of time, the Class I-A-5 Certificates will likely experience significant price and yield volatility. Investors in the Class I-A-5 Certificates should consider whether this volatility is suitable to their investment needs.

Class I-A-6 Certificates

Investors in the Class I-A-6 Certificates should be aware that losses and other shortfalls on the mortgage loans otherwise allocable to the Class I-A-3 Certificates and Class I-A-4 Certificates will be allocated to the Class I-A-6 Certificates, subject to the limitations described in this prospectus supplement. Therefore, the yield to maturity on the Class I-A-6 Certificates will be extremely sensitive to losses otherwise allocable to the Class I-A-3 Certificates and Class I-A-4 Certificates.

Class I-A-7 Certificates

Investors in the Class I-A-7 Certificates should be aware that the yield on such Certificates will be extremely sensitive to the rate and timing of principal payments on the group I loans, and that rate may fluctuate significantly over time. A faster than expected rate of principal payments on the group I loans may have an adverse effect on the yield to investors in the Class I-A-7 Certificates and could result in their failure to fully recover their initial investments.

Class A-P Certificates

The Class A-P Certificates will receive a portion of the principal payments only on the mortgage loans that have net mortgage rates lower than 6.50%. Therefore, the yield on the Class A-P Certificates will be extremely sensitive to the rate and timing of principal prepayments and defaults on the mortgage loans that have net mortgage rates lower than 6.50%.

Mortgage loans with lower mortgage rates are less likely to be prepaid than mortgage loans with higher mortgage rates. If prepayments of principal on the

mortgage loans that have net mortgage rates lower than 6.50% occur at a rate slower than an investor assumed at the time of purchase, the investor's yield on the Class A-P Certificates will be adversely affected.

Class A-V Certificates

The Class A-V Certificates will receive a portion of the interest payments only from the mortgage loans that have net mortgage rates higher than 6.50%. Therefore, the yield on the Class A-V Certificates will be extremely sensitive to the rate and timing of principal prepayments and defaults on the mortgage loans that have net mortgage rates higher than 6.50%.

Mortgage loans with higher mortgage rates are more likely to be prepaid than mortgage loans with lower mortgage rates. If the mortgage loans that have net mortgage rates higher than 6.50% are prepaid at a rate faster than an investor assumed at the time of purchase, the yield to investors in the Class A-V Certificates will be adversely affected. Investors in the Class A-V Certificates should fully consider the risk that a rapid rate of prepayments on the mortgage loans that have net mortgage rates higher than 6.50% could result in the failure of such investors to fully recover their investments.

Class M Certificates

The yield to investors in each class of the Class M Certificates will be sensitive to the rate and timing of losses on the mortgage loans, if those losses are not covered by a more subordinate class of Class M Certificates or the Class B Certificates.

It is not expected that the Class M Certificates will receive any distributions of principal prepayments until the distribution date in September 2011. On or after that date, all or a disproportionately large portion of principal prepayments on the mortgage loans may be allocated to the senior certificates as described in this prospectus supplement, and none or a disproportionately small portion of principal prepayments on the mortgage loans may be paid to the holders of the Class M Certificates and Class B Certificates. As a result, the weighted average lives of the Class M Certificates may be longer than would otherwise be the case.

See "Summary--Credit Enhancement--Allocation of Losses" and "Description of the Certificates--Allocation of Losses; Subordination" in this prospectus supplement.

The recording of mortgages in the name of MERS may affect the yield on the certificates.

The mortgages or assignments of mortgage for many of the mortgage loans have been or may be recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns. Subsequent assignments of those mortgages are registered electronically through the MERS® System. However, if MERS discontinues the MERS® System and it becomes necessary to record an assignment of the mortgage to the trustee, then any related expenses shall be paid by the trust and will reduce the amount available to pay principal of and interest on the class or classes of certificates with certificate principal balances greater than zero with the lowest payment priorities.

The recording of mortgages in the name of MERS is a relatively new practice in

the mortgage lending industry. Public recording officers and others in the mortgage industry may have limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to certificateholders and increase the amount of losses on the mortgage loans.

For additional information regarding MERS and the MERS® System, see "Description of the Mortgage Pool—Mortgage Pool Characteristics" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Description of the Certificates—Assignment of Mortgage Loans" in the prospectus.

Issuing Entity

The depositor established a trust with respect to Series 2006-QS11 on the issuance date, under a series supplement, dated as of August 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, among the depositor, the master servicer and the trustee. The pooling and servicing agreement is governed by the laws of the State of New York. On the issuance date, the depositor deposited into the trust a pool of mortgage loans that in the aggregate constitutes a mortgage pool, secured by first liens on one- to four-family residential properties with terms to maturity of not more than 30 years. The trust does not have any additional equity. The pooling and servicing agreement authorizes the trust to engage only in selling the certificates in exchange for the mortgage loans, entering into and performing its obligations under the pooling and servicing agreement, activities necessary, suitable or convenient to such actions and other activities as may be required in connection with the conservation of the trust fund and making distributions to certificateholders. The mortgage pool was divided into the following two loan groups: loan group I and loan group II.

The pooling and servicing agreement provides that the depositor assigns to the trustee for the benefit of the certificateholders without recourse all the right, title and interest of the depositor in and to the mortgage loans. Furthermore, the pooling and servicing agreement states that, although it is intended that the conveyance by the depositor to the trustee of the mortgage loans be construed as a sale, the conveyance of the mortgage loans shall also be deemed to be a grant by the depositor to the trustee of a security interest in the mortgage loans and related collateral.

Some capitalized terms used in this prospectus supplement have the meanings given below under "Description of the Certificates—Glossary of Terms" or in the prospectus under "Glossary."

Sponsor and Master Servicer

Residential Funding Company, LLC, a Delaware limited liability company, buys residential mortgage loans under several loan purchase programs from mortgage loan originators or sellers nationwide, including affiliates, that meet its seller/servicer eligibility requirements and services mortgage loans for its own account and for others. See "The Trusts—Mortgage Collateral Sellers" and "—Qualifications of Sellers" in the prospectus for a general description of applicable seller/servicer eligibility requirements. Residential Funding Company, LLC's principal executive offices are located

at One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423. Its telephone number is (952) 857-7000. Residential Funding Company, LLC conducts operations from its headquarters in Minneapolis and from offices located primarily in California, Texas, Maryland, Pennsylvania and New York. Residential Funding Company, LLC finances its operations primarily through its securitization program.

Residential Funding Company, LLC converted from a Delaware corporation to a Delaware limited liability company on October 6, 2006. Residential Funding Company, LLC was formerly known as Residential Funding Corporation. Residential Funding Company, LLC was founded in 1982 and began operations in 1986, acquiring, servicing and securitizing residential jumbo mortgage loans secured by first liens on one- to four-family residential properties. GMAC LLC, formerly known as General Motors Acceptance Corporation, purchased Residential Funding Company, LLC in 1990. In 1995, Residential Funding Company, LLC expanded its business to include "Alt-A" first lien mortgage loans, such as some of the mortgage loans described in this prospectus supplement. Residential Funding Company, LLC also began to acquire and service "subprime", closed-end and revolving loans secured by second liens in 1995.

On November 21, 2007, Moody's Investors Service, Inc., or Moody's, reduced the servicer quality rating ("SQ") of Residential Funding as a master servicer of residential mortgage loans to SQ1- from SQ1 and placed these ratings on review for possible further downgrade. The downgrade was prompted by Moody's rating action on the senior unsecured debt rating of the parent corporation, Residential Capital, LLC, which was downgraded on November 1, 2007, to Ba3 from Ba1. Based on the rating action, Moody's lowered its servicing stability assessment for the master servicing operations to average from above average.

Moody's SQ rating for master servicers represents its view of a master servicer's ability to report servicer activity to trustees or investors and oversee the performance and reporting of underlying servicers. The SQ rating scale takes into account servicing stability which is a combination of the company's operational stability, financial stability, and the ability to respond to changing market conditions. The rating scale ranges from SQ1 (strong) to SQ5 (weak).

The following tables set forth the aggregate principal balance of publicly offered securitizations of mortgage loans sponsored by Residential Funding Company, LLC for the past five years and for the nine months ended September 30, 2007, calculated as of year end or quarter end, as applicable. Residential Funding Company, LLC sponsored approximately \$31.6 billion and \$2.8 billion in initial aggregate principal balance of mortgage-backed securities in the 2002 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Company, LLC sponsored approximately \$61.8 billion and \$3.0 billion in initial aggregate principal balance of mortgage-backed securities in the 2006 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Sponsor Securitization Experience

First Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005	
Prime Mortgages(1)	\$16,177,753,813	\$ 18,964,072,062	\$ 11,953,278,792	\$ 24,149,038,614	\$
Non Prime Mortgages(2)	\$15,475,700,554	\$ 27,931,235,627	\$ 24,408,531,445	\$ 27,928,496,334	\$
Total	\$31,653,454,367	\$ 46,895,307,689	\$ 36,361,810,237	\$ 52,077,534,948	\$
Prime Mortgages(1)	51.11%	40.44%	32.87%	46.37%	
Non Prime Mortgages(2)	48.89%	59.56%	67.13%	53.63%	
Total	100.00%	100.00%	100.00%	100.00%	
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	(1.28)%	17.22%	(36.97)%	102.03%	
Non Prime Mortgages(2)	104.52%	80.48%	(12.61)%	14.42%	
Total	32.14%	48.15%	(22.46)%	43.22%	

Junior Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005	2006
Prime Mortgages(1)	\$2,875,005,049	\$3,207,008,585	\$2,085,015,925	\$2,409,506,573	\$3,012,549,922
Non Prime Mortgages(2)	-	-	-	-	-
Total	\$2,875,005,049	\$3,207,008,585	\$2,085,015,925	\$2,409,506,573	\$3,012,549,922
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non Prime Mortgages(2)	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	17.90%	11.55%	(34.99)%	15.56%	25.03%
Non Prime Mortgages(2)	-	-	-	-	-
Total	17.90%	11.55%	(34.99)%	15.56%	25.03%

- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
- (3) Represents year to year growth or decline as a percentage of the prior year's volume.

First Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006	9
Prime Mortgages(1)	68,077	86,166	55,773	91,631	141,188	6
Non Prime Mortgages(2)	136,789	200,446	170,696	173,796	132,069	3
Total	204,866	286,612	226,469	265,427	273,257	9
Prime Mortgages(1)	33.23%	30.06%	24.63%	34.52%	51.67%	
Non Prime Mortgages(2)	66.77%	69.94%	75.37%	65.48%	48.33%	
Total	100.00%	100.00%	100.00%	100.00%	100.00%	1
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	17.87%	26.57%	(35.27)%	64.29%	54.08%	
Non Prime Mortgages(2)	91.47%	46.54%	(14.84)%	1.82%	(24.01)%	
Total	58.56%	39.90%	(20.98)%	17.20%	2.95%	

Junior Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006	N M Ende
Prime Mortgages(1)	73,188	84,962	51,614	53,071	60,951	54
Non Prime Mortgages(2)	-	-	-	-	-	
Total	73,188	84,962	51,614	53,071	60,951	54
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%	10
Non Prime Mortgages(2)	-	-	-	-	-	
Total	100.00%	100.00%	100.00%	100.00%	100.00%	10
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	16.26%	16.09%	(39.25)%	2.82%	14.85%	-
Non Prime Mortgages(2)	-	-	-	-	-	-
Total	16.26%	16.09%	(39.25)%	2.82%	14.85%	-

- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

The following tables set forth the outstanding principal balance, calculated as of year end or quarter end, as applicable, of mortgage loans master serviced by Residential Funding Company, LLC for the past five years and for the nine months ended September 30, 2007, and the number of such loans for the same periods. Residential Funding Company, LLC was the master servicer of a residential mortgage loan portfolio of approximately \$68.1 billion and \$4.1 billion in outstanding principal balance as of the end of the 2002 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Company, LLC was the master servicer of a residential mortgage loan portfolio of approximately \$140.1 billion and \$8.5 billion in outstanding principal as of the end of the 2006 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Master Servicer Servicing Experience

First Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005
Prime Mortgages(1)	\$ 43,282,264,857	\$33,749,084,171	\$ 32,453,682,854	\$ 47,935,800,813
Non Prime Mortgages(2)	\$ 24,910,565,613	\$39,334,697,127	\$ 50,509,138,736	\$ 53,938,083,312
Total	\$ 68,192,830,470	\$73,083,781,298	\$ 82,962,821,590	\$ 101,873,884,125
Prime Mortgages(1)	63.47%	46.18%	39.12%	47.05%
Non Prime Mortgages(2)	36.53%	53.82%	60.88%	52.95%
Total	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)				
Prime Mortgages(1)	(15.75)%	(22.03)%	(3.84)%	47.71%
Non Prime Mortgages(2)	51.62%	57.90%	28.41%	6.79%
Total	0.57%	7.17%	13.52%	22.79%

Junior Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005
Prime Mortgages(1)	\$ 4,102,615,571	\$ 4,365,319,862	\$ 5,135,640,057	\$ 5,476,133,777
Non Prime Mortgages(2)	-	-	-	-
Total	\$ 4,102,615,571	\$ 4,365,319,862	\$ 5,135,640,057	\$ 5,476,133,777

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Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%
Non Prime Mortgages(2)	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%

Percentage Change from
Prior Year(3)

Prime Mortgages(1)	16.79%	6.40%	17.65%	6.63%
Non Prime Mortgages(2)	-	-	-	-
Total	16.79%	6.40%	17.65%	6.63%

- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
- (3) Represents year to year growth or decline as a percentage of the prior year's volume.

First Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006
Prime Mortgages(1)	202,938	168,654	156,745	201,903	312,825
Non Prime Mortgages(2)	242,625	341,863	414,639	411,550	405,577
Total	445,563	510,517	571,384	613,453	718,402
Prime Mortgages(1)	45.55%	33.04%	27.43%	32.91%	43.54%
Non Prime Mortgages(2)	54.45%	66.96%	72.57%	67.09%	56.46%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	(14.71)%	(16.89)%	(7.06)%	28.81%	54.94%
Non Prime Mortgages(2)	44.37%	40.90%	21.29%	(0.74)%	(1.45)%
Total	9.74%	14.58%	11.92%	7.36%	17.11%

Junior Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006
Prime Mortgages(1)	118,773	127,833	147,647	143,713	199,652
Non Prime Mortgages(2)	-	-	-	-	-
Total	118,773	127,833	147,647	143,713	199,652

Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non Prime Mortgages(2)	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Percentage Change from
Prior Year(3)

Prime Mortgages(1)	14.16%	7.63%	15.50%	(2.66)%	38.92%
Non Prime Mortgages(2)	-	-	-	-	-
Total	14.16%	7.63%	15.50%	(2.66)%	38.92%

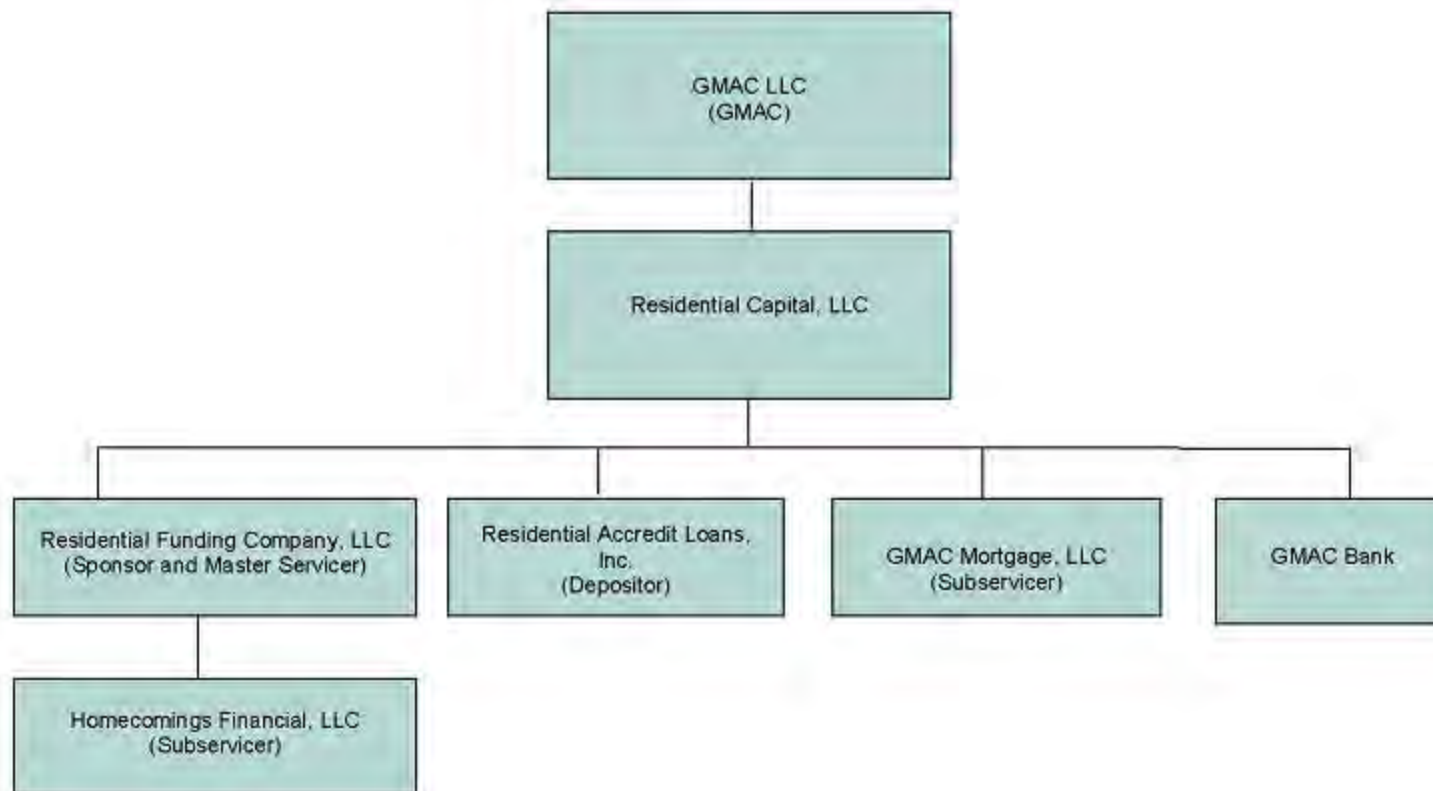
- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans–Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
- (3) Represents year to year growth or decline as a percentage of the prior year's volume.

Residential Funding Company, LLC's overall procedures for originating and acquiring mortgage loans are described under "Description of the Mortgage Pool–The Program" in this prospectus supplement. Residential Funding Company, LLC's material role and responsibilities in this transaction, including as master servicer, are described in the prospectus under "The Trusts–Qualifications of Sellers" and "The Trusts–Repurchases of Mortgage Collateral" and in this prospectus supplement under "Pooling and Servicing Agreement–The Master Servicer and Subservicer–Master Servicer."

Residential Funding Company, LLC's wholly-owned subsidiary, Homecomings Financial, LLC, or Homecomings, originated and sold to Residential Funding Company, LLC approximately 35.1%, 33.1% and 35.0% of the group I loans, the group II loans and all of the mortgage loans, respectively, by principal balance as of the reference date, included in the mortgage pool. GMAC Mortgage, LLC originated and sold to Residential Funding Company, LLC approximately 3.4%, 6.5% and 3.6% of the group I loans, group II loans and all of the mortgage loans, respectively, by principal balance as of the reference date, included in the mortgage pool. See "Affiliations Among Transaction Parties," "Description of the Mortgage Pool–Originators" and "Pooling and Servicing Agreement–The Master Servicer and Subservicers" in this prospectus supplement.

Affiliations Among Transaction Parties

The diagram below illustrates the various relationships among the affiliated transaction parties.



Description of the Mortgage Pool

General

The mortgage pool consisted of 3,132 mortgage loans with an aggregate principal balance outstanding as of the cut-off date, after deducting payments of principal due during the month of the cut-off date, of approximately \$751,505,705. The mortgage pool consists of 2,521 mortgage loans with an aggregate principal balance outstanding as of the reference date, after deducting payments of principal due during the month of the reference date, of approximately \$588,180,143.

The mortgage loans are secured by first liens on fee simple interests in one-to four-family residential real properties and, in the case of approximately 0.1% of the mortgage loans, an interest in shares issued by a cooperative apartment corporation and the related proprietary lease. The property securing the mortgage loan is referred to as the mortgaged property. The mortgage pool consists of conventional, fixed-rate, first lien mortgage loans with terms to maturity of not more

than 30 years from the date of origination. The mortgage pool is divided into two groups of mortgage loans, referred to as group I loans and group II loans. All percentages of the mortgage loans described in this prospectus supplement are approximate percentages by aggregate principal balance determined as of the reference date, after deducting payments of principal due during the month of the reference date, unless otherwise indicated.

The mortgage loans were selected for inclusion in the mortgage pool from among mortgage loans purchased in connection with the Expanded Criteria Program described below based on the Sponsor's assessment of investor preferences and rating agency criteria.

The depositor and Residential Funding have made certain limited representations and warranties regarding the mortgage loans as of August 30, 2006, which is the initial date of issuance of the certificates. The depositor and Residential Funding are required to repurchase or substitute for any mortgage loan as to which a breach of its representations and warranties with respect to that mortgage loan occurs, if such breach materially and adversely affects the interests of the certificateholders in any of those mortgage loans. Residential Funding has not and will not assign to the depositor, and consequently the depositor has not and will not assign to the trustee for the benefit of the certificateholders, any of the representations and warranties made by the sellers or the right to require the related seller to repurchase any such mortgage loan in the event of a breach of any of its representations and warranties. Accordingly, the only representations and warranties regarding the mortgage loans that have been made for the benefit of the certificateholders are the limited representations and warranties made by Residential Funding and the depositor. See "The Trusts—Representations with Respect to Mortgage Collateral" in the prospectus.

A limited amount of losses on mortgage loans as to which there was fraud in the origination of those mortgage loans will be covered by the subordination provided by the Class M Certificates and Class B Certificates as described in this prospectus supplement under "Description of the Certificates—Allocation of Losses; Subordination."

Mortgage Pool Characteristics

The original mortgages for many of the mortgage loans have been, or in the future may be, at the sole discretion of the master servicer, recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns, and subsequent assignments of those mortgages have been, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. In some other cases, the original mortgage was recorded in the name of the originator of the mortgage loan, record ownership was later assigned to MERS, solely as nominee for the owner of the mortgage loan, and subsequent assignments of the mortgage were, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. For each of these mortgage loans, MERS serves as mortgagee of record on the mortgage solely as a nominee in an administrative capacity on behalf of the trustee, and does not have any interest in the mortgage loan. As of the reference date approximately 94.9%, 93.4% and 94.8% of the group I loans, the group II loans and all of the mortgage loans, respectively, were recorded in the name of MERS. For additional information regarding the recording of mortgages in the name of MERS see "Certain Yield and Prepayment Considerations—General" in this prospectus supplement and "Description of the Certificates—Assignment of Mortgage Loans" in the prospectus.

None of the mortgage loans were subject to the Home Ownership and Equity Protection Act of 1994.

None of the mortgage loans are loans that, under applicable state or local law in effect at the time of origination of the loan, are referred to as (1) "high cost" or "covered" loans or (2) any other similar designation if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees. See "Certain Legal Aspects of the Mortgage Loans—The Mortgage Loans—Homeownership Act and Similar State Laws" in the prospectus.

- o As of the reference date, approximately 3.7%, 7.4% and 3.9% of the group I loans, the group II loans and all of the mortgage loans are currently 30 to 59 days delinquent in payment of principal and interest.
- o As of the reference date, approximately 1.4%, 4.1% and 1.5% of the group I loans, the group II loans and all of the mortgage loans are currently 60 to 89 days delinquent in payment of principal and interest.
- o As of the reference date, approximately 4.6%, 6.6% and 4.7% of the group I loans, the group II loans and all of the mortgage loans are currently 90 or more days delinquent in payment of principal and interest.
- o As of the reference date, approximately 10.2%, 16.3% and 10.5% of the group I loans, the group II loans and all of the mortgage loans have been delinquent by a maximum of 30 to 59 days in payment of principal and interest in the past 24 months.
- o As of the reference date, approximately 2.7%, 6.9% and 2.9% of the group I loans, the group II loans and all of the mortgage loans have been delinquent by a maximum of 60 to 89 days in payment of principal and interest in the past 24 months.
- o As of the reference date, approximately 5.3%, 7.9% and 5.5% of the group I loans, the group II loans and all of the mortgage loans have been delinquent by 90 days or more in payment of principal and interest in the past 24 months.
- o As of the reference date, the cumulative amount of realized losses on the mortgage loans since the cut-off date was equal to approximately 0.1% of the aggregate principal balance of the mortgage loans as of the cut-off date.
- o As of the reference date, none of the mortgage loans are Buy-Down Mortgage Loans.
- o As of the reference date, no mortgage loan provides for deferred interest or negative amortization.
- o As of the reference date, none of the mortgage loans have been made to international borrowers.
- o As of the reference date, approximately 0.7%, 1.0% and 0.7% of the aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively, are balloon loans.

In the case of approximately 2.4%, 3.2% and 2.4% of the aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively, in lieu of an appraisal, a valuation of the mortgaged property was obtained using one of several automated valuation models.

See "--Automated Valuation Models" below.

For a description of the methodology used to categorize mortgage loans as delinquent, see "--Static Pool Information" below.

With respect to approximately 41.3% and 0.1% of the aggregate principal balance of the group I loans, the related mortgage note provides for an interest only period for the first ten years and fifteen years, respectively, following the date of origination. With respect to approximately 0.5% and 68.2% of the aggregate principal balance of the group II loans, the related mortgage note provides for an interest only period for the first five years and ten years, respectively, following the date of origination. With respect to approximately 0.1%, 42.8% and 0.1% of the aggregate principal balance of all of the mortgage loans, the related mortgage note provides for an interest only period for the first five years, ten years and fifteen years, respectively, following the date of origination. Under the terms of these loans, borrowers are required to pay only accrued interest each month, with no corresponding principal payments, until the end of the interest only period. Once the interest only period ends, monthly payments of principal are required to amortize the loan over its remaining term, in addition to accrued interest.

None of the group I loans, approximately 83.7% of the group II loans and 4.6% by aggregate principal balance of all of the mortgage loans provide for payment of a prepayment charge for partial prepayments and prepayments in full. However with respect to some of the mortgage loans, the prepayment charge may be waived in the case of a prepayment occurring upon the sale of property securing a mortgage loan. The prepayment charge applies to prepayments made generally within five years following the origination of such mortgage loan. The amount of the prepayment charge is generally equal to six months' advance interest on the amount of the prepayment that, when added to all other amounts prepaid during the twelve-month period immediately preceding the date of prepayment, exceeds twenty percent (20%) of the original principal amount of the mortgage loan. Prepayment charges received on the mortgage loans will not be available for distribution on the certificates. See "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Certain Legal Aspects of the Mortgage Loans and Contracts--Default Interest and Limitations on Prepayments" in the prospectus.

Group I Loans. The group I loans consist of 2,417 fixed-rate mortgage loans with an aggregate principal balance as of the reference date of approximately \$555,990,095. The group I loans had individual principal balances at origination of at least \$42,700 but not more than \$1,505,000 with an average principal balance at origination of approximately \$233,938. The group I loans have terms to maturity from the date of origination or modification of not more than 30 years. All of the group I loans were purchased by the depositor through its affiliate, Residential Funding, from unaffiliated sellers as described in this prospectus supplement and in the prospectus, except in the case of approximately 35.1% and 3.4% of the group I loans, which were purchased by the depositor through its affiliate, Residential Funding, from Homecomings and GMAC Mortgage LLC, respectively. Approximately 11.0% of the group I loans were purchased by the depositor through its affiliate, Residential Funding, from Wachovia Mortgage Corporation. Except as described in the preceding sentence, no unaffiliated seller sold more than approximately 9.0% of the group I loans to Residential Funding. Approximately 74.1% of the group I loans are being subserviced by GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC.

None of the group I loans were originated prior to July 18, 2005 or will have a maturity date later than August 1, 2036. No group I loan had a remaining term to stated maturity as of the

reference date of less than 221 months. The weighted average remaining term to stated maturity of the group I loans as of the reference date was approximately 342 months. The weighted average original term to stated maturity of the group I loans as of the reference date was approximately 360 months. As used in this prospectus supplement the remaining term to stated maturity means, as of any date of determination and with respect to any mortgage loan, the number of months equaling the number of scheduled monthly payments remaining after the reference date.

Group II Loans. The group II loans consist of 104 fixed-rate mortgage loans with an aggregate principal balance as of the reference date of approximately \$32,190,048. The group II loans had individual principal balances at origination of at least \$65,000 but not more than \$1,500,000 with an average principal balance at origination of approximately \$311,542. The group II loans have terms to maturity from the date of origination or modification of not more than 30 years. All of the group II loans were purchased by the depositor through its affiliate, Residential Funding, from unaffiliated sellers as described in this prospectus supplement and in the prospectus, except in the case of approximately 33.1% and 6.5% of the group II loans, which were purchased by the depositor through its affiliate, Residential Funding, from Homecomings and GMAC Mortgage, LLC, respectively. Approximately 22.0% of the group II loans were purchased by the depositor through its affiliate, Residential Funding, from MortgageIT, Inc. Except as described in the preceding sentence, no unaffiliated seller sold more than approximately 6.2% of the group II loans to Residential Funding. All of the group II loans are being subserviced by GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC.

None of the group II loans were originated prior to September 9, 2005 or will have a maturity date later than August 1, 2036. No group II loan had a remaining term to stated maturity as of the reference date of less than 213 months. The weighted average remaining term to stated maturity of the group II loans as of the reference date was approximately 341 months. The weighted average original term to stated maturity of the group II loans as of the reference date was approximately 359 months.

All Mortgage Loans. The mortgage loans consist of 2,521 fixed-rate mortgage loans with an aggregate principal balance as of the reference date of approximately \$588,180,143. The mortgage loans had individual principal balances at origination of at least \$42,700 but not more than \$1,505,000 with an average principal balance at origination of approximately \$237,140. The mortgage loans have terms to stated maturity from the date of origination or modification of not more than 30 years. All of the mortgage loans were purchased by the depositor through its affiliate, Residential Funding, from unaffiliated sellers as described in this prospectus supplement and in the prospectus, except in the case of approximately 35.0% and 3.6% of the mortgage loans, which were purchased by the depositor through its affiliate, Residential Funding, from Homecomings and GMAC Mortgage, LLC, respectively. Approximately 10.4% of all of the mortgage loans were purchased by the depositor through its affiliate, Residential Funding, from Wachovia Mortgage Corporation. Except as described in the preceding sentence, no unaffiliated seller sold more than approximately 8.5% of the mortgage loans to Residential Funding. Approximately 75.5% of the mortgage loans are being subserviced by GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC.

None of the mortgage loans were originated prior to July 18, 2005 or will have a maturity date later than August 1, 2036. No mortgage loan had a remaining term to stated maturity as of the reference date of less than 213 months. The weighted average remaining term to stated maturity of the mortgage loans as of the reference date was approximately 342 months. The weighted average original term to stated maturity of the mortgage loans as of the reference date was approximately 360 months.

Set forth in Annex I is a description of certain additional characteristics of the mortgage loans expressed as a percentage of the outstanding aggregate principal balance of the mortgage loans having those characteristics relative to the outstanding aggregate principal balance of all mortgage loans. Unless otherwise specified, all principal balances of the mortgage loans are as of the reference date, after deducting payments of principal due during the month of the reference date, and are rounded to the nearest dollar.

Sharia Mortgage Loans

Approximately 0.8% and 0.8% by aggregate principal balance of the group I loans and all of the mortgage loans, respectively, as of the reference date, referred to as the Sharia Mortgage Loans, have been structured to comply with Islamic religious law, which prohibits the charging of interest on loans. Generally, ownership of the mortgaged property securing a Sharia Mortgage Loan is vested in two co-owners, the borrower, referred to as the "consumer", and an indirect wholly-owned subsidiary of the originator, referred to as the "co-owner," pursuant to a Co-Ownership Agreement. Both the consumer and co-owner possess certain rights, which indicate their respective rights of ownership, under the Co-Ownership Agreement, including the "indicia of ownership". Certain indicia of ownership, such as the sole right to occupy the property and the obligation to pay taxes on the property, belong to the consumer, and other indicia of ownership, such as the right of re-entry for purposes of inspection of the property and the ability to cure any defects regarding the property, belong to the co-owner. The consumer is obligated to make monthly payments to the co-owner pursuant to an Obligation to Pay. Each monthly payment is comprised of a "profit payment" and an "acquisition payment". The profit payment is made in consideration of the consumer's exclusive right to use and enjoy the mortgaged property. The sum of the acquisition payments required to be made under the Obligation to Pay will equal the portion of the purchase price or refinance amount paid by the co-owner at the time of origination. A lien on the mortgaged property to secure the obligations of the consumer under the Obligation to Pay and the Co-Ownership Agreement is established pursuant to a Mortgage or Security Instrument, which is filed in the real property records of the applicable recording office. The originator's security interest in both the co-owner's and the consumer's interest in the mortgaged property, along with the rights under the Co-Ownership Agreement and the Obligation to Pay, will be assigned to the trust as the originator's assignee. Title to the mortgaged property is retained by the consumer and the co-owner or the consumer alone. Upon a default by the consumer under the Obligation to Pay or the Co-Ownership Agreement, the trust, as the originator's assignee, will have the power to sell the property and use the proceeds of the sale to satisfy the full amount owed by the consumer under the Obligation to Pay and the Co-Ownership Agreement.

For all purposes under this prospectus supplement, the profit factor on any Sharia Mortgage Loan will be deemed to be the mortgage rate on that mortgage loan, any amounts received with respect to the profit payment for any Sharia Mortgage Loan will be deemed to be interest collected on that mortgage loan, any amounts received with respect to the acquisition payment for any Sharia Mortgage Loan will be deemed to be principal collected on that mortgage loan, references in this prospectus supplement to a note or mortgage note will be deemed to be references to the Obligation to Pay for any Sharia Mortgage Loan and references in this prospectus supplement to a mortgage will be deemed to be references to a Mortgage or Security Instrument, as applicable, for any Sharia Mortgage Loan.

Balloon Loans

Approximately 0.7%, 1.0% and 0.7% by aggregate principal balance of the group I loans, the group

II loans and all of the mortgage loans, respectively, as of the reference date, provide for the payment of principal generally based on a 40-year amortization schedule, although the mortgage loan will generally have a scheduled maturity date of approximately 30 years from the due date of the first monthly payment, leaving a substantial portion of the original principal amount due and payable on the scheduled maturity date of the mortgage loan. These mortgage loans are sometimes called balloon loans, and the payments due at maturity are called balloon amounts. The existence of a balloon amount generally will require the related mortgagor to refinance the balloon loan or to sell the mortgaged property on or prior to the scheduled maturity date. The ability of a mortgagor to accomplish either of these goals will be affected by a number of factors, including the level of available mortgage rates at the time of sale or refinancing, the mortgagor's equity in the related mortgaged property, the financial condition of the mortgagor, tax laws and prevailing general economic conditions. None of the depositor, the master servicer or the trustee is obligated to refinance any balloon loan.

Static Pool Information

Current static pool data with respect to mortgage loans serviced by Residential Funding is available on the internet at www.gmacrfcstaticpool.com (the "Static Pool Data"). Information presented under (i) "RALI" as the issuer/shelf, (ii) "QS" as the series, and (iii) "2006-QS11" as the deal, will include information regarding prior securitizations of mortgage loans that are similar to the mortgage loans included in this mortgage pool, based on underwriting criteria and credit quality, as well as historical information regarding the mortgage loans in this mortgage pool, and that information is referred to in this prospectus supplement as Static Pool Data.

The Static Pool Data is not deemed to be a part of the prospectus or the depositor's registration statement to the extent that the Static Pool Data relates to (a) any issuing entity that was established before January 1, 2006 and (b) information relating to assets of the RALI 2006-QS11 Trust for periods prior to January 1, 2006.

As used in the Static Pool Data and in this prospectus supplement, a loan is considered to be "30 to 59 days" or "30 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the next following monthly scheduled due date; "60 to 89 days" or "60 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the second following monthly scheduled due date; and so on. The determination as to whether a mortgage loan falls into these categories is made as of the close of business on the last business day of each month. Grace periods and partial payments do not affect these determinations.

From time to time, the master servicer or a subservicer will modify a mortgage loan, recasting monthly payments for delinquent borrowers who have experienced financial difficulties. Generally such borrowers make payments under the modified terms for a trial period, before the modifications become final. During any such trial period, delinquencies are reported based on the mortgage loan's original payment terms. The trial period is designed to evaluate both a borrower's desire to remain in the mortgaged property and, in some cases, a borrower's capacity to pay a higher monthly payment obligation. The trial period generally may extend to up to six months before a modification is finalized. Once the modifications become final delinquencies are reported based on the modified terms. Generally if a borrower fails to make payments during a trial period, the mortgage loan goes into foreclosure. Historically, the master servicer has not modified a material number of mortgage loans in any pool. Furthermore, the rating agencies rating the certificates impose certain

limitations on the ability of the master servicer to modify loans.

Charge-offs are taken only when the master servicer has determined that it has received all payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to any mortgage loan.

There can be no assurance that the delinquency and foreclosure experience set forth in the Static Pool Data will be representative of the results that may be experienced with respect to the mortgage loans included in the trust.

Primary Mortgage Insurance and Standard Hazard Insurance

Each mortgage loan is required to be covered by a standard hazard insurance policy. In addition, to the best of the depositor's knowledge, subject to the exceptions described in the following sentence, each mortgage loan with an LTV ratio at origination in excess of 80% will be insured by a primary mortgage insurance policy, which is referred to as a primary insurance policy, covering at least 35% of the balance of the mortgage loan at origination if the LTV ratio is between 100.00% and 95.01%, at least 30% of the balance of the mortgage loan at origination if the LTV ratio is between 95.00% and 90.01%, at least 25% of the balance of the mortgage loan at origination if the LTV ratio is between 90.00% and 85.01%, and at least 12% of the balance of the mortgage loan at origination if the LTV ratio is between 85.00% and 80.01%. None of the mortgage loans with an LTV ratio at origination in excess of 80% will be insured by a primary mortgage insurance policy covering less than the amounts described in the preceding sentence, and none of the mortgage loans with an LTV ratio at origination in excess of 80% will be uninsured.

All of the primary insurance policies were issued by Mortgage Guaranty Insurance Corporation, General Electric Mortgage Insurance Corporation/Genworth Mortgage Insurance Company, Republic Mortgage Ins. N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, CUNA Mutual Group or Radian Guaranty Inc., which collectively are the primary insurers. Each primary insurer has a claims paying ability currently acceptable to the rating agencies that have been requested to rate the certificates; however, no assurance as to the actual ability of any primary insurer to pay claims can be given by the depositor, the issuing entity or the underwriter. See "Insurance Policies on Mortgage Loans or Contracts" in the prospectus.

The Program

General. Residential Funding, under its Expanded Criteria Program, or the program, purchases mortgage loans that may not qualify for other first mortgage purchase programs such as those run by Fannie Mae or Freddie Mac or by Residential Funding in connection with securities issued by the depositor's affiliate, Residential Funding Mortgage Securities I, Inc. However, a portion of the mortgage loans under the program may also qualify for the Fannie Mae or Freddie Mac programs. Examples of mortgage loans that may not qualify for such programs include mortgage loans secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans with high LTV ratios or mortgage loans made to borrowers whose ratios of debt service on the mortgage loan to income and total debt service on borrowings to income are higher than for those other programs. Borrowers may be international borrowers. The mortgage loans also include mortgage loans secured by parcels of land that are smaller or larger than the average for these types of loans, mortgage loans with higher LTV ratios than in those other programs, and mortgage loans with LTV ratios over 80% that do not require primary mortgage insurance. See

"—Program Underwriting Standards" below. The inclusion of those mortgage loans may present certain risks that are not present in those other programs. The program is administered by Residential Funding on behalf of the depositor.

Qualifications of Program Sellers. Each Expanded Criteria Program Seller has been selected by Residential Funding on the basis of criteria described in Residential Funding's Expanded Criteria Seller Guide, or the Seller Guide. See "The Trusts—Qualifications of Sellers" in the prospectus.

Program Underwriting Standards. In accordance with the Seller Guide, the Expanded Criteria Program Seller is required to review an application designed to provide to the original lender pertinent credit information concerning the mortgagor. As part of the description of the mortgagor's financial condition, each mortgagor is required to furnish information, which may have been supplied solely in the application, regarding its assets, liabilities, income (except as described below), credit history and employment history, and to furnish an authorization to apply for a credit report which summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy. The mortgagor may also be required to authorize verifications of deposits at financial institutions where the mortgagor had demand or savings accounts. In the case of non-owner occupied properties, income derived from the mortgaged property may be considered for underwriting purposes. For mortgaged property consisting of a vacation or second home, generally no income derived from the property is considered for underwriting purposes.

Based on the data provided in the application and certain verifications, if required, a determination is made by the original lender that the mortgagor's monthly income, if required to be stated, will be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property, including property taxes, utility costs, standard hazard insurance and other fixed obligations. Generally, scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance and all scheduled payments on obligations that extend beyond ten months, including those mentioned above and other fixed obligations, must equal no more than specified percentages of the prospective mortgagor's gross income. The originator may also consider the amount of liquid assets available to the mortgagor after origination.

Certain of the mortgage loans have been originated under "reduced documentation" or "no stated income" programs, which require less documentation and verification than do traditional "full documentation" programs. Generally, under a "reduced documentation" program, no verification of a mortgagor's stated income is undertaken by the originator. Under a "no stated income" program, certain borrowers with acceptable payment histories will not be required to provide any information regarding income and no other investigation regarding the borrower's income will be undertaken. Under a "no income/no asset" program, no verification of a mortgagor's income or assets is undertaken by the originator. The underwriting for those mortgage loans may be based primarily or entirely on an appraisal of the mortgaged property and the LTV ratio at origination.

The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide. Appraisers may be staff appraisers employed by the originator. The appraisal procedure guidelines generally require the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property is in good condition and that construction, if new, has been substantially completed. The appraiser is required to consider a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property, or replacement cost analysis based on the current cost of constructing

or purchasing a similar property. In certain instances, the LTV ratio is based on the appraised value as indicated on a review appraisal conducted by the mortgage collateral seller or originator.

Prior to assigning the mortgage loans to the depositor, Residential Funding will have reviewed the underwriting information provided by the mortgage collateral sellers for the mortgage loans and, in those cases, determined that the mortgage loans were generally originated in accordance with or in a manner generally consistent with the underwriting standards described in the Seller Guide. With regard to a material portion of these mortgage loans, this review of underwriting information by Residential Funding was performed using an automated underwriting system. Any determination described above using an automated underwriting system will only be based on the information entered into the system and the information the system is programmed to review. See "The Trusts—Underwriting Policies—Automated Underwriting" in the prospectus.

Because of the program criteria and underwriting standards described above, the mortgage loans may experience greater rates of delinquency, foreclosure and loss than mortgage loans required to satisfy more stringent underwriting standards.

Billing and Payment Procedures. The majority of the mortgage loans require monthly payments to be made no later than either the 1st or 15th day of each month, with a grace period. The applicable servicer sends monthly invoices to borrowers. In some cases, borrowers are provided with coupon books annually, and no invoices are sent separately. Borrowers may elect for monthly payments to be deducted automatically from deposit accounts and may make payments by various means, including online transfers, phone payment and Western Union quick check, although an additional fee may be charged for these payment methods. Borrowers may also elect to pay one half of each monthly payment amount every other week, in order to accelerate the amortization of their loans.

Underwriting Standards

All of the mortgage loans in the mortgage pool were originated in accordance with the underwriting criteria of Residential Funding described under "—The Program" in this prospectus supplement. Residential Funding will review each mortgage loan for compliance with its underwriting standards prior to purchase as described under "The Trusts—Underwriting Policies—Automated Underwriting" in the prospectus.

The applicable underwriting standards include a set of specific criteria by which the underwriting evaluation is made. However, the application of the underwriting standards does not imply that each specific criterion was satisfied individually. Rather, a mortgage loan will be considered to be originated in accordance with the underwriting standards described above if, based on an overall qualitative evaluation, the loan is in substantial compliance with the underwriting standards. For example, a mortgage loan may be considered to comply with the underwriting standards described above, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied.

Automated Valuation Models

In some cases, for mortgage loans underwritten through Residential Funding's automated underwriting system, in lieu of an appraisal, a valuation of the mortgaged property was obtained by using one of several automated valuation models. There are multiple automated valuation models included in Residential Funding's automated underwriting system. Based upon, among other factors,

the geographic area, price range and other attributes of a qualifying mortgage loan, a mortgage loan is directed to the appropriate automated valuation model for that particular mortgage loan. An automated valuation model evaluates, among other things, various types of publicly-available information such as recent sales prices of similar homes within the same price range. Residential Funding uses automated valuation models in lieu of full appraisals for qualifying first lien mortgage loans underwritten through its automated underwriting system which meet specified underwriting criteria and receive an acceptable valuation.

Originators

Homecomings is a Delaware limited liability company and wholly-owned subsidiary of Residential Funding Company, LLC. Homecomings originated approximately 35.1%, 33.1% and 35.0% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively. See also "Pooling and Servicing Agreement—The Master Servicer and Subservicers—GMAC Mortgage, LLC" in this prospectus supplement.

Wachovia Mortgage Corporation, a North Carolina corporation, originated approximately 11.0% and 10.4% by principal amount of the group I loans and all of the mortgage loans, respectively.

MortgageIT, Inc., a New York corporation, originated approximately 22.0% by principal amount of the group II loans.

GMAC Mortgage, LLC, a Delaware limited liability company and an affiliate of Residential Funding Company, LLC, originated approximately 3.4%, 6.5% and 3.6% by principal amount of the group I loans, group II loans and all of the mortgage loans, respectively.

The mortgage loans were originated in accordance with Residential Funding Company, LLC's underwriting standards described above. See "Description of the Mortgage Pool—Underwriting Standards" above.

Additional Information

The description in this prospectus supplement of the mortgage pool and the mortgaged properties is based upon the mortgage pool as constituted at the close of business on the reference date, as adjusted for the scheduled principal payments due during the month of the reference date. Prior to the closing date, Residential Funding Company, LLC may repurchase or substitute for any mortgage loan as to which a breach of its representations and warranties with respect to that mortgage loan occurs, if such breach materially and adversely affects the interests of the certificateholders in any of those mortgage loans. The information in this prospectus supplement will be substantially representative of the characteristics of the mortgage pool as it will be constituted on the closing date, although the range of mortgage rates and maturities and some other characteristics of the mortgage loans in the mortgage pool may vary.

A current report on Form 8-K is available to purchasers of the offered certificates and was filed by the issuing entity, in its own name, together with the pooling and servicing agreement, with the Securities and Exchange Commission on September 14, 2006.

Description of the Certificates

General

The Series 2006-QS11 Mortgage Asset-Backed Pass-Through Certificates include 13 classes of Senior Certificates.

The Group I Senior Certificates include the following nine classes:

- o Class I-A-1 Certificates, or the Accretion Directed Certificates;
- o Class I-A-2 Certificates;
- o Class I-A-3 Certificates;
- o Class I-A-4 Certificates, and together with the Class I-A-3 Certificates, the Super Senior Certificates;
- o Class I-A-5 Certificates, or the Accrual Certificates;
- o Class I-A-6 Certificates, or the Senior Support Certificates, and together with the Class I-A-4 Certificates, the Lockout Certificates;
- o Class I-A-7 Certificates;
- o Class I-A-8 Certificates; and
- o Class R-I Certificates.

The Group II Senior Certificates include the following two classes:

- o Class II-A-1 Certificates; and
- o Class R-II Certificates.

The Senior Certificates also include the following two classes:

- o Class A-P Certificates, or the Principal Only Certificates; and
- o Class A-V Certificates, or the Variable Strip Certificates, and together with the Class I-A-7 Certificates, the Interest Only Certificates.

In addition, the Series 2006-QS11 Mortgage Asset-Backed Pass-Through Certificates include the following six classes of subordinated certificates.

- o Class M-1 Certificates;
- o Class M-2 Certificates;
- o Class M-3 Certificates, and together with the Class M-1 Certificates and the Class M-2

Certificates, the Class M Certificates;

- o Class B-1 Certificates;
- o Class B-2 Certificates; and
- o Class B-3 Certificates, and together with the Class B-1 Certificates and the Class B-2 Certificates, the Class B Certificates.

Distributions of interest and principal on the Group I Senior Certificates and the Group II Senior Certificates are based primarily on interest and principal received or advanced with respect to the group I loans and the group II loans, respectively. Distributions of principal and interest on the Class A-P, Class A-V, Class M and Class B Certificates are based on interest and principal received or advanced with respect to all of the mortgage loans. Only the Class I-A-2 Certificates are offered hereby. See "Glossary" in the prospectus for the meanings of capitalized terms and acronyms not otherwise defined in this prospectus supplement:

The certificates evidence the entire beneficial ownership interest in the trust. The trust consists of:

- o the mortgage loans;
- o the cash deposited in respect of the mortgage loans in the Custodial Account and in the Certificate Account and belonging to the trust;
- o property acquired by foreclosure of the mortgage loans or deed in lieu of foreclosure;
- o any applicable primary insurance policies and standard hazard insurance policies; and
- o all proceeds of any of the foregoing.

After giving effect to distributions on the January 25, 2008 distribution date, the Senior Certificates evidenced in the aggregate a beneficial ownership interest of approximately 92.34% in the trust. After giving effect to distributions on the January 25, 2008 distribution date, the Class M Certificates and Class B Certificates evidenced in the aggregate a beneficial ownership interest of approximately 7.66% in the trust. As of the cut-off date, the Senior Certificates evidenced in the aggregate an initial beneficial ownership interest of approximately 93.75% in the trust. As of the cut-off date, the Class M Certificates and Class B Certificates evidenced in the aggregate an initial beneficial ownership interest of approximately 6.25% in the trust.

The Senior Certificates, other than the Residual Certificates, and the Class M Certificates are available only in book-entry form through facilities of The Depository Trust Company, or DTC, and are collectively referred to as the DTC registered certificates. The DTC registered certificates, other than the Interest Only Certificates, were issued in minimum denominations of \$25,000, or \$250,000 in the case of the Class M-2 Certificates and Class M-3 Certificates, and integral multiples of \$1 in excess thereof. The Interest Only Certificates were issued in minimum denominations representing an initial notional amount of \$2,000,000, and integral multiples of \$1 in excess thereof. The Residual Certificates were issued in registered, certificated form in minimum denominations of a 20% percentage interest, except, in the case of one Class R-I and one Class R-II Certificate, as

otherwise described in this prospectus supplement under "Material Federal Income Tax Consequences."

The DTC registered certificates are represented by one or more certificates registered in the name of Cede & Co., as the nominee of DTC. No beneficial owner will be entitled to receive a certificate of any class in fully registered form, or a definitive certificate, except as described in the prospectus under "Description of the Certificates—Form of Certificates."

For additional information regarding DTC and the DTC registered certificates, see "Description of the Certificates—Form of Certificates" in the prospectus.

Glossary of Terms

The following terms are given the meanings shown below to help describe the cash flows on the certificates:

Accretion Termination Date—The earlier to occur of (i) the distribution date on which the Certificate Principal Balance of the Class I-A-1 Certificates has been reduced to zero and (ii) the occurrence of the Credit Support Depletion Date.

Accrual Distribution Amount—On each distribution date preceding the Accretion Termination Date, an amount equal to the amount of Accrued Certificate Interest on the Class I-A-5 Certificates for that date which will be added to the Certificate Principal Balance of the Class I-A-5 Certificates and distributed in the manner described in this prospectus supplement under "—Principal Distributions on the Senior Certificates" to the holders of the Class I-A-1 Certificates as principal in reduction of the Certificate Principal Balance of the Class I-A-1 Certificates. Any distributions of the Accrual Distribution Amount to the Class I-A-1 Certificates will reduce the Certificate Principal Balance of the Class I-A-1 Certificates by that amount. The amount that is added to the Certificate Principal Balance of the Class I-A-5 Certificates will accrue interest at a rate of 6.50% per annum. On each distribution date on or after the Accretion Termination Date, the entire Accrued Certificate Interest on the Class I-A-5 Certificates for that date will be payable to the holders of the Class I-A-5 Certificates, as interest to the extent not required to be paid to the Class I-A-1 Certificates in order to fully reduce the Certificate Principal Balance of the Class I-A-1 Certificates to zero on the Accretion Termination Date; provided, however, that if the Accretion Termination Date is the Credit Support Depletion Date, the entire Accrual Distribution Amount for that date will be payable as interest to the holders of the Class I-A-5 Certificates.

Accrued Certificate Interest—With respect to any distribution date, an amount equal to (a) in the case of each class of Senior Certificates and Class M Certificates, other than the Interest Only Certificates and Principal Only Certificates, interest accrued during the related Interest Accrual Period on the Certificate Principal Balance of the certificates of that class immediately prior to that distribution date at the related pass-through rate and (b) in the case of the Interest Only Certificates, interest accrued during the related Interest Accrual Period on the related Notional Amount immediately prior to that distribution date at the then-applicable pass-through rate on that class for that distribution date; in each case less interest shortfalls, if any, allocated thereto for that distribution date to the extent not covered, with respect to the Senior Certificates, by the subordination provided by the Class B Certificates and Class M Certificates and, with respect to the Class M Certificates, to the extent not covered by the subordination provided by the Class B Certificates and any class or classes of Class M Certificates having a lower payment priority, including in each case:

(i) any Prepayment Interest Shortfall to the extent not covered by the master servicer as described in this prospectus supplement under "Description of the Certificates—Interest Distributions";

(ii) the interest portions of Realized Losses, including Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses, not allocated through subordination;

(iii) the interest portion of any Advances that were made with respect to delinquencies that were ultimately determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses; and

(iv) any other interest shortfalls not covered by the subordination provided by the Class M Certificates or Class B Certificates, including interest shortfalls relating to the Servicemembers Civil Relief Act, or Relief Act, or similar legislation or regulations, all allocated as described below.

The Class I-A Percentage of these reductions with respect to the group I loans will be allocated among the holders of the Group I Senior Certificates, in proportion to the amounts of Accrued Certificate Interest that would have been payable to those certificates from the group I loans on that distribution date absent such reductions. The Class II-A Percentage of these reductions with respect to the group II loans will be allocated among the holders of the Group II Senior Certificates, in proportion to the amounts of Accrued Certificate Interest that would have been payable to those certificates from the group II loans on that distribution date absent such reductions. The remainder of these reductions will be allocated among the holders of the Class M Certificates and the Class B Certificates in proportion to the respective amounts of Accrued Certificate Interest that would have been payable on that distribution date absent these reductions. In the case of each class of Class M Certificates, Accrued Certificate Interest on that class will be further reduced by the allocation of the interest portion of certain losses thereto, if any, as described below under "—Allocation of Losses; Subordination." Accrued Certificate Interest on each class of related Senior Certificates will be distributed on a pro rata basis. Accrued Certificate Interest on each class of certificates is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Advance—As to any mortgage loan and any distribution date, an amount equal to the scheduled payment of principal and interest on the mortgage loan due during the related Due Period which was not received as of the close of business on the business day preceding the related determination date.

Aggregate Available Distribution Amount—With respect to a distribution date, the sum of the Available Distribution Amounts for both loan groups for such distribution date.

Aggregate Class A-P Principal Distribution Amount—With respect to a distribution date, the sum of the Class A-P Principal Distribution Amounts for both loan groups for such distribution date.

Aggregate Senior Interest Distribution Amount—With respect to a distribution date, the sum of the Senior Interest Distribution Amounts for both loan groups for such distribution date.

Aggregate Senior Principal Distribution Amount—With respect to a distribution date, the sum of

the Senior Principal Distribution Amounts for both loan groups for such distribution date.

Available Distribution Amount—With respect to any distribution date and each loan group, an amount equal to the aggregate of:

- o the aggregate amount of scheduled payments on the mortgage loans in the related loan group due during the related Due Period and received on or prior to the related determination date, after deduction of the related master servicing fees and any subservicing fees, which are collectively referred to as the servicing fees;
- o all unscheduled payments on the mortgage loans in the related loan group including mortgagor prepayments, Insurance Proceeds, Liquidation Proceeds, Subsequent Recoveries and proceeds from repurchases of and substitutions for the mortgage loans in the related loan group occurring during the preceding calendar month or, in the case of mortgagor prepayments in full, during the related Prepayment Period;
- o all Advances made for that distribution date for the related loan group in each case net of amounts reimbursable therefrom to the master servicer and any subservicer; and
- o any additional amounts to be included in the Available Distribution Amount with respect to such loan group pursuant to the first paragraph of clause (c) under "—Principal Distributions on the Senior Certificates".

In addition to the foregoing amounts, with respect to unscheduled collections, not including mortgagor prepayments, the master servicer may elect to treat such amounts as included in the related Available Distribution Amount for the distribution date in the month of receipt, but is not obligated to do so. As described in this prospectus supplement under "—Principal Distributions on the Senior Certificates," any amount with respect to which such election is so made shall be treated as having been received on the last day of the preceding calendar month for the purposes of calculating the amount of principal and interest distributions to any class of certificates. With respect to any distribution date, the determination date is the second business day prior to that distribution date.

Capitalization Reimbursement Amount—With respect to any distribution date and a loan group, the amount of Advances or Servicing Advances that were added to the outstanding principal balance of the mortgage loans in the related loan group during the preceding calendar month and reimbursed to the master servicer or subservicer on or prior to such distribution date, plus the related Capitalization Reimbursement Shortfall Amount remaining unreimbursed from any prior distribution date and reimbursed to the master servicer or subservicer on or prior to such distribution date. The master servicer or subservicer will be entitled to be reimbursed for these amounts only from the principal collections on the mortgage loans in the related loan group.

Capitalization Reimbursement Shortfall Amount—With respect to any distribution date and a loan group, the amount, if any, by which the amount of Advances or Servicing Advances that were added to the principal balance of the mortgage loans in the related loan group during the preceding calendar month exceeds the amount of principal payments on the mortgage loans included in the related Available Distribution Amount for that distribution date.

Certificate Group—With respect to loan group I, the Group I Senior Certificates, and with respect to loan group II, the Group II Senior Certificates.

Certificate Principal Balance—With respect to any Senior Certificates and Class M Certificates, other than the Interest Only Certificates, as of any date of determination, an amount equal to the sum of (x) the initial Certificate Principal Balance of that certificate and (y) in the case of the Accrual Certificates, an amount equal to the Accrued Certificate Interest added to the Certificate Principal Balance of the Accrual Certificates on each distribution date on or prior to the Accretion Termination Date, reduced by the aggregate of (a) all amounts allocable to principal previously distributed with respect to that certificate and (b) any reductions in the Certificate Principal Balance of that certificate deemed to have occurred in connection with allocations of Realized Losses in the manner described in this prospectus supplement, provided that, after the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the Certificate Principal Balance of any certificate of the class of Class M Certificates with the highest payment priority to which Realized Losses, other than Excess Bankruptcy Losses, Excess Fraud Losses, Excess Special Hazard Losses and Extraordinary Losses, have been allocated shall be increased by the percentage interest evidenced thereby multiplied by the amount of any Subsequent Recoveries not previously allocated, but not by more than the amount of Realized Losses previously allocated to reduce the Certificate Principal Balance of that certificate, and the Certificate Principal Balance of the class of related certificates with a Certificate Principal Balance greater than zero with the lowest payment priority shall be further reduced by an amount equal to the percentage interest evidenced thereby multiplied by the excess, if any, of (i) the then-aggregate Certificate Principal Balance of all classes of related certificates then outstanding over (ii) the then-aggregate Stated Principal Balance of all of the mortgage loans.

Class A-P Collection Shortfall—With respect to each distribution date and a loan group, the extent to which (1) the amount included under clause (iii) of the definition of Class A-P Principal Distribution Amount for that distribution date and loan group is less than (2) the amount described in (a) under clause (iii) of such definition of Class A-P Principal Distribution Amount. Notwithstanding any other provision of this prospectus supplement, any distribution relating to any Class A-P Collection Shortfall, to the extent not covered by any amounts otherwise distributable to the Class B-3 Certificates shall result in a reduction of the amount of principal distributions on that distribution date on (i) first, the Class B-1 Certificates and Class B-2 Certificates, and (ii) second, the Class M Certificates, in each case in reverse order of their payment priority.

Class A-P Principal Distribution Amount—With respect to any distribution date and loan group, a distribution allocable to principal made to holders of the Class A-P Certificates from the related Available Distribution Amount remaining after the related Senior Interest Distribution Amount other than the Accrual Distribution Amount is distributed, equal to the aggregate of:

(i) the related Discount Fraction of the principal portion of the scheduled monthly payment on each Discount Mortgage Loan in the related loan group due during the related Due Period, whether or not received on or prior to the related determination date, less the Discount Fraction of the principal portion of any related Debt Service Reductions which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(ii) the related Discount Fraction of the principal portion of all unscheduled collections on each Discount Mortgage Loan in the related loan group other than amounts received in connection with a Final Disposition of a Discount Mortgage Loan in the related loan group described in clause (iii) below, including mortgagor prepayments, repurchases of Discount Mortgage Loans or, in the case of a substitution, amounts representing a principal

adjustment, as required by the pooling and servicing agreement, Liquidation Proceeds, Subsequent Recoveries and Insurance Proceeds, to the extent applied as recoveries of principal, received during the preceding calendar month or, in the case of mortgagor prepayments in full, during the related Prepayment Period;

(iii) in connection with the Final Disposition of a Discount Mortgage Loan in the related loan group that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, an amount equal to the lesser of (a) the applicable Discount Fraction of the Stated Principal Balance of that Discount Mortgage Loan immediately prior to that distribution date and (b) the aggregate amount of collections on that Discount Mortgage Loan to the extent applied as recoveries of principal;

(iv) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed; and

(v) an amount equal to the aggregate of the related Class A-P Collection Shortfalls for all distribution dates on or prior to such distribution date, less any amounts paid under this clause on a prior distribution date, until paid in full; provided, that distributions under this clause (v) shall only be made to the extent of Eligible Funds for such loan group on any distribution date; minus

(vi) the related Discount Fraction of the portion of the Capitalization Reimbursement Amount for the related loan group for such distribution date, if any, related to each Discount Mortgage Loan in the related loan group.

Notwithstanding the foregoing, on or after the Credit Support Depletion Date, the Class A-P Principal Distribution Amount with respect to any distribution date and loan group will equal the Discount Fraction of the principal portion of scheduled payments and unscheduled collections received or advanced in respect of Discount Mortgage Loans in the related loan group minus the related Discount Fraction of the portion of the related Capitalization Reimbursement Amount for such distribution date, if any, related to each Discount Mortgage Loan in the related loan group.

Class I-A Certificates—The Class I-A-1, Class I-A-2, Class I-A-3, Class I-A-4, Class I-A-5, Class I-A-6, Class I-A-7 and Class I-A-8 Certificates.

Class I-A Percentage—With respect to any distribution date, the percentage equal to the aggregate Certificate Principal Balance of the Group I Senior Certificates immediately prior to that distribution date divided by the aggregate Stated Principal Balance of all of the mortgage loans in loan group I, other than the Discount Fraction of the Discount Mortgage Loans in loan group I, immediately prior to that distribution date. The Class I-A Percentage was equal to approximately 92.25% after giving effect to distributions on the January 25, 2008 distribution date and will in no event exceed 100%.

Class II-A Certificates—The Class II-A-1 Certificates.

Class II-A Percentage—With respect to any distribution date, the percentage equal to the aggregate Certificate Principal Balance of the Group II Senior Certificates immediately prior to that distribution date divided by the aggregate Stated Principal Balance of all of the mortgage loans in loan group II, other than the Discount Fraction of the Discount Mortgage Loans in loan group II,

immediately prior to that distribution date. The Class II-A Percentage was equal to approximately 92.71% after giving effect to distributions on the January 25, 2008 distribution date and will in no event exceed 100%.

Credit Support Depletion Date—The first distribution date on which the aggregate Certificate Principal Balance of the Class M Certificates and Class B Certificates has been reduced to zero.

Discount Fraction—With respect to each Discount Mortgage Loan, a fraction, expressed as a percentage, the numerator of which is 6.50% minus the Net Mortgage Rate for such Discount Mortgage Loan and the denominator of which is 6.50%. The Class A-P Certificates will be entitled to payments based on the Discount Fraction of the Discount Mortgage Loans.

Discount Mortgage Loan—Any mortgage loan with a Net Mortgage Rate less than 6.50% per annum.

Due Date—With respect to any distribution date and any mortgage loan, the date during the related Due Period on which scheduled payments are due.

Due Period—With respect to any distribution date, the calendar month in which the distribution date occurs.

Eligible Funds—With respect to any distribution date and loan group, such loan group's portion of an amount that is allocated among the loan groups pro rata, based on the aggregate unpaid Class A-P Shortfalls for each loan group, which amount is equal to the excess of (i) the Aggregate Available Distribution Amount over (ii) the sum of the Aggregate Senior Interest Distribution Amount, the Aggregate Senior Principal Distribution Amount (determined without regard to clause (iv) of the definition of "Senior Principal Distribution Amount"), the Aggregate Class A-P Principal Distribution Amount (determined without regard to clause (v) of the definition of "Class A-P Principal Distribution Amount") and the aggregate amount of Accrued Certificate Interest on the Class M, Class B-1 and Class B-2 Certificates.

Excess Bankruptcy Losses—Bankruptcy Losses in excess of the Bankruptcy Amount.

Excess Fraud Losses—Fraud Losses in excess of the Fraud Loss Amount.

Excess Special Hazard Losses—Special Hazard Losses in excess of the Special Hazard Amount.

Excess Subordinate Principal Amount—With respect to distribution date on which the Certificate Principal Balance of the most subordinate class or classes of certificates then outstanding is to be reduced to zero and on which Realized Losses are to be allocated to that class or those classes, the amount, if any, by which (i) the amount of principal that would otherwise be distributable on that class or those classes of certificates on that distribution date is greater than (ii) the excess, if any, of the aggregate Certificate Principal Balance of that class or those classes of certificates immediately prior to that distribution date over the aggregate amount of Realized Losses to be allocated to that class or those classes of certificates on that distribution date, as reduced by any amount calculated pursuant to clause (v) of the definition of "Class A-P Principal Distribution Amount." The Excess Subordinate Principal Amount will be allocated between the loan groups on a pro rata basis in accordance with the amount of Realized Losses on the mortgage loans in each loan group allocated to the certificates on that distribution date.

Final Disposition—With respect to a defaulted mortgage loan, a Final Disposition is deemed to have occurred upon a determination by the master servicer that it has received all Insurance Proceeds, Liquidation Proceeds and other payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to the mortgage loan.

Interest Accrual Period—With respect to each distribution date, the calendar month preceding the month in which the distribution date occurs.

Lockout Percentage—For any distribution date occurring prior to the distribution date in September 2011, 0%. For any distribution date occurring after the first five years following the issuance date, a percentage determined as follows:

- o for any distribution date during the sixth year after the issuance date, 30%;
- o for any distribution date during the seventh year after the issuance date, 40%;
- o for any distribution date during the eighth year after the issuance date, 60%;
- o for any distribution date during the ninth year after the issuance date, 80%; and
- o for any distribution date thereafter, 100%.

Net Mortgage Rate—As to a mortgage loan, the mortgage rate minus the rate per annum at which the related master servicing and subservicing fees accrue.

Non-Discount Mortgage Loan—With respect to each loan group, the mortgage loans other than the Discount Mortgage Loans in such loan group.

Notional Amount— As of any date of determination, the Notional Amount of the Class I-A-7 Certificates is equal to 1/13 multiplied by the aggregate Certificate Principal Balance of the Class I-A-2 Certificates and Class I-A-8 Certificates immediately prior to that date. The Notional Amount of the Class I-A-7 Certificates was approximately \$14,282,076 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class A-V Certificates is equal to the aggregate Stated Principal Balance of the mortgage loans prior to that date. The Notional Amount of the Class A-V Certificates was approximately \$595,022,935 after giving effect to distributions on the January 25, 2008 distribution date. Reference to a Notional Amount is solely for convenience in specific calculations and does not represent the right to receive any distributions allocable to principal.

Record Date—With respect to any certificates and any distribution date, the close of business on the last business day of the preceding calendar month.

Senior Accelerated Distribution Percentage—For any loan group and any distribution date occurring prior to the distribution date in September 2011, 100%. The Senior Accelerated Distribution Percentage for any distribution date and any loan group occurring after the first five years following the issuance date will be as follows:

- o for any distribution date during the sixth year after the issuance date, the related Senior Percentage for that distribution date plus 70% of the related Subordinate

Percentage for that distribution date;

- o for any distribution date during the seventh year after the issuance date, the related Senior Percentage for that distribution date plus 60% of the related Subordinate Percentage for that distribution date;
- o for any distribution date during the eighth year after the issuance date, the related Senior Percentage for that distribution date plus 40% of the related Subordinate Percentage for that distribution date;
- o for any distribution date during the ninth year after the issuance date, the related Senior Percentage for that distribution date plus 20% of the related Subordinate Percentage for that distribution date; and
- o for any distribution date thereafter, the related Senior Percentage for that distribution date.

If on any distribution date the weighted average of the Senior Percentages for both loan groups, weighted on the basis of the Stated Principal Balances of the mortgage loans in the related loan group excluding the Discount Mortgage Loans exceeds the weighted average of the initial Senior Percentages, calculated on that basis, each of the Senior Accelerated Distribution Percentages for that distribution date will once again equal 100%.

Any scheduled reduction to each Senior Accelerated Distribution Percentage shall not be made as of any distribution date unless either:

(a)(i)(X) the outstanding principal balance of mortgage loans in both loan groups delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding Certificate Principal Balance of the Class M Certificates and Class B Certificates, is less than 50% or (Y) the outstanding principal balance of mortgage loans in both loan groups delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all mortgage loans averaged over the last six months, does not exceed 2%, and

(ii) Realized Losses on the mortgage loans in both loan groups to date for that distribution date, if occurring during the sixth, seventh, eighth, ninth or tenth year, or any year thereafter, after the issuance date, are less than 30%, 35%, 40%, 45% or 50%, respectively, of the sum of the initial Certificate Principal Balances of the Class M Certificates and Class B Certificates; or

(b)(i) the outstanding principal balance of mortgage loans in both loan groups delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all mortgage loans averaged over the last six months, does not exceed 4%, and

(ii) Realized Losses on the mortgage loans in both loan groups to date for that distribution date, if occurring during the sixth, seventh, eighth, ninth or tenth year or any year thereafter, after the issuance date, are less than 10%, 15%, 20%, 25% or 30%, respectively, of the sum of the initial Certificate Principal Balances of the Class M Certificates and Class B

Certificates.

Notwithstanding the foregoing, upon reduction of the Certificate Principal Balances of the Senior Certificates related to a loan group, other than the Class A-P Certificates, to zero, the related Senior Accelerated Distribution Percentage will equal 0%.

Senior Interest Distribution Amount—With respect to any distribution date and loan group the amount of Accrued Certificate Interest to be distributed to the holders of the related Senior Certificates for that distribution date, including, with respect to the Certificate Group relating to loan group I, the Accrual Distribution Amount.

Senior Percentage—The Class I-A Percentage or the Class II-A Percentage, as applicable.

Senior Principal Distribution Amount—With respect to any distribution date and a loan group the lesser of (a) the balance of the related Available Distribution Amount remaining after the related Senior Interest Distribution Amount and related Class A-P Principal Distribution Amount (determined without regard to clause (v) of the definition of "Class A-P Principal Distribution Amount"), in each case, for the related loan group have been distributed and (b) the sum of:

(i) the product of (A) the then-applicable related Senior Percentage and (B) the aggregate of the following amounts:

(1) the principal portion of all scheduled monthly payments on the mortgage loans in the related loan group other than the related Discount Fraction of the principal portion of those payments with respect to each Discount Mortgage Loan in the related loan group, due during the related Due Period, whether or not received on or prior to the related determination date, less the principal portion of Debt Service Reductions, other than the related Discount Fraction of the principal portion of the Debt Service Reductions with respect to each such Discount Mortgage Loan in the related loan group, which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(2) the principal portion of all proceeds of the repurchase of a mortgage loan in the related loan group or, in the case of a substitution, amounts representing a principal adjustment, other than the related Discount Fraction of the principal portion of those proceeds with respect to each Discount Mortgage Loan in the related loan group, as required by the pooling and servicing agreement during the preceding calendar month; and

(3) the principal portion of all other unscheduled collections, including Subsequent Recoveries, received with respect to the related loan group during the preceding calendar month, other than full and partial mortgagor prepayments and any amounts received in connection with a Final Disposition of a mortgage loan described in clause (ii) below, to the extent applied as recoveries of principal, other than the related Discount Fraction of the principal portion of those unscheduled collections, with respect to each Discount Mortgage Loan in the related loan group;

(ii) in connection with the Final Disposition of a mortgage loan in the related loan group (x) that occurred in the preceding calendar month and (y) that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, an amount equal to the lesser of:

(1) the then-applicable related Senior Percentage of the Stated Principal Balance of the mortgage loan, other than the related Discount Fraction of the Stated Principal Balance, with respect to a Discount Mortgage Loan; and

(2) the then-applicable related Senior Accelerated Distribution Percentage of the related unscheduled collections, including Insurance Proceeds and Liquidation Proceeds, to the extent applied as recoveries of principal, in each case other than the portion of the collections, with respect to a Discount Mortgage Loan in the related loan group included in clause (iii) of the definition of Class A-P Principal Distribution Amount;

(iii) the then-applicable related Senior Accelerated Distribution Percentage of the aggregate of all partial mortgagor prepayments made during the preceding calendar month and mortgagor prepayments in full made during the related Prepayment Period, with respect to the related loan group other than the related Discount Fraction of mortgagor prepayments, with respect to each Discount Mortgage Loan in the related loan group;

(iv) any Excess Subordinate Principal Amount allocated to the related loan group, as described in the definition of Excess Subordinate Principal Amount, for that distribution date;

(v) any additional amounts from the other loan group to be included in the Senior Principal Distribution Amount with respect to such loan group pursuant to the first paragraph of clause (c) under "-Principal Distributions on the Senior Certificates"; and

(vi) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed to the extent that any of those amounts are not attributable to Realized Losses which were allocated to the Class M Certificates or the Class B Certificates; minus

(vii) the related Capitalization Reimbursement Amount for such distribution date, other than the related Discount Fraction of any portion of that amount related to each Discount Mortgage Loan in the related loan group multiplied by a fraction, the numerator of which is the related Senior Principal Distribution Amount, without giving effect to this clause (vii), and the denominator of which is the sum of the principal distribution amounts for all classes of certificates, other than the Class A-P Certificates, payable from the Available Distribution Amount for the related loan group without giving effect to any reductions for the related Capitalization Reimbursement Amount.

Subordinate Percentage—With respect to any loan group as of any date of determination a percentage equal to 100% minus the related Senior Percentage as of that date.

Subsequent Recoveries—Subsequent recoveries, net of reimbursable expenses, with respect to mortgage loans that have been previously liquidated and that resulted in a Realized Loss.

Interest Distributions

Holders of each class of Senior Certificates other than the Principal Only Certificates will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on

that class on each distribution date, to the extent of the related Available Distribution Amount, other than the Accrual Distribution Amount, for that distribution date, commencing on the first distribution date in the case of all classes of Senior Certificates entitled to interest distributions, other than the Accrual Certificates, and commencing on the Accretion Termination Date in the case of the Accrual Certificates.

Holders of each class of Class M Certificates will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on that class on each distribution date, to the extent of the related Available Distribution Amounts for that distribution date after distributions of interest and principal to the Senior Certificates, reimbursements for some Advances to the master servicer and distributions of interest and principal to any class of Class M Certificates having a higher payment priority.

The Principal Only Certificates are not entitled to distributions of interest.

Prepayment Interest Shortfalls will result because interest on prepayments in full is paid by the related mortgagor only to the date of prepayment, and because no interest is distributed on prepayments in part, as these prepayments in part are applied to reduce the outstanding principal balance of the related mortgage loans as of the Due Date in the month of prepayment.

However, with respect to any distribution date, any Prepayment Interest Shortfalls resulting from prepayments in full or prepayments in part made on a mortgage loan in a loan group during the preceding calendar month that are being distributed to the related certificateholders on that distribution date will be offset by the master servicer, but only to the extent those Prepayment Interest Shortfalls do not exceed an amount equal to the lesser of (a) one-twelfth of 0.125% of the aggregate Stated Principal Balance of the mortgage loans in the related loan group immediately preceding that distribution date and (b) the sum of the master servicing fee payable to the master servicer for its master servicing activities and reinvestment income received by the master servicer on amounts payable with respect to the mortgage loans in the related loan group and that distribution date. No assurance can be given that the master servicing compensation available to cover Prepayment Interest Shortfalls will be sufficient therefor. Any Prepayment Interest Shortfalls which are not covered by the master servicer on any distribution date will not be reimbursed on any future distribution date. See "Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses" in this prospectus supplement.

If on any distribution date the Available Distribution Amount with respect to a loan group is less than the Accrued Certificate Interest on the Senior Certificates payable from that loan group, the shortfall will be allocated among the holders of the related Senior Certificates in proportion to the respective amounts of Accrued Certificate Interest payable from that loan group for that distribution date. In addition, the amount of any such interest shortfalls that are covered by subordination, specifically, interest shortfalls not described in clauses (i) through (iv) in the definition of Accrued Certificate Interest, will be unpaid Accrued Certificate Interest and will be distributable to holders of the certificates of those classes entitled to those amounts on subsequent distribution dates, in each case to the extent of available funds for the related loan group after interest distributions as described in this prospectus supplement.

These interest shortfalls could occur, for example, if delinquencies on the mortgage loans in a loan group were exceptionally high and were concentrated in a particular month and Advances by the master servicer did not cover the shortfall. Any amounts so carried forward will not bear interest.

Any interest shortfalls will not be offset by a reduction in the servicing compensation of the master servicer or otherwise, except to the limited extent described in the second preceding paragraph with respect to Prepayment Interest Shortfalls.

Prior to the distribution date on which the Accretion Termination Date occurs, interest shortfalls allocated to the Accrual Certificates will reduce the amount that is added to the Certificate Principal Balance of those certificates in respect of Accrued Certificate Interest on that distribution date, and will result in a corresponding reduction of the amount available for distributions relating to principal on the Accretion Directed Certificates and will cause the Certificate Principal Balances of those certificates to be reduced to zero later than would otherwise be the case. See "Certain Yield and Prepayment Considerations" in this prospectus supplement. Because any interest shortfalls allocated to the Accrual Certificates prior to the distribution date on which the Accretion Termination Date occurs will result in the Certificate Principal Balance of those certificates being less than it would otherwise be, the amount of Accrued Certificate Interest that will accrue on those certificates in the future and the amount that will be available for distributions relating to principal on the Accretion Directed Certificates will be reduced.

The pass-through rates on all classes of certificates, other than the Variable Strip and Principal Only Certificates, are fixed and are listed on page S-7 of this prospectus supplement.

The pass-through rate on the Variable Strip Certificates on each distribution date will equal the weighted average, based on the Stated Principal Balance of the mortgage loans immediately preceding that distribution date, of the pool strip rates on each of the mortgage loans in the mortgage pool. The pool strip rate on any mortgage loan is equal to its Net Mortgage Rate minus 6.50%, but not less than 0.00%. As of the reference date, the pool strip rates on the mortgage loans ranged between 0.000% and 2.045% per annum. The pass-through rate on the Class A-V Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was approximately 0.3661% per annum.

As described in this prospectus supplement, the Accrued Certificate Interest allocable to each class of certificates, other than the Principal Only Certificates, which are not entitled to distributions of interest, is based on the Certificate Principal Balance of that class or, in the case of any class of the Interest Only Certificates, on the Notional Amount of that class.

Principal Distributions on the Senior Certificates

The holders of the Senior Certificates, other than the Interest Only Certificates, which are not entitled to distributions of principal, will be entitled to receive on each distribution date, in the priority described in this prospectus supplement and to the extent of the portion of the related Available Distribution Amount remaining after the distribution of the related Senior Interest Distribution Amount, a distribution allocable to principal equal to in the case of (i) the Class I-A Certificates and Class R-I Certificates, the Senior Principal Distribution Amount for loan group I, (ii) the Class II-A Certificates and Class R-II Certificates, the Senior Principal Distribution Amount for loan group II, and (iii) the Class A-P Certificates, the Aggregate Class A-P Principal Distribution Amount.

After the distribution of the related Senior Interest Distribution Amount, distributions of principal on the Senior Certificates on each distribution date will be made as follows:

(a) Prior to the occurrence of the Credit Support Depletion Date:

(i) the Aggregate Class A-P Principal Distribution Amount shall be distributed to the Class A-P Certificates, until the Certificate Principal Balance of the Class A-P Certificates has been reduced to zero;

(ii) an amount equal to the Accrual Distribution Amount shall be distributed to the Class I-A-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

(iii) the Senior Principal Distribution Amount for loan group I shall be distributed in the following manner and priority:

(A) first, to the Class R-I Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(B) second, the balance of the Senior Principal Distribution Amount for loan group I remaining after the distributions, if any, described in clause (a)(iii)(A) above shall be distributed in the following manner and priority:

(a) first, to the Class I-A-4 Certificates and Class I-A-6 Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero, in an amount equal to the Lockout Percentage of the Class I-A-4 Certificates and Class I-A-6 Certificates' pro rata share (based on the aggregate Certificate Principal Balance thereof relative to the aggregate Stated Principal Balance of the mortgage loans in loan group I, other than the Discount Fractions of the Discount Mortgage Loans in loan group I) of the aggregate of the collections described in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of the Senior Principal Distribution Amount for loan group I, without application of the Senior Percentage or the Senior Accelerated Distribution Percentage for loan group I; provided, however, that if the aggregate of the amounts set forth in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of Senior Principal Distribution Amount for loan group I is more than the balance of the Available Distribution Amount for loan group I remaining after the Senior Interest Distribution Amount and the Class A-P Principal Distribution Amount for loan group I have been distributed, the amount paid to the Class I-A-4 Certificates and Class I-A-6 Certificates pursuant to this clause (a)(iii)(B)(a) shall be reduced by an amount equal to the Class I-A-4 Certificates and Class I-A-6 Certificates' pro rata share (based on the aggregate Certificate Principal Balance of the Class I-A-4 Certificates and Class I-A-6 Certificates relative to the aggregate Certificate Principal Balance of the Group I Senior Certificates) of such difference;

(b) second, an amount up to \$1,000 for each distribution date after giving effect to the application of the Accrual Distribution Amount sequentially to the Class I-A-1 Certificates and Class I-A-5 Certificates, in that order, in each case until the Certificate Principal Balance thereof has

been reduced to zero;

(c) third, on each distribution date on or after the distribution date in September 2007, an amount up to \$2,475,000 sequentially to the Class I-A-2 Certificates and Class I-A-8 Certificates, in that order, in each case until the Certificate Principal Balance thereof has been reduced to zero;

(d) fourth, an amount up to \$3,880,000 for each distribution date after giving effect to the application of amounts described in clause (a)(iii)(B)(b) above (but without regard to the amount of the Accrual Distribution Amount), to the Class I-A-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

(e) fifth, to the Class I-A-5 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

(f) sixth, to the Class I-A-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

(g) seventh, to the Class I-A-2 Certificates and Class I-A-8 Certificates sequentially, in that order, in each case until the Certificate Principal Balance thereof has been reduced to zero;

(h) eighth, to the Class I-A-3 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(i) ninth, to the Class I-A-4 Certificates and Class I-A-6 Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero; and

(iv) the Senior Principal Distribution Amount for loan group II shall be distributed as follows:

(A) first, to the Class R-II Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(B) second, to the Class II-A-1 Certificates, until the Certificate Principal Balance thereof has been reduced to zero.

(b) On any distribution date prior to the occurrence of the Credit Support Depletion Date that occurs after the reduction of the aggregate Certificate Principal Balance of the Senior Certificates of any Certificate Group to zero, the outstanding Senior Certificates of the other Certificate Group will be entitled to receive 100% of the mortgagor prepayments on the mortgage loans in the loan group related to the Senior Certificates that have been reduced to zero. Such amounts shall be treated as part of the related Available Distribution Amount and distributed as part of the related Senior Principal Distribution Amount in accordance with the priorities set forth in clause (a)(iii) or (a)(iv) above, as applicable, in reduction of the Certificate Principal Balances thereof.

Notwithstanding the foregoing, remaining Senior Certificates will not be entitled to receive mortgagor prepayments on the mortgage loans in the other loan group if the following two conditions are satisfied: (1) the weighted average of the Subordinate Percentages for both loan groups for such distribution date, weighted on the basis of the Stated Principal Balances of the mortgage loans in the related loan group, is at least two times the weighted average of the initial Subordinate Percentages for both loan groups, calculated on that basis and (2) the outstanding principal balance of the mortgage loans in both loan groups delinquent 60 days or more averaged over the last six months, as a percentage of the aggregate outstanding Certificate Principal Balance of the Class M Certificates and Class B Certificates, is less than 50%.

On any distribution date prior to the Credit Support Depletion Date on which the aggregate Certificate Principal Balance of the Senior Certificates of any Certificate Group is greater than the aggregate Stated Principal Balance of the mortgage loans in the related loan group, in each case after giving effect to distributions to be made on such distribution date, (1) 100% of the mortgagor prepayments allocable to the Class M Certificates and Class B Certificates from the mortgage loans in the other loan group will be distributed to such undercollateralized Senior Certificates in accordance with the priorities set forth in clause (a)(iii) or (a)(iv) above, as applicable, in reduction of the Certificate Principal Balances thereof, until the aggregate Certificate Principal Balance of such certificates equals the aggregate Stated Principal Balance of the mortgage loans in the related loan group and (2) an amount equal to one month's interest at a rate of 6.50% per annum on the amount of such difference will be distributed, pro rata, from the Available Distribution Amount for the other loan group otherwise allocable to the Class M Certificates and Class B Certificates, based on such amounts otherwise allocable to the Class M Certificates and Class B Certificates, as follows: first to pay any unpaid interest on such undercollateralized Senior Certificates and then to pay principal on those certificates in the manner described in (1) above.

(c) On or after the occurrence of the Credit Support Depletion Date, all priorities relating to distributions as described in clauses (a) and (b) above relating to principal among the Senior Certificates will be disregarded. Instead, an amount equal to the Aggregate Class A-P Principal Distribution Amount will be distributed to the Class A-P Certificates, and then the applicable Senior Principal Distribution Amount will be distributed to the related outstanding Senior Certificates, other than the Class A-P Certificates, pro rata in accordance with their respective outstanding Certificate Principal Balances.

(d) After reduction of the Certificate Principal Balances of the Senior Certificates, other than the Class A-P Certificates, to zero but prior to the Credit Support Depletion Date, the Senior Certificates, other than the Class A-P Certificates, will be entitled to no further distributions of principal and the related Available Distribution Amount will be paid solely to the holders of the Class A-P, Variable Strip, Class M and Class B Certificates, in each case as described in this prospectus supplement.

Principal Distributions on the Class M Certificates

Holders of each class of the Class M Certificates will be entitled to receive on each distribution date, to the extent of the portion of the Available Distribution Amount for the related loan group remaining after:

- o the sum of the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount, in each case, for such loan group,

is distributed;

- o reimbursement is made to the master servicer for some Advances remaining unreimbursed following the final liquidation of the related mortgage loan to the extent described below under "Advances";
- o the aggregate amount of Accrued Certificate Interest and principal required to be distributed to any class of Class M Certificates having a higher payment priority is distributed; and
- o the aggregate amount of Accrued Certificate Interest required to be distributed to that class of Class M Certificates on that distribution date is distributed, a distribution allocable to principal in the sum of the following:

(i) the product of (A) that class' pro rata share, based on the aggregate Certificate Balance of all classes of Class M Certificates and Class B Certificates then outstanding and (B) the aggregate of the following amounts, to the extent not included in the Senior Principal Distribution Amount for the related loan group:

(1) the principal portion of all scheduled monthly payments on the mortgage loans in the related loan group, other than the related Discount Fraction of the principal portion of those payments with respect to a Discount Mortgage Loan in the related loan group, due during the related Due Period, whether or not received on or prior to the related determination date, less the principal portion of Debt Service Reductions, other than the related Discount Fraction of the principal portion of the Debt Service Reductions with respect to each Discount Mortgage Loan in the related loan group, which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(2) the principal portion of all proceeds of the repurchase of a mortgage loan in the related loan group or, in the case of a substitution, amounts representing a principal adjustment, other than the related Discount Fraction of the principal portion of the proceeds with respect to a Discount Mortgage Loan in the related loan group, as required by the pooling and servicing agreement during the preceding calendar month; and

(3) the principal portion of all other unscheduled collections, including Subsequent Recoveries, received with respect to the related loan group during the preceding calendar month, other than full and partial mortgagor prepayments and any amounts received in connection with a Final Disposition of a mortgage loan described in clause (ii) below, to the extent applied as recoveries of principal, other than the related Discount Fraction of the principal amount of those unscheduled collections, with respect to a Discount Mortgage Loan in the related loan group;

(ii) that class' pro rata share, based on the Certificate Principal Balance of each class of Class M Certificates and Class B Certificates then outstanding, of all amounts received in connection with the Final Disposition of a mortgage loan in the related loan group, other than the related Discount Fraction of those amounts with respect to a Discount Mortgage Loan in the related loan group, (x) that occurred during the preceding calendar month and (y) that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, to the extent applied as recoveries of principal

and to the extent not otherwise payable to the Senior Certificates;

(iii) with respect to mortgage loans in the related loan group, the portion of mortgagor prepayments in full made by the respective mortgagors during the related Prepayment Period and the portion of partial mortgagor prepayments made by the respective mortgagors during the preceding calendar month, other than the Discount Fraction of those mortgagor prepayments with respect to a Discount Mortgage Loan in that loan group, allocable to that class of Class M Certificates as described in the third succeeding paragraph;

(iv) if that class is the most senior class of related certificates then outstanding with a Certificate Principal Balance greater than zero, an amount equal to the Excess Subordinate Principal Amount allocated to the related loan group, as described in the definition of Excess Subordinate Principal Amount, if any; and

(v) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed to the extent that any of those amounts are not attributable to Realized Losses which were allocated to any class of Class M Certificates with a lower payment priority or the Class B Certificates; minus

(vi) the Capitalization Reimbursement Amounts for the related loan group for such distribution date, other than the related Discount Fraction of any portion of that amount related to each Discount Mortgage Loan in the related loan group, multiplied by a fraction, the numerator of which is the principal distribution amount for such class of Class M Certificates, without giving effect to this clause (vi), and the denominator of which is the sum of the principal distribution amounts for all classes of certificates other than the Class A-P Certificates, payable from the Available Distribution Amount for the related loan group without giving effect to any reductions for the Capitalization Reimbursement Amount.

References in this prospectus supplement to "payment priority" of the Class M Certificates refer to a payment priority among those classes of certificates as follows: first, to the Class M-1 Certificates; second, to the Class M-2 Certificates; and third, to the Class M-3 Certificates.

As to each class of Class M Certificates, on any distribution date, any Accrued Certificate Interest thereon remaining unpaid from any previous distribution date will be distributable to the extent of available funds. Notwithstanding the foregoing, if the Certificate Principal Balances of the Class B Certificates have been reduced to zero, on any distribution date, with respect to the class of Class M Certificates outstanding on that distribution date with a Certificate Principal Balance greater than zero with the lowest payment priority, Accrued Certificate Interest thereon remaining unpaid from any previous distribution date will not be distributable, except in the limited circumstances provided in the pooling and servicing agreement.

All mortgagor prepayments not otherwise distributable to the Senior Certificates will be allocated on a pro rata basis among the class of Class M Certificates with the highest payment priority then outstanding with a Certificate Principal Balance greater than zero and each other class of Class M Certificates and Class B Certificates for which certain loss levels established for that class in the pooling and servicing agreement have not been exceeded. The related loss level on any distribution date would be satisfied as to any Class M-2, Class M-3 or Class B Certificates, respectively, only if the sum of the current percentage interests in the mortgage pool evidenced by that class and each class, if any, subordinate thereto were at least equal to the sum of the initial

percentage interests in the mortgage pool evidenced by that class and each class, if any, subordinate thereto.

As stated above under "-Principal Distributions on the Senior Certificates," each Senior Accelerated Distribution Percentage will be 100% during the first five years after the issuance date, unless the Certificate Principal Balances of the related Senior Certificates, other than the Class A-P Certificates, are reduced to zero before the end of that five-year period, and will thereafter equal 100% whenever the related Senior Percentage exceeds the initial related Senior Percentage. Furthermore, as described in this prospectus supplement, each Senior Accelerated Distribution Percentage will exceed the related Senior Percentage during the sixth through ninth years following the issuance date, and scheduled reductions to each Senior Accelerated Distribution Percentage may be postponed due to the loss and delinquency experience of the mortgage loans in the related loan group. Accordingly, the Class M Certificates will not be entitled to any mortgagor prepayments for at least the first five years after the issuance date, unless the Certificate Principal Balances of the related Senior Certificates (other than the Class A-P Certificates) have been reduced to zero before the end of such period and the mortgagor prepayments from the related loan group are not payable to the holders of the Senior Certificates relating to the other loan group as described in the first paragraph of clause (b) under "-Principal Distributions on the Senior Certificates" above and may receive no mortgagor prepayments or a disproportionately small portion of mortgagor prepayments during certain periods after this five year period. See "-Principal Distributions on the Senior Certificates" in this prospectus supplement.

Allocation of Losses; Subordination

The subordination provided to the Senior Certificates by the Class B Certificates and Class M Certificates and the subordination provided to each class of Class M Certificates by the Class B Certificates and by any class of Class M Certificates subordinate thereto will cover Realized Losses on the mortgage loans that are Defaulted Mortgage Losses, Fraud Losses, Bankruptcy Losses and Special Hazard Losses. Any Realized Losses which are not Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses will be allocated as follows:

- o first, to the Class B Certificates;
- o second, to the Class M-3 Certificates;
- o third, to the Class M-2 Certificates; and
- o fourth, to the Class M-1 Certificates;

in each case until the Certificate Principal Balance of that class of certificates has been reduced to zero; and thereafter, if any Realized Loss is on a Discount Mortgage Loan, to the Class A-P Certificates in an amount equal to the related Discount Fraction of the principal portion of the Realized Loss until the Certificate Principal Balance of the Class A-P Certificates has been reduced to zero, and the remainder of the Realized Losses on Discount Mortgage Loans and the entire amount of Realized Losses on Non-Discount Mortgage Loans, will be allocated on a pro rata basis to the (i) the Group I Senior Certificates and, in the case of the interest portion of such Realized Loss, Variable Strip Certificates, in case of such Realized Losses on group I loans; provided, however, that up to \$1,012,000 of such losses otherwise allocable to the Class I-A-3 Certificates and up to \$2,544,000 of such losses otherwise allocable to the Class I-A-4 Certificates will be allocated to the Senior

Support Certificates until the Certificate Principal Balance of the Senior Support Certificates has been reduced to zero; and (ii) Group II Senior Certificates and, in the case of the interest portion of such Realized Losses, Variable Strip Certificates, in case of such Realized Losses on group II loans. Investors in the Senior Certificates should be aware that because the Class M Certificates and Class B Certificates represent interests in both loan groups, the Certificate Principal Balance of the Class M Certificates and Class B Certificates could be reduced to zero as a result of a disproportionate amount of Realized Losses on the mortgage loans in the non-related loan group. Therefore, although Realized Losses on the mortgage loans in one loan group may only be allocated to the related Senior Certificates, the allocation to the Class M Certificates and Class B Certificates of Realized Losses on the mortgage loans in the other loan group will reduce the subordination provided to the Senior Certificates by the Class M Certificates and Class B Certificates and increase the likelihood that Realized Losses may be allocated to any class of Senior Certificates.

Any allocation of a Realized Loss, other than a Debt Service Reduction, to a certificate will be made by reducing:

- o its Certificate Principal Balance, in the case of the principal portion of the Realized Loss, in each case until the Certificate Principal Balance of that class has been reduced to zero, provided that no reduction shall reduce the aggregate Certificate Principal Balance of the certificates below the aggregate Stated Principal Balance of the mortgage loans; and
- o the Accrued Certificate Interest thereon, in the case of the interest portion of the Realized Loss, by the amount so allocated as of the distribution date occurring in the month following the calendar month in which the Realized Loss was incurred.

In addition, any allocation of a Realized Loss to a Class M Certificate may also be made by operation of the payment priority to the Senior Certificates described under "—Principal Distributions on the Senior Certificates" and any class of Class M Certificates with a higher payment priority.

As used in this prospectus supplement, subordination refers to the provisions discussed above for the sequential allocation of Realized Losses among the various classes, as well as all provisions effecting those allocations including the priorities for distribution of cash flows in the amounts described in this prospectus supplement.

In instances in which a mortgage loan is in default or if default is reasonably foreseeable, and if determined by the master servicer to be in the best interest of the certificateholders, the master servicer or subservicer may permit servicing modifications of the mortgage loan rather than proceeding with foreclosure, as described under "Description of the Certificates—Servicing and Administration of Mortgage Collateral" in the prospectus. However the master servicer's and the subservicer's ability to perform servicing modifications will be subject to some limitations, including but not limited to the following. Advances and other amounts may be added to the outstanding principal balance of a mortgage loan only once during the life of a mortgage loan. Any amounts added to the principal balance of the mortgage loan, or capitalized amounts added to the mortgage loan, will be required to be fully amortized over the remaining term of the mortgage loan. All capitalizations are to be implemented in accordance with Residential Funding's program guide and may be implemented only by subservicers that have been approved by the master servicer for that purpose. The final maturity of any mortgage loan shall not be extended beyond the assumed final distribution date. No servicing modification with respect to a mortgage loan will have the effect of

reducing the mortgage rate below one-half of the mortgage rate as in effect on the cut-off date, but not less than the servicing fee rate. Further, the aggregate current principal balance of all mortgage loans subject to modifications can be no more than five percent (5%) of the aggregate principal balance of the mortgage loans as of the cut-off date, but this limit may increase from time to time with the consent of the rating agencies.

Any Advances made on any mortgage loan will be reduced to reflect any related servicing modifications previously made. The mortgage rate and Net Mortgage Rate as to any mortgage loan will be deemed not reduced by any servicing modification, so that the calculation of Accrued Certificate Interest payable on the offered certificates will not be affected by the servicing modification.

Allocations of the principal portion of Debt Service Reductions to each class of Class M Certificates and Class B Certificates will result from the priority of distributions of the Available Distribution Amounts as described in this prospectus supplement, which distributions shall be made first to the Senior Certificates, second to the Class M Certificates in the order of their payment priority and third to the Class B Certificates. An allocation of the interest portion of a Realized Loss as well as the principal portion of Debt Service Reductions will not reduce the level of subordination, as that term is defined in this prospectus supplement, until an amount in respect thereof has been actually disbursed to the Senior Certificateholders or the Class M Certificateholders, as applicable.

The holders of the offered certificates will not be entitled to any additional payments with respect to Realized Losses from amounts otherwise distributable on any classes of certificates subordinate thereto, except in limited circumstances in respect of any Excess Subordinate Principal Amount, or in the case of Class A-P Collection Shortfalls, to the extent of related Eligible Funds. Accordingly, the subordination provided to the Senior Certificates, other than the Class A-P Certificates, by the Class M Certificates and Class B Certificates with respect to Realized Losses allocated on any distribution date will be effected primarily by increasing the related Senior Percentage, or the portion of the related pro rata share of future distributions of principal to which the Class M Certificates are entitled of the remaining mortgage loans. Because the Discount Fraction of each Discount Mortgage Loan will not change over time, the protection from losses provided to the Class A-P Certificates by the Class M Certificates and Class B Certificates is limited to the prior right of the Class A-P Certificates to receive distributions in respect of principal as described in this prospectus supplement. Furthermore, principal losses on the mortgage loans that are not covered by subordination will be allocated to the Class A-P Certificates only to the extent they occur on a Discount Mortgage Loan and only to the extent of the related Discount Fraction of those losses. The allocation of principal losses on the Discount Mortgage Loans may result in those losses being allocated in an amount that is greater or less than would have been the case had those losses been allocated in proportion to the Certificate Principal Balance of the Class A-P Certificates. Thus, the Senior Certificates, other than the Class A-P Certificates, will bear the entire amount of losses on mortgage loans in the related loan group that are not allocated to the Class M Certificates and Class B Certificates, other than the amount allocable to the Class A-P Certificates, which losses will be allocated among the (i) Class I-A Certificates and Class R-I Certificates in the case of a Realized Loss on a mortgage loan in group I, (ii) Class II-A Certificates and Class R-II Certificates, in the case of a Realized Loss on a mortgage loan in loan group II, and (iii) Variable Strip Certificates, in the case of the interest portion of a Realized Loss on a mortgage loan in either loan group, on a pro rata basis with the related Senior Certificates, as described in this prospectus supplement.

Because the Class A-P Certificates are entitled to receive in connection with the Final Disposition of a Discount Mortgage Loan, on any distribution date, an amount equal to all unpaid Class A-P Collection Shortfalls to the extent of Eligible Funds on that distribution date, shortfalls in distributions of principal on any class of Class M Certificates could occur under some circumstances, even if that class is not the most subordinate class of certificates then outstanding with a Certificate Principal Balance greater than zero.

Any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses, Extraordinary Losses or other losses of a type not covered by subordination on Discount Mortgage Loans will be allocated to the Class A-P Certificates in an amount equal to their related Discount Fraction of the principal portion of such losses. The Class I-A Percentage or Class II-A Percentage, as applicable, of the remainder of the principal portion of such losses on Discount Mortgage Loans and the Class I-A Percentage or Class II-A Percentage, as applicable, of the entire amount of the principal portion of such losses on Non-Discount Mortgage Loans will be allocated to (i) in the case of a Realized Loss on a group I loan, the Class I-A Certificates and Class R-I Certificates, on a pro rata basis; and (ii) in the case of a Realized Loss on a group II loan, the Class II-A Certificates and Class R-II Certificates, on a pro rata basis. The remainder of the principal portion of such losses on Discount Mortgage Loans and Non-Discount Mortgage Loans will be allocated to the Class M Certificates and Class B Certificates on a pro rata basis. The interest portion of such losses will be allocated to all of the certificates on a pro rata basis based on the Accrued Certificate Interest thereon payable from the related loan group in respect of the related distribution date.

An allocation of a Realized Loss on a "pro rata basis" among two or more classes of certificates means an allocation to each of those classes of certificates on the basis of its then outstanding Certificate Principal Balance prior to giving effect to distributions to be made on that distribution date in the case of an allocation of the principal portion of a Realized Loss, or based on the Accrued Certificate Interest thereon payable from the related loan group, in respect of that distribution date in the case of an allocation of the interest portion of a Realized Loss; provided that in determining the Certificate Principal Balance of the Accrual Certificates for the purpose of allocating any portion of a Realized Loss to those certificates, the Certificate Principal Balance of those certificates shall be deemed to be the lesser of:

- o the original Certificate Principal Balance of those certificates; and
- o the Certificate Principal Balance of those certificates prior to giving effect to distributions to be made on that distribution date.

In order to maximize the likelihood of distribution in full of the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount, in each case for each loan group on each distribution date, holders of the related Senior Certificates have a right to distributions of the related Available Distribution Amount that is prior to the rights of the holders of the Class M Certificates and Class B Certificates, to the extent necessary to satisfy the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount, in each case, with respect to the each loan group. Similarly, holders of the Class M Certificates have a right to distributions of the Available Distribution Amounts prior to the rights of holders of the Class B Certificates and holders of any class of Class M Certificates with a lower payment priority.

The application of the related Senior Accelerated Distribution Percentage, when it exceeds the

related Senior Percentage, to determine the related Senior Principal Distribution Amount will accelerate the amortization of the Senior Certificates, other than the Class A-P Certificates, in the aggregate relative to the actual amortization of the related mortgage loans. The Class A-P Certificates will not receive more than the Discount Fraction of any unscheduled payment relating to a Discount Mortgage Loan. To the extent that the Senior Certificates in the aggregate, other than the Class A-P Certificates, are amortized faster than the mortgage loans in their respective loan groups, in the absence of offsetting Realized Losses allocated to the Class M Certificates and Class B Certificates, the percentage interest evidenced by the Senior Certificates in the related loan group will be decreased, with a corresponding increase in the interest in the trust evidenced by the Class M Certificates and Class B Certificates, thereby increasing, relative to their respective Certificate Principal Balances, the subordination afforded the Senior Certificates by the Class M Certificates and Class B Certificates collectively. In addition, if losses on the mortgage loans in a loan group exceed the amounts described in the definition of Senior Accelerated Distribution Percentage or the conditions described in clause (c) under "Principal Distributions on the Senior Certificates" occur, a greater percentage of full and partial mortgagor prepayments may be allocated to the Senior Certificates in the aggregate, other than the Class A-P Certificates, than would otherwise be the case, thereby accelerating the amortization of the Senior Certificates relative to the Class M Certificates and Class B Certificates.

The priority of payments, including principal prepayments, among the Class M Certificates, as described in this prospectus supplement, also has the effect during some periods, in the absence of losses, of decreasing the percentage interest evidenced by any class of Class M Certificates with a higher payment priority, thereby increasing, relative to its Certificate Principal Balance, the subordination afforded to that class of the Class M Certificates by the Class B Certificates and any class of Class M Certificates with a lower payment priority.

As of any date of determination following the cut-off date, the Special Hazard Amount shall equal \$7,515,057 less the sum of any amounts allocated through subordination relating to Special Hazard Losses. In addition, the Special Hazard Amount will be further reduced from time to time to an amount, if lower, that is not less than 1% of the outstanding principal balance of the mortgage loans. The Special Hazard Amount was equal to \$6,351,610. after giving effect to distributions on the January 25, 2008 distribution date.

The Fraud Loss Amount was equal to \$12,670,284 after giving effect to distributions on the January 25, 2008 distribution date. The Fraud Loss Amount shall be reduced over the first five years after the issuance date in accordance with the terms of the pooling and servicing agreement. After the first five years after the issuance date, the Fraud Loss Amount will be zero.

The Bankruptcy Amount was equal to \$249,276 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Bankruptcy Amount will equal the excess, if any, of (1) the lesser of (a) the Bankruptcy Amount as of the business day next preceding the most recent anniversary of the cut-off date and (b) an amount calculated under the terms of the pooling and servicing agreement, which amount as calculated will provide for a reduction in the Bankruptcy Amount, over (2) the aggregate amount of Bankruptcy Losses allocated solely to the Class M Certificates or Class B Certificates through subordination since that anniversary.

Notwithstanding the foregoing, the provisions relating to subordination will not be applicable in connection with a Bankruptcy Loss so long as the master servicer has notified the trustee in writing that:

- o the master servicer is diligently pursuing any remedies that may exist in connection with the representations and warranties made regarding the related mortgage loan; and
- o either:
 - o the related mortgage loan is not in default with regard to payments due thereunder; or
 - o delinquent payments of principal and interest under the related mortgage loan and any premiums on any applicable standard hazard insurance policy and any related escrow payments relating to that mortgage loan are being advanced on a current basis by the master servicer or a subservicer.

The Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount may be further reduced as described in the prospectus under "Subordination."

Advances

Prior to each distribution date, the master servicer is required to make Advances of payments which were due on the mortgage loans on the Due Date in the related Due Period and not received on the business day next preceding the related determination date.

These Advances are required to be made only to the extent they are deemed by the master servicer to be recoverable from related late collections, Insurance Proceeds, Liquidation Proceeds or amounts otherwise payable to the holders of the Class B Certificates or Class M Certificates. Recoverability is determined in the context of existing outstanding arrearages, the current loan-to-value ratio and an assessment of the fair market value of the related mortgaged property. The purpose of making these Advances is to maintain a regular cash flow to the certificateholders, rather than to guarantee or insure against losses. The master servicer will not be required to make any Advances with respect to reductions in the amount of the monthly payments on the mortgage loans due to Debt Service Reductions or the application of the Relief Act or similar legislation or regulations. Any failure by the master servicer to make an Advance as required under the pooling and servicing agreement will constitute an event of default thereunder, in which case the trustee, as successor master servicer, will be obligated to make any Advance, in accordance with the terms of the pooling and servicing agreement.

All Advances will be reimbursable to the master servicer on a first priority basis from either (a) late collections, Insurance Proceeds and Liquidation Proceeds from the mortgage loan as to which such unreimbursed Advance was made or (b) as to any Advance that remains unreimbursed in whole or in part following the final liquidation of the related mortgage loan, from any amounts otherwise distributable on any of the Class B Certificates or Class M Certificates; provided, however, that any Advances that were made with respect to delinquencies which ultimately were determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses are reimbursable to the master servicer out of any funds in the Custodial Account prior to distributions on any of the certificates and the amount of those losses will be allocated as described in this prospectus supplement.

The effect of these provisions on any class of the Class M Certificates is that, with respect to

any Advance which remains unreimbursed following the final liquidation of the related mortgage loan, the entire amount of the reimbursement for that Advance will be borne first by the holders of the Class B Certificates or any class of Class M Certificates having a lower payment priority to the extent that the reimbursement is covered by amounts otherwise distributable to those classes, and then by the holders of that class of Class M Certificates, except as provided above, to the extent of the amounts otherwise distributable to them. In addition, if the Certificate Principal Balances of the Class M Certificates and Class B Certificates have been reduced to zero, any Advances previously made which are deemed by the master servicer to be nonrecoverable from related late collections, Insurance Proceeds and Liquidation Proceeds may be reimbursed to the master servicer out of any funds in the Custodial Account in respect of the related loan group prior to distributions on the Senior Certificates.

The pooling and servicing agreement provides that the master servicer may enter into a facility with any person which provides that such person, or the advancing person, may directly or indirectly fund Advances and/or Servicing Advances, although no such facility will reduce or otherwise affect the master servicer's obligation to fund these Advances and/or Servicing Advances. No facility will require the consent of the certificateholders or the trustee. Any Advances and/or Servicing Advances made by an advancing person would be reimbursed to the advancing person under the same provisions pursuant to which reimbursement would be made to the master servicer if those advances were funded by the master servicer, but on a priority basis in favor of the advancing person as opposed to the master servicer or any successor master servicer, and without being subject to any right of offset that the trustee or the trust might have against the master servicer or any successor master servicer.

Certain Yield and Prepayment Considerations

General

The yield to maturity on each class of offered certificates will be primarily affected by the following factors:

- o the rate and timing of principal payments on the mortgage loans in the related loan group, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- o the allocation of principal payments among the various classes of certificates;
- o realized losses and interest shortfalls on the mortgage loans in the related loan group;
- o the pass-through rate on the offered certificates; and
- o the purchase price paid for the offered certificates.

For additional considerations relating to the yields on the offered certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Prepayment Considerations

The yields to maturity and the aggregate amount of distributions on the Class I-A-2 Certificates will be affected by the rate and timing of principal payments on the mortgage loans in loan group I.

The yields may be adversely affected by a higher or lower than anticipated rate of principal payments on the mortgage loans in loan group I. The rate of principal payments on the mortgage loans will in turn be affected by the amortization schedules of the mortgage loans, the rate and timing of mortgagor prepayments on the mortgage loans by the mortgagors, liquidations of defaulted mortgage loans and purchases of mortgage loans due to breaches of some representations and warranties.

The timing of changes in the rate of prepayments, liquidations and purchases of the mortgage loans in the related loan group may significantly affect the yield to an investor, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. In addition, the rate of prepayments of the mortgage loans and the yields to investors on the related certificates may be affected by refinancing programs, which may include general or targeted solicitations, as described under "Maturity and Prepayment Considerations" in the prospectus. Since the rate and timing of principal payments on the mortgage loans will depend on future events and on a variety of factors, as described in this prospectus supplement and in the prospectus under "Yield Considerations" and "Maturity and Prepayment Considerations", no assurance can be given as to the rate or the timing of principal payments on the offered certificates. The yields to maturity and rate and timing of principal payments on the Senior Certificates will only be affected by the rate and timing of payments on the mortgage loans in the related loan group, except under the limited circumstances described in this prospectus supplement.

The group I loans may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty. Approximately 83.7% of the group II loans and approximately 4.6% of all of the mortgage loans, respectively, by aggregate principal balance provide for payment of a prepayment charge, which may have a substantial effect on the rate of prepayment of those mortgage loans. See "Description of the Mortgage Pool—Mortgage Pool Characteristics" in this prospectus supplement.

Some state laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. It is possible that prepayment charges and late fees may not be collected even on mortgage loans that provide for the payment of these charges. In any case, these amounts will not be available for distribution on the offered certificates. See "Certain Legal Aspects of Mortgage Loans and Contracts—Default Interest and Limitations on Prepayments" in the prospectus.

Prepayments, liquidations and purchases of the mortgage loans will result in distributions to holders of the related certificates, other than the Interest Only Certificates, of principal amounts which would otherwise be distributed over the remaining terms of the mortgage loans. Factors affecting prepayment, including defaults and liquidations, of mortgage loans include changes in mortgagors' housing needs, job transfers, unemployment, mortgagors' net equity in the mortgaged properties, changes in the value of the mortgaged properties, mortgage market interest rates, solicitations and servicing decisions. In addition, if prevailing mortgage rates fell significantly below the mortgage rates on the mortgage loans, the rate of prepayments, including refinancings, would be expected to increase. Conversely, if prevailing mortgage rates rose significantly above the mortgage rates on the mortgage loans, the rate of prepayments on the mortgage loans would be expected to decrease.

The rate of defaults on the mortgage loans will also affect the rate and timing of principal payments on the mortgage loans. In general, defaults on mortgage loans are expected to occur with greater frequency in their early years. As a result of the program criteria and underwriting standards applicable to the mortgage loans, the mortgage loans may experience rates of delinquency,

foreclosure, bankruptcy and loss that are higher than those experienced by mortgage loans that satisfy the standards applied by Fannie Mae and Freddie Mac first mortgage loan purchase programs, or by Residential Funding for the purpose of acquiring mortgage loans to collateralize securities issued by Residential Funding Mortgage Securities I, Inc. For example, the rate of default on mortgage loans that are secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans made to borrowers with high debt-to-income ratios, and mortgage loans with high LTV ratios, may be higher than for other types of mortgage loans. See "Description of the Mortgage Pool-The Program" in this prospectus supplement. Furthermore, the rate and timing of prepayments, defaults and liquidations on the mortgage loans will be affected by the general economic condition of the region of the country in which the related mortgaged properties are located. The risk of delinquencies and loss is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. See "Maturity and Prepayment Considerations" in the prospectus.

Most of the mortgage loans contain due-on-sale clauses. The terms of the pooling and servicing agreement generally require the master servicer or any subservicer, as the case may be, to enforce any due-on-sale clause to the extent it has knowledge of the conveyance or the proposed conveyance of the underlying mortgaged property and to the extent permitted by applicable law, except that any enforcement action that would impair or threaten to impair any recovery under any related insurance policy will not be required or permitted.

Allocation of Principal Payments

The yields to maturity on the certificates will be affected by the allocation of principal payments among the certificates. As described under "Description of the Certificates-Principal Distributions on the Senior Certificates" and "-Principal Distributions on the Class M Certificates" in this prospectus supplement, during specified periods all or a disproportionately large percentage of principal prepayments on the mortgage loans will be allocated among the Senior Certificates, other than the Interest Only Certificates and Class A-P Certificates, and during specified periods no principal prepayments or, relative to the related pro rata share, a disproportionately small portion of principal prepayments on the mortgage loans will be distributed to each class of Class M Certificates. In addition to the foregoing, if on any distribution date, the loss level established for the Class M-2 Certificates or Class M-3 Certificates is exceeded and a class of Class M Certificates having a higher payment priority is then outstanding with a Certificate Principal Balance greater than zero, the Class M-2 Certificates or Class M-3 Certificates, as the case may be, will not receive distributions relating to principal prepayments on that distribution date.

Mortgage Loans with Interest Only Periods

Approximately 0.5% and 0.1% of the group II loans and all of the mortgage loans, respectively, have an interest only period for the first five years following the date of origination, approximately 41.3%, 68.2% and 42.8% of the group I loans, the group II loans and all of the mortgage loans, respectively, have an interest only period for the first ten years following the date of origination, and approximately 0.1% and 0.1% of the group I loans and all of the mortgage loans, respectively, have an interest only period for the first fifteen years following the date of origination. During these periods, the payment made by the related borrower will be less than it would be if the mortgage loan amortized. In addition, the mortgage loan balance will not be reduced by the principal portion of scheduled monthly payments during this period. As a result, no principal

payments will be made to the related certificates from these mortgage loans during their interest only period except in the case of a prepayment.

After the initial interest only period, the scheduled monthly payment on these mortgage loans will increase, which may result in increased delinquencies by the related borrowers, particularly if interest rates have increased and the borrower is unable to refinance. In addition, losses may be greater on these mortgage loans as a result of the mortgage loan not amortizing during the early years of these mortgage loans. Although the amount of principal included in each scheduled monthly payment for a traditional mortgage loan is relatively small during the first few years after the origination of a mortgage loan, in the aggregate the amount can be significant.

Mortgage loans with an initial interest only period are relatively new in the mortgage marketplace. The performance of these mortgage loans may be significantly different than mortgage loans that fully amortize. In particular, there may be a higher expectation by these borrowers of refinancing their mortgage loans with a new mortgage loan, in particular one with an initial interest only period, which may result in higher prepayment speeds than would otherwise be the case. In addition, the failure to build equity in the related mortgaged property by the related mortgagor may affect the delinquency and prepayment experience of these mortgage loans.

Sequentially Paying Certificates: The Group I Senior Certificates, other than the Principal Only Certificates and Interest Only Certificates, are entitled to receive distributions in accordance with various priorities for payment of principal as described in this prospectus supplement. Distributions of principal on classes having an earlier priority of payment will be affected by the rates of prepayment of the mortgage loans early in the life of the mortgage pool. The timing of commencement of principal distributions and the weighted average lives of certificates with a later priority of payment will be affected by the rates of prepayment of the mortgage loans both before and after the commencement of principal distributions on those classes. Holders of any class of Group I Senior Certificates with a longer weighted average life bear a greater risk of loss than holders of Group I Senior Certificates with a shorter weighted average life because the Certificate Principal Balances of the Class M Certificates and Class B Certificates could be reduced to zero before the Senior Certificates are retired.

Accretion Directed Certificates and Accrual Certificates: On or prior to the Accretion Termination Date, the Accretion Directed Certificates will receive as monthly principal distributions the Accrual Distribution Amount. Prior to the Accretion Termination Date, interest shortfalls allocated to the Accrual Certificates will reduce the amount added to the Certificate Principal Balance of the Accrual Certificates and will result in a corresponding reduction of the amount available for distributions relating to principal on the Accretion Directed Certificates. Furthermore, because these interest shortfalls will result in the Certificate Principal Balance of the Accrual Certificates being less than it would otherwise be, the amount of interest that will accrue in the future on the Accrual Certificates and be available for distributions relating to principal on the Accretion Directed Certificates will be reduced. Accordingly, the weighted average lives of the Accretion Directed Certificates would be extended.

In addition, investors in the Accrual Certificates and the Accretion Directed Certificates should be aware that the Accretion Termination Date may be later, or earlier, than otherwise assumed. As a result, the Accretion Termination Date could be different from that assumed at the time of purchase.

Because the Accrual Certificates are not entitled to receive any distributions of interest until

the occurrence of the Accretion Termination Date, those certificates will likely experience greater price and yield volatility than would mortgage pass-through certificates that are otherwise similar but which are entitled to current distributions of interest. Investors should consider whether this volatility is suitable to their investment needs.

Lockout Certificates: Investors in the Lockout Certificates should be aware that, unless the Credit Support Depletion Date has occurred, the Lockout Certificates are not expected to receive any distributions of principal prior to the distribution date occurring in September 2011, and until the distribution date occurring in September 2015 will receive a disproportionately small portion of principal payments, unless the Certificate Principal Balances of the Group I Senior Certificates, other than the Lockout Certificates, and the Class A-P Certificates have been reduced to zero. Consequently, the weighted average lives of the Lockout Certificates will be longer than would otherwise be the case. The effect on the market value of the Lockout Certificates of changes in market interest rates or market yields for similar securities will be greater than for other classes of Senior Certificates entitled to earlier principal distributions.

Certificates with Subordination Features: After the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the yield to maturity on the class of Class M Certificates with a Certificate Principal Balance greater than zero with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because the entire amount of losses that are covered by subordination will be allocated to that class of Class M Certificates. See "—Class M-2 Certificate and Class M-3 Certificate Yield Considerations" below. After the Credit Support Depletion Date, the yield to maturity of the Senior Support Certificates will be extremely sensitive to losses on the group I loans, and the timing thereof, because up to \$1,012,000 of those losses that would otherwise be allocable to the Class I-A-3 Certificates and up to \$2,544,000 of those losses that would otherwise be allocable to the Class I-A-4 Certificates will be allocated to the Senior Support Certificates. Furthermore, because principal distributions are paid to some classes of Senior Certificates and Class M Certificates before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having an earlier priority for distribution of principal.

Realized Losses and Interest Shortfalls

The yields to maturity and the aggregate amount of distributions on the offered certificates will be affected by the timing of mortgagor defaults resulting in Realized Losses. The timing of Realized Losses on the mortgage loans and the allocation of Realized Losses to the offered certificates could significantly affect the yield to an investor in the offered certificates. In addition, Realized Losses on the mortgage loans may affect the market value of the offered certificates, even if these losses are not allocated to the offered certificates.

After the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the yield to maturity on the class of Class M Certificates with a Certificate Principal Balance greater than zero with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because the entire amount of losses that are covered by subordination will be allocated to that class of Class M Certificates. See "—Class M-2 Certificate and Class M-3 Certificate Yield Considerations" below. Furthermore, because principal distributions are paid to some classes of Senior Certificates and Class M Certificates before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having earlier priority for distribution of principal.

Investors in the Senior Certificates should be aware that because the Class M Certificates and Class B Certificates represent interests in both loan groups, the Certificate Principal Balances of the Class M Certificates and Class B Certificates could be reduced to zero as a result of a disproportionate amount of Realized Losses on the mortgage loans in the other loan group. Therefore, although Realized Losses on the mortgage loans in one loan group may only be allocated to the related Senior Certificates, the allocation to the Class M Certificates and Class B Certificates of Realized Losses on the mortgage loans in the other loan group will increase the likelihood that Realized Losses may be allocated to those Senior Certificates.

As described under "Description of the Certificates—Allocation of Losses; Subordination" and "—Advances," amounts otherwise distributable to holders of one or more classes of the Class M Certificates may be made available to protect the holders of the Senior Certificates and holders of any Class M Certificates with a higher payment priority against interruptions in distributions due to some mortgagor delinquencies, to the extent not covered by Advances. These delinquencies may affect the yields to investors on those classes of the Class M Certificates, and, even if subsequently cured, may affect the timing of the receipt of distributions by the holders of those classes of Class M Certificates. Furthermore, the Class A-P Certificates will share in the principal portion of Realized Losses on the mortgage loans only to the extent that they are incurred with respect to Discount Mortgage Loans and only to the extent of the related Discount Fraction of those losses. Thus, after the Class B Certificates and the Class M Certificates are retired or in the case of Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses, the related Senior Certificates, other than the Class A-P Certificates, may be affected to a greater extent by losses on Non-Discount Mortgage Loans than losses on Discount Mortgage Loans. In addition, a higher than expected rate of delinquencies or losses will also affect the rate of principal payments on one or more classes of the Class M Certificates if it delays the scheduled reduction of the related Senior Accelerated Distribution Percentage or affects the allocation of prepayments among the Class M Certificates and the Class B Certificates.

The amount of interest otherwise payable to holders of the offered certificates will be reduced by any interest shortfalls with respect to the related loan group or groups to the extent not covered by subordination or the master servicer, including Prepayment Interest Shortfalls and, in the case of each class of the Class M Certificates, the interest portions of Realized Losses allocated solely to that class of certificates. These shortfalls will not be offset by a reduction in the servicing fees payable to the master servicer or otherwise, except as described in this prospectus supplement with respect to Prepayment Interest Shortfalls. See "Yield Considerations" in the prospectus and "Description of the Certificates—Interest Distributions" in this prospectus supplement for a discussion of the effect of principal prepayments on the mortgage loans on the yields to maturity of the offered certificates and possible shortfalls in the collection of interest.

The yields to investors in the offered certificates will be affected by Prepayment Interest Shortfalls allocable thereto on any distribution date to the extent that those shortfalls exceed the amount offset by the master servicer. See "Description of the Certificates—Interest Distributions" in this prospectus supplement.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. While the depositor expects that the master servicer or applicable subservicer will be able to commence foreclosure proceedings on the mortgaged properties, when necessary and appropriate, public recording officers and others in the mortgage industry, however, may have

limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings, defending litigation commenced by third parties and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to the certificateholders and increase the amount of Realized Losses on the mortgage loans. In addition, if, as a result of MERS discontinuing or becoming unable to continue operations in connection with the MERS® System, it becomes necessary to remove any mortgage loan from registration on the MERS® System and to arrange for the assignment of the related mortgages to the trustee, then any related expenses shall be reimbursable by the trust to the master servicer, which will reduce the amount available to pay principal of and interest on the class or classes of certificates with Certificate Principal Balances greater than zero with the lowest payment priorities. For additional information regarding the recording of mortgages in the name of MERS see "Description of the Mortgage Pool—Mortgage Pool Characteristics" in this prospectus supplement and "Description of the Certificates—Assignment of Mortgage Loans" in the prospectus.

Pass-Through Rates

The yield to maturity on the Class II-A-2 Certificates will be affected by its pass-through rate. Because the mortgage rates on the mortgage loans and the pass-through rates on the certificates, are fixed, these rates will not change in response to changes in market interest rates. Accordingly, if market interest rates or market yields for securities similar to the certificates were to rise, the market value of the certificates may decline.

Purchase Price

In addition, the yield to maturity on each class of the certificates will depend on, among other things, the price paid by the holders of the certificates. The extent to which the yield to maturity of a certificate is sensitive to prepayments will depend, in part, upon the degree to which it is purchased at a discount or premium. In general, if a class of certificates is purchased at a premium and principal distributions thereon occur at a rate faster than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. Conversely, if a class of certificates is purchased at a discount and principal distributions thereon occur at a rate slower than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. For additional considerations relating to the yields on the offered certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Assumed Final Distribution Date

The assumed final distribution date is August 25, 2036, which is the distribution date immediately following the latest scheduled maturity date for any mortgage loan. No event of default, change in the priorities for distribution among the various classes or other provisions under the pooling and servicing agreement will arise or become applicable solely by reason of the failure to retire the entire Certificate Principal Balance of any class of certificates on or before its assumed final distribution date.

Weighted Average Life

Weighted average life refers to the average amount of time that will elapse from the date of

issuance of a security to the date of distribution to the investor of each dollar distributed in reduction of principal of the security. The weighted average life of the offered certificates from the closing date will be influenced by, among other things, the rate at which principal of the mortgage loans in the related loan group is paid, which may be in the form of scheduled amortization, prepayments or liquidations.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The model used in this prospectus supplement, CPR, represents a constant rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans. A 10% CPR assumes a constant prepayment rate of 10% per annum of the then outstanding principal balance of the mortgage loans. CPR does not purport to be a historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the mortgage loans in this mortgage pool.

The table below captioned "Percent of Certificate Principal Balance Outstanding at the Following Percentages of CPR" has been prepared on the basis of the assumptions as listed in this paragraph regarding the weighted average characteristics of the mortgage loans that are included in the trust as described in Annex I in this prospectus supplement and their performance. The table assumes, among other things, that: (i) as of the reference date, the mortgage loans have the following characteristics:

Assumed Mortgage Loan Characteristics

	Group I Loans				
	Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans Non-Interest Only	Discount Mortgage Loans 10-Yr Interest Only	Non-Discount Mortgage Loans 10-Yr Interest Only	Non-Discount Mortgage Loans 15-Yr Interest Only
Aggregate principal balance.....	\$99,489,578.37	\$229,600,842.02	\$50,316,267.23	\$182,529,361.19	\$748,838.67
Weighted average mortgage rate.....	6.5876519933%	7.2793%	6.5988547748%	7.3772%	7.5993%
Weighted average servicing fee rate.	0.2800000000%	0.3300%	0.2800000000%	0.3300%	0.3300%
Weighted average original term to maturity (months)..	360	359	360	360	360
Weighted average remaining term to maturity (months)..	338	339	341	342	341

Group II Loans

Discount	Non-Discount	Non-Discount	Discount	Non-Discount
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	Mortgage Loans Non-Interest Only	Mortgage Loans Non-Interest Only	Mortgage Loans 5-Yr Interest Only	Mortgage Loans 10-Yr Interest Only	Mortgage Loans 10-Yr Interest Only
Aggregate principal balance.....	\$2,914,390.34	\$7,174,410.39	\$147,920.00	\$3,761,905.82	\$18,339,421.35
Weighted average mortgage rate....	6.5689402110%	7.2018%	8.1250%	6.3041484495%	7.3860%
Weighted average servicing fee rate.....	0.2800000000%	0.3300%	0.3300%	0.2800000000%	0.3300%
Weighted average original term to maturity (months)	356	357	360	360	360
Weighted average remaining term to maturity (months).....	334	337	341	337	342

(ii) the scheduled monthly payment for each mortgage loan has been based on its outstanding balance, mortgage rate and remaining term to maturity (after taking into account the interest only period), so that the mortgage loan will amortize in amounts sufficient for its repayment over its remaining term to maturity (after taking into account the interest only period); (iii) each of the 5-year, 10-year and 15-year interest only mortgage loans has an original interest only period of 60 months, 120 months and 180 months, respectively; (iv) none of the unaffiliated sellers, Residential Funding or the depositor will repurchase any mortgage loan, as described under "The Trusts-Representations with Respect to Mortgage Collateral" and "The Trusts-Repurchases of Mortgage Collateral" in the prospectus, and the master servicer does not exercise any option to purchase the mortgage loans and thereby cause a termination of the trust; (v) there are no delinquencies or Realized Losses on the mortgage loans, and principal payments on the mortgage loans in each loan group will be timely received together with prepayments, if any, at the respective constant percentages of CPR set forth in the table; (vi) there is no Prepayment Interest Shortfall or any other interest shortfall in any month; (vii) payments on the certificates will be received on the 25th day of each month, commencing in February 2008; (viii) payments on the mortgage loans earn no reinvestment return; (ix) there are no additional ongoing trust expenses payable out of the trust; and (x) the certificates will be purchased on February 8, 2008. Clauses (i) through (x) above are collectively referred to as the structuring assumptions.

The actual characteristics and performance of the mortgage loans will differ from the assumptions used in constructing the table below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is very unlikely that the mortgage loans will prepay at a constant level of CPR until maturity or that all of the mortgage loans will prepay at the same level of CPR. Moreover, the diverse remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the tables at the various constant percentages of CPR specified, even if the weighted average remaining term to stated maturity and weighted average mortgage rate of the mortgage loans are as assumed. Any difference between the assumptions and the

actual characteristics and performance of the related mortgage loans, or actual prepayment or loss experience of the related mortgage loans, will affect the percentages of Certificate Principal Balance outstanding over time and the weighted average lives of the classes of certificates.

In accordance with the foregoing discussion and assumptions, the following table indicates the weighted average life of the offered certificates from the closing date and sets forth the percentages of the Certificate Principal Balance of the offered certificates as of the closing date that would be outstanding after each of the distribution dates at the prepayment assumption shown.

Percent of Certificate Principal Balance Outstanding at the Following Percentages of CPR

Distribution Date	Class I-A-2				
	6%	8%	10%	15%	20%
February 8, 2008.....	100%	100%	100%	100%	100%
January 25, 2009.....	79	79	79	79	79
January 25, 2010.....	59	59	59	59	59
January 25, 2011.....	38	38	38	38	38
January 25, 2012.....	18	17	17	17	17
January 25, 2013.....	0	0	0	0	0
January 25, 2014.....	0	0	0	0	0
January 25, 2015.....	0	0	0	0	0
January 25, 2016.....	0	0	0	0	0
January 25, 2017.....	0	0	0	0	0
January 25, 2018.....	0	0	0	0	0
January 25, 2019.....	0	0	0	0	0
January 25, 2020.....	0	0	0	0	0
January 25, 2021.....	0	0	0	0	0
January 25, 2022.....	0	0	0	0	0
January 25, 2023.....	0	0	0	0	0
January 25, 2024.....	0	0	0	0	0
January 25, 2025.....	0	0	0	0	0
January 25, 2026.....	0	0	0	0	0
January 25, 2027.....	0	0	0	0	0
January 25, 2028.....	0	0	0	0	0
January 25, 2029.....	0	0	0	0	0
January 25, 2030.....	0	0	0	0	0
January 25, 2031.....	0	0	0	0	0
January 25, 2032.....	0	0	0	0	0
January 25, 2033.....	0	0	0	0	0
January 25, 2034.....	0	0	0	0	0
January 25, 2035.....	0	0	0	0	0
January 25, 2036.....	0	0	0	0	0

Weighted Average Life (in years)**	2.4	2.4	2.4	2.4	2.4
Weighted Average Life to Call (in years)***					

- * Indicates a number that is greater than zero but less than 0.5%.
- ** The weighted average life of the Class I-A-2 Certificates is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from February 8, 2008 to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.
- *** The weighted average life is calculated as explained above except that the optional termination is exercised on the first possible distribution date.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Pooling and Servicing Agreement

General

The certificates were issued under a series supplement, dated as of August 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, together referred to as the pooling and servicing agreement, among the depositor, the master servicer, and Deutsche Bank Trust Company Americas, as trustee. Reference is made to the prospectus for important information in addition to that described herein regarding the terms and conditions of the pooling and servicing agreement and the offered certificates. The trustee, or any of its affiliates, in its individual or any other capacity, may become the owner or pledgee of certificates with the same rights as it would have if it were not trustee.

The offered certificates are transferable and exchangeable at the corporate trust office of the trustee, which serves as certificate registrar and paying agent. The depositor will provide a prospective or actual certificateholder without charge, on written request, a copy, without exhibits, of the pooling and servicing agreement. Requests should be addressed to the President, Residential Accredit Loans, Inc., One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423.

In addition to the circumstances described in the prospectus, the depositor may terminate the trustee for cause under specified circumstances. See "The Pooling and Servicing Agreement—The Trustee" in the prospectus.

Custodial Arrangements

The trustee has been directed to appoint Wells Fargo Bank, N.A., to serve as custodian of the mortgage loans. The custodian is not an affiliate of the depositor, the master servicer or the sponsor. No servicer will have custodial responsibility for the mortgage notes. Residential Funding was required to deliver only the mortgage notes to the custodian. The mortgage notes (and any contents of a mortgage loan file delivered to the custodian) will be maintained in vaults located at the custodian's premises in Minnesota. Only the custodian has access to these vaults. A shelving and filing system segregates the files relating to the mortgage loans from other assets serviced by the sponsor.

Wells Fargo Bank is acting as custodian of the mortgage loan files pursuant to the custodial agreement. In that capacity, Wells Fargo Bank is responsible to hold and safeguard the mortgage notes and other contents of the mortgage files on behalf of the trustee and the certificateholders. Wells Fargo Bank maintains each mortgage loan file in a separate file folder marked with a unique bar code to assure loan-level file integrity and to assist in inventory management. Files are segregated by transaction or investor. Wells Fargo Bank has been engaged in the mortgage document custody business for more than 25 years. Wells Fargo Bank maintains document custody facilities in Minneapolis, Minnesota and in two regional offices located in Irvine, California, and Salt Lake City, Utah. As of December 31, 2007, Wells Fargo Bank maintains mortgage custody vaults in each of those locations with an aggregate capacity of over ten million files.

The Master Servicer and Subservicers

Master Servicer. The master servicer, an affiliate of the depositor, will be responsible for master servicing the mortgage loans. Master servicing responsibilities include:

- o receiving funds from subservicers,
- o reconciling servicing activity with respect to the mortgage loans,
- o calculating remittance amounts to certificateholders,
- o sending remittances to the trustee for distributions to certificateholders,
- o investor and tax reporting,
- o coordinating loan repurchases,
- o oversight of all servicing activity, including subservicers,
- o following up with subservicers with respect to mortgage loans that are delinquent or for which servicing decisions may need to be made,
- o approval of loss mitigation strategies,
- o management and liquidation of mortgaged properties acquired by foreclosure or deed in lieu of foreclosure,
- o providing certain notices and other responsibilities as detailed in the pooling and servicing agreement.

The master servicer may, from time to time, outsource certain of its servicing functions, such as foreclosure management, although any such outsourcing will not relieve the master servicer of any of its responsibilities or liabilities under the pooling and servicing agreement.

For a general description of the master servicer and its activities, see "Sponsor and Master Servicer" in this prospectus supplement. See "The Pooling and Servicing Agreement – Rights Upon Event of Default" in the prospectus and "— Certain Other Matters Regarding Servicing" for a discussion of material removal, replacement, resignation and transfer provisions relating to the master servicer.

Subservicer Responsibilities. Subservicers are generally responsible for the following duties:

- o communicating with borrowers;
- o sending monthly remittance statements to borrowers;
- o collecting payments from borrowers;
- o recommending a loss mitigation strategy for borrowers who have defaulted on their loans (i.e. repayment plan, modification, foreclosure, etc.);

- o accurate and timely accounting, reporting and remittance of the principal and interest portions of monthly installment payments to the master servicer, together with any other sums paid by borrowers that are required to be remitted;
- o accurate and timely accounting and administration of escrow and impound accounts, if applicable;
- o accurate and timely reporting of negative amortization amounts, if any;
- o paying escrows for borrowers, if applicable;
- o calculating and reporting payoffs and liquidations;
- o maintaining an individual file for each loan; and
- o maintaining primary mortgage insurance commitments or certificates if required, and filing any primary mortgage insurance claims.

GMAC Mortgage, LLC. GMAC Mortgage, LLC ("GMACM") subservices approximately 74.1%, 100.0% and 75.5% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively. GMACM is a Delaware limited liability company and a wholly-owned subsidiary of GMAC Residential Holding Company, LLC, which is a wholly owned subsidiary of Residential Capital, LLC ("ResCap"). ResCap is a Delaware limited liability company and a wholly-owned subsidiary of GMAC Mortgage Group, LLC, which is a wholly-owned subsidiary of GMAC LLC. On August 24, 2007, Fitch Ratings reduced GMACM's residential primary subservicer rating and residential primary servicer rating for Alt-A product from RPS1 to RPS1- and placed the servicer ratings on Rating Watch Negative.

ResCap, which owns indirectly all of the equity of both Homecomings Financial, LLC ("Homecomings") and GMACM, has restructured the operations of Homecomings and GMACM. As a result of such restructuring, on September 24, 2007, Homecomings transferred its servicing platform and certain employees responsible for the servicing function to its affiliate GMACM. Subsequently, on December 12, 2007, Fitch withdrew its residential servicer ratings for both GMACM, indicated above, and Homecomings and assigned a residential primary subservicer rating and residential primary servicer rating for Alt-A product of RPS2+ to ResCap. This rating takes into consideration the servicing capabilities of GMACM and reflects the financial rating of ResCap.

Subsequent to the transfer of the servicing platform and employees from Homecomings to GMACM, in addition to the mortgage loans owned by the issuing entity which were previously serviced by GMACM, GMACM will subservice the mortgage loans owned by the issuing entity which were previously serviced by Homecomings, and Homecomings will no longer subservice any of the mortgage loans. In addition GMACM will be servicing all of the GMACM and Homecomings servicing portfolios, which will consist of the aggregate of the amounts set forth below under the headings "GMAC Mortgage, LLC Primary Servicing Portfolio" and "Primary Servicing Portfolio."

GMACM began acquiring, originating and servicing residential mortgage loans in 1985 through its acquisition of Colonial Mortgage Service Company, which was formed in 1926, and the loan administration, servicing operations and portfolio of Norwest Mortgage, which entered the residential mortgage loan business in 1906. These businesses formed the original basis of what is now GMACM.

GMACM maintains its executive and principal offices at 1100 Virginia Drive, Fort Washington, Pennsylvania 19034. Its telephone number is (215) 734-5000.

In addition, GMACM purchases mortgage loans originated by GMAC Bank, which is wholly-owned by IB Finance Holding Company, LLC, a subsidiary of ResCap and GMAC LLC, and which is an affiliate of GMACM. Formerly known as GMAC Automotive Bank, GMAC Bank, a Utah industrial bank, was organized in

2001. As of November 22, 2006, GMAC Bank became the successor to substantially all of the assets and liabilities of GMAC Bank, a federal savings bank.

GMACM generally retains the servicing rights with respect to loans it sells or securitizes, and also occasionally purchases mortgage servicing rights from other servicers or acts as a subservicer of mortgage loans (and does not hold the corresponding mortgage servicing right asset).

As of the nine months ended September 30, 2007, GMACM acted as primary servicer and owned the corresponding servicing rights on approximately 2,2912,593 of residential mortgage loans having an aggregate unpaid principal balance of approximately \$290 billion, and GMACM acted as subservicer (and did not own the corresponding servicing rights) on approximately 290,232 loans having an aggregate unpaid principal balance of over \$60.4 billion.

The following tables set forth the dollar amount of mortgage loans serviced by GMACM C for the periods indicated, and the number of such loans for the same period. GMACM was the servicer of a residential mortgage loan portfolio of approximately \$150.4 billion, \$12.5 billion, \$21.2 billion and \$6.7 billion during the year ended December 31, 2002 backed by prime conforming mortgage loans, prime non-conforming mortgage loans, government mortgage loans and second-lien mortgage loans, respectively. GMACM was the servicer of a residential mortgage loan portfolio of approximately \$217.0 billion, \$31.3 billion, \$19.0 billion and \$23.2 billion during the nine months ended September 30, 2007 backed by prime conforming mortgage loans, prime non-conforming mortgage loans, government mortgage loans and second-lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

GMAC MORTGAGE, LLC PRIMARY SERVICING PORTFOLIO
(\$ IN MILLIONS)

	Year Ended December 31,				
	2002	2003	2004	2005	
Prime conforming mortgage loans					
No. of Loans.....	1,418,843	1,308,284	1,323,249	1,392,870	1
Dollar Amount of Loans.....	\$150,421	\$153,601	\$165,521	\$186,364	
Percentage Change					
from Prior Year.....	N/A	2.11%	7.76%	12.59%	
Prime non-conforming mortgage loans					
No. of Loans.....	36,225	34,041	53,119	69,488	
Dollar Amount of Loans.....	\$12,543	\$13,937	\$23,604	\$32,385	
Percentage Change					
from Prior Year.....	N/A	11.12%	69.36%	37.20%	
Government mortgage loans					
No. of Loans.....	230,085	191,023	191,844	181,679	
Dollar Amount of Loans.....	\$21,174	\$17,594	\$18,328	\$18,098	
Percentage Change					

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from Prior Year.....	N/A	(16.91)%	4.17%	(1.25)%
Second-lien mortgage loans				
No. of Loans.....	261,416	282,128	350,334	392,261
Dollar Amount of Loans.....	\$6,666	\$7,023	\$10,374	\$13,034
Percentage Change				
from Prior Year.....	N/A	5.36%	47.71%	25.64%
Total mortgage loans serviced				
No. of Loans.....	1,946,569	1,815,476	1,918,546	2,036,298
Dollar Amount of Loans.....	\$190,804	\$192,155	\$217,827	\$249,881
Percentage Change				
from Prior Year.....	N/A	0.71%	13.36%	14.72%

HOMEcomings FINANCIAL, LLC PRIMARY SERVICING PORTFOLIO

The following table sets forth the aggregate principal balance of mortgage loans serviced by Homecomings for the past five years and for the nine months ended September 30, 2007. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

First Lien Mortgage Loans

	Year Ended December 31,			
Volume by Principal Balance	2002	2003	2004	2005
Prime Mortgages(1)	\$27,343,774,000	\$29,954,139,212	\$31,943,811,060	\$44,570,851,126
Non-Prime Mortgages(2)	\$27,384,763,000	\$39,586,900,679	\$44,918,413,591	\$52,102,835,214
Total	\$54,728,537,000	\$69,541,039,891	\$76,862,224,651	\$96,673,686,340
Prime Mortgages(1)	49.96%	43.07%	41.56%	46.10%
Non-Prime Mortgages(2)	50.04%	56.93%	58.44%	53.90%
Total	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)				
Prime Mortgages(1)	7.09%	9.55%	6.64%	39.53%
Non-Prime Mortgages(2)	60.71%	44.56%	13.47%	15.99%
Total	28.55%	27.07%	10.53%	25.78%

Junior Lien Mortgage Loans

Nine Months
Ended
September 30

Year Ended December 31,

Volume by Principal Balance	2002	2003	2004	2005	2006	2007
Prime Mortgages(1)	\$7,627,424,000	\$7,402,626,296	\$7,569,300,685	\$7,442,264,087	\$11,418,858,741	\$10,519,372,
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	\$7,627,424,000	\$7,402,626,296	\$7,569,300,685	\$7,442,264,087	\$11,418,858,741	\$10,519,372,
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%	100.
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	(4.94)%	(2.95)%	2.25%	(1.68)%	53.43%	
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	(4.94)%	(2.95)%	2.25%	(1.68)%	53.43%	

- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans–Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
- (3) Represents year to year growth or decline as a percentage of the prior year's volume.

First Lien Mortgage Loans

	Year Ended December 31,					Nine Months Ended September 30,
Volume by Number of Loans	2002	2003	2004	2005	2006	2007
Prime Mortgages(1)	125,209	143,645	150,297	187,773	252,493	260,205
Non-Prime Mortgages(2)	257,077	341,190	373,473	394,776	361,125	298,742
Total	382,286	484,835	523,770	582,549	613,618	558,947
Prime Mortgages(1)	32.75%	29.63%	28.70%	32.23%	41.15%	46.55%
Non-Prime Mortgages(2)	67.25%	70.37%	71.30%	67.77%	58.85%	53.45%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)						

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Prime Mortgages(1)	(6.30)%	14.72%	4.63%	24.93%	34.47%
Non-Prime Mortgages(2)	52.85%	32.72%	9.46%	5.70%	(8.52)%
Total	26.66%	26.83%	8.03%	11.22%	5.33%

Junior Lien Mortgage Loans

	Year Ended December 31,					Nine Months Ended September 30,
Volume by Number of Loans	2002	2003	2004	2005	2006	2007
Prime Mortgages(1)	217,031	211,585	210,778	199,600	266,900	243,314
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	217,031	211,585	210,778	199,600	266,900	243,314
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	(5.20)%	(2.51)%	(0.38)%	(5.30)%	33.72%	
Non-Prime Mortgages(2)	-	-	-	-	-	
Total	(5.20)%	(2.51)%	(0.38)%	(5.30)%	33.72%	

- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
- (3) Represents year to year growth or decline as a percentage of the prior year's volume.

Billing and Payment Procedures. As servicer, GMACM collects and remits mortgage loan payments, responds to borrower inquiries, accounts for principal and interest, holds custodial and escrow funds for payment of property taxes and insurance premiums, counsels or otherwise works with delinquent borrowers, supervises foreclosures and property dispositions and generally administers the loans. GMACM sends monthly invoices or annual coupon books to borrowers to prompt the collection of the outstanding payments. Borrowers may elect for monthly payments to be deducted automatically from bank accounts on the same day every month or may take advantage of on demand electronic payments made

over the internet or via phone. GMACM may, from time to time, outsource certain of its servicing functions, such as contacting delinquent borrowers, property tax administration and hazard insurance administration, although any such outsourcing will not relieve GMACM of any of its responsibilities or liabilities as a servicer.

Servicing and Other Compensation and Payment of Expenses

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan. The servicing fees relating to each mortgage loan will be at least 0.28% per annum and not more than 0.33% per annum of the outstanding principal balance of that mortgage loan, with a weighted average servicing fee of approximately 0.3165% per annum, in the case of the group I loans, approximately 0.3196% per annum, in the case of the group II loans, and approximately 0.3167% per annum, in the case of all mortgage loans, in each case as of the reference date. The servicing fees consist of (a) servicing fees payable to the master servicer in respect of its master servicing activities and (b) subservicing and other related compensation payable to the subservicer, including any payment due to prepayment charges on the related mortgage loans and such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer.

The primary compensation to be paid to the master servicer for its master servicing activities will be its servicing fee equal to at least 0.03% per annum and not more than 0.08% per annum of the outstanding principal balance of each mortgage loan, with a weighted average of approximately 0.0665% per annum, in the case of the group I loans, approximately 0.0696% per annum, in the case of the group II loans, and approximately 0.0667% per annum, in the case of all mortgage loans, in each case as of the reference date. As described in the prospectus, a subservicer is entitled to servicing compensation in a minimum amount equal to 0.25% per annum of the outstanding principal balance of each mortgage loan serviced by it. The master servicer is obligated to pay some ongoing expenses associated with the trust and incurred by the master servicer in connection with its responsibilities under the pooling and servicing agreement. The master servicing fee rate may be changed if a successor master servicer is appointed, but it will not exceed the rate currently paid to the master servicer. See "The Pooling and Servicing Agreement—Servicing Compensation and Payment of Expenses" in the prospectus for information regarding other possible compensation to the master servicer and subservicers and for information regarding expenses payable by the master servicer.

The following table sets forth the fees and expenses that are payable out of payments on the mortgage loans, prior to payments of interest and principal to the certificateholders:

Description	Amount	Receiving Party
Master Servicer Fee	at a minimum rate of 0.03% and not more than 0.08% per annum of the principal balance of each mortgage loan, depending on the type of mortgage loan	Master Servicer
Subservicer Fee	at a minimum rate of 0.25% per annum of the principal balance of each mortgage loan serviced by a subservicer	Subservicers

In addition, the master servicer or any applicable subservicer may recover from payments on the mortgage loans or withdraw from the Custodial Account the amount of any Advances and Servicing Advances previously made, interest and investment income, foreclosure profits, indemnification payments payable under the pooling and servicing agreement, and certain other servicing expenses, including foreclosure expenses.

Reports to Certificateholders

On each distribution date, a distribution date statement will be made available to each certificateholder setting forth certain information with respect to the composition of the payment being made, the Certificate Principal Balance or Notional Amount of an individual certificate following the payment and certain other information relating to the certificates and the mortgage loans. The trustee will make the distribution date statement and, at its option, any additional files containing the same information in an alternative format, available each month to certificateholders and other parties to the pooling and servicing agreement via the trustee's internet website, at www.tss.db.com/invr. For purposes of any electronic version of this prospectus supplement, the preceding uniform resource locator, or URL, is an inactive textual reference only. The depositor has taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus supplement was created. This URL can be accessed in an internet browser at "https://" followed by the URL. The issuing entity is no longer required to file reports with respect to the Certificates under the Securities Exchange Act of 1934, although information with respect to the Class I-A-2 Certificates and the related mortgage pool will be included in the RALI Series 2008-QR1 Trust's reports required to be filed with the Commission under the Securities Exchange Act of 1934. See also "Pooling and Servicing Agreement Reports to Certificateholders" in the prospectus for a more detailed description of certificateholder reports.

Voting Rights

There are actions specified in the prospectus that may be taken by holders of certificates evidencing a specified percentage of all undivided interests in the trust and may be taken by holders of certificates entitled in the aggregate to that percentage of the voting rights. 97.0% of all voting rights will be allocated among all holders of the certificates, other than the Interest Only Certificates and Residual Certificates, in proportion to their then outstanding Certificate Principal Balances, 1.0% of all voting rights will be allocated among the holders of the Class I-A-7 Certificates, 1.0% of all voting rights will be allocated among the holders of the Class A-V Certificates and 0.5% and 0.5% of all voting rights will be allocated among the holders of the Class R-I Certificates and Class R-II Certificates, respectively, in proportion to the percentage interests evidenced by their respective certificates. Furthermore, the trustee for the RALI Series 2008-QR1 Trust will exercise, for the benefit of the holders of the Class I Certificates of the RALI Series 2008-QR1 Trust, approximately 71.11% of the voting rights of the Class I-A-2 Certificates. The pooling and servicing agreement may be amended without the consent of the holders of the Residual Certificates in specified circumstances.

Termination

The circumstances under which the obligations created by the pooling and servicing agreement will terminate relating to the offered certificates are described under "The Pooling and Servicing Agreement—Termination; Retirement of Certificates" in the prospectus. The master servicer will have the option, on any distribution date on which the aggregate Stated Principal Balance of the mortgage

loans is less than 10% of the aggregate principal balance of the mortgage loans as of the cut-off date, either to purchase all remaining mortgage loans and other assets of the trust related thereto, thereby effecting early retirement of the offered certificates or to purchase, in whole but not in part, the certificates. Any such purchase of mortgage loans and other assets of the trust shall be made at a price equal to the sum of (a) 100% of the unpaid principal balance of each mortgage loan or the fair market value of the related underlying mortgaged properties with respect to defaulted mortgage loans as to which title to such mortgaged properties has been acquired if such fair market value is less than such unpaid principal balance, net of any unreimbursed Advance attributable to principal, as of the date of repurchase plus (b) accrued interest thereon at the Net Mortgage Rate to, but not including, the first day of the month in which the repurchase price is distributed. The optional termination price paid by the master servicer will also include certain amounts owed by Residential Funding as seller of the mortgage loans, under the terms of the agreement pursuant to which Residential Funding sold the mortgage loans to the depositor, that remain unpaid on the date of the optional termination.

Distributions on the certificates relating to any optional termination will be paid, first, to the Senior Certificates, second, to the Class M Certificates in the order of their payment priority and, third, to the Class B Certificates. The proceeds of any such distribution may not be sufficient to distribute the full amount to each class of related certificates if the purchase price is based in part on the fair market value of the underlying mortgaged property and the fair market value is less than 100% of the unpaid principal balance of the related mortgage loan. Any such purchase of certificates will be made at a price equal to 100% of their Certificate Principal Balance plus, except with respect to the Class A-P Certificates, the sum of the Accrued Certificate Interest thereon, or with respect to the related Interest Only Certificates, on their Notional Amounts, for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate and any previously unpaid Accrued Certificate Interest. Promptly after the purchase of such certificates, the master servicer shall terminate the trust in accordance with the terms of the pooling and servicing agreement.

Upon presentation and surrender of the offered certificates in connection with the termination of the trust or a purchase of certificates under the circumstances described in the two preceding paragraphs, the holders of the offered certificates will be entitled to receive an amount equal to the Certificate Principal Balance of that class plus Accrued Certificate Interest thereon for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate, or, with respect to the Interest Only Certificates, interest for the immediately preceding Interest Accrual Period on their Notional Amounts, plus any previously unpaid Accrued Certificate Interest. However, any Prepayment Interest Shortfalls previously allocated to the certificates will not be reimbursed. In addition, distributions to the holders of the most subordinate class of certificates then outstanding with a Certificate Principal Balance greater than zero will be reduced, as described in the preceding paragraph, in the case of the termination of the trust resulting from a purchase of all the assets of the trust.

The Trustee

Deutsche Bank Trust Company Americas, or DBTCA, is the trustee. DBTCA is a New York banking corporation. DBTCA has acted as trustee on numerous residential mortgage-backed securities transactions. While the structure of the transactions referred to in the preceding sentence may differ among these transactions, DBTCA is experienced in administering transactions of this kind. DBTCA has no pending legal proceedings that would materially affect its ability to perform its duties

as trustee on behalf of the holders of the certificates.

DBTCA is now an affiliate of MortgageIT, Inc. since the purchase of MortgageIT Holdings, Inc., MortgageIT, Inc.'s former parent company, by an affiliate of DB Structured Products, Inc.

DBTCA and its affiliates have provided trustee and custodial services on mortgaged-backed transactions since 1991 and has acted as trustee on over 2,000 mortgage-backed transactions. In 2005, Deutsche Bank and its affiliates acted as trustee in over 350 combined new asset-backed and mortgage-backed transactions involving the aggregate issuance of over 300 billion dollars in securities.

DBTCA is providing the foregoing information at the issuing entity's and depositor's request in order to assist the issuing entity and depositor with the preparation of their disclosure documents to be filed with the SEC pursuant to Regulation AB. Otherwise, DBTCA has not participated in the preparation of such disclosure documents and assumes no responsibility for their contents.

Unless an event of default has occurred and is continuing under the pooling and servicing agreement, the trustee will perform only such duties as are specifically set forth in the pooling and servicing agreement. If an event of default occurs and is continuing under the pooling and servicing agreement, the trustee is required to exercise such of the rights and powers vested in it by the pooling and servicing agreement, such as either acting as the master servicer or appointing a successor master servicer, and use the same degree of care and skill in their exercise as a prudent investor would exercise or use under the circumstances in the conduct of such investor's own affairs. Subject to certain qualifications specified in the pooling and servicing agreement, the trustee will be liable for its own negligent action, its own negligent failure to act and its own willful misconduct for actions.

The trustee's duties and responsibilities under the pooling and servicing agreement include collecting funds from the master servicer to distribute to certificateholders at the direction of the master servicer, providing certificateholders and applicable rating agencies with monthly distribution statements and notices of the occurrence of a default under the pooling and servicing agreement, removing the master servicer as a result of any such default, appointing a successor master servicer, and effecting any optional termination of the trust.

The master servicer will pay to the trustee reasonable compensation for its services and reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the pooling and servicing agreement, except any such expense as may arise from the trustee's negligence or bad faith. The master servicer has also agreed to indemnify the trustee for any losses and expenses incurred without negligence or willful misconduct on the trustee's part arising out of the acceptance and administration of the trust.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the pooling and servicing agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

Any costs associated with removing and replacing a trustee will be paid by the master servicer.

Legal Proceedings

There are no material pending legal or other proceedings involving the mortgage loans or Residential Funding Company, LLC, as sponsor and master servicer, Residential Accredit Loans, Inc. as depositor, RALI Series 2006 QS11 Trust as the issuing entity, GMACM, as subservicer, or other parties described in Item 1117 of Regulation AB that, individually or in the aggregate, would have a material adverse impact on investors in these certificates.

Residential Funding and GMACM are currently parties to various legal proceedings arising from time to time in the ordinary course of their businesses, some of which purport to be class actions. Based on information currently available, it is the opinion of Residential Funding and GMACM that the eventual outcome of any currently pending legal proceeding, individually or in the aggregate, will not have a material adverse effect on their ability to perform their obligations in relation to the mortgage loans. No assurance, however, can be given that the final outcome of these legal proceedings, if unfavorable, either individually or in the aggregate, would not have a material adverse impact on Residential Funding or GMACM. Any such unfavorable outcome could adversely affect the ability of Residential Funding Company, LLC or GMACM to perform its servicing duties with respect to the mortgage loans and potentially lead to the replacement of Residential Funding or GMACM with a successor servicer.

Among the legal proceedings to which Residential Funding is a party is a class action lawsuit that was filed against a lender (Mortgage Capital Resources Corporation), Residential Funding and other parties in state court in Kansas City, Missouri. Plaintiffs asserted violations of the Missouri Second Mortgage Loan Act ("SMLA"), Mo.R.S. Section 408.233, based on the lender's charging or contracting for payment of allegedly unlawful closing costs and fees. The relief sought included a refund of all allegedly illegal fees, the refund of interest paid, and the discounted present value of interest to be paid in the future on active mortgage loans. The plaintiffs also sought prejudgment interest and punitive damages.

Residential Funding is an assignee of some of the mortgage loans in question. The plaintiffs contended that Residential Funding is strictly liable for the lender's alleged SMLA violations pursuant to the assignee provisions of the Home Ownership and Equity Protection Act of 1994 ("HOEPA"), 15 U.S.C. Section 1641(d)(1). Residential Funding terminated its relationship with the lender in early May 2000.

In connection with that proceeding, on January 4, 2008, a verdict was returned that Residential Funding pay \$4.33 million in actual damages and \$92 million in punitive damages. RFC intends to appeal and vigorously contest the punitive damage award. However, even if the punitive damage award is not reduced upon appeal, Residential Funding's management believes that any liability with respect to this proceeding would not have a material adverse effect on investors in the offered certificates.

Material Federal Income Tax Consequences

Upon the issuance of the certificates, Orrick, Herrington & Sutcliffe LLP, counsel to the depositor, rendered an opinion to the effect that, assuming compliance with all provisions of the pooling and servicing agreement, for federal income tax purposes, the trust will qualify as two

REMICs under the Internal Revenue Code, which shall be referred to in this prospectus supplement as REMIC I and REMIC II.

For federal income tax purposes:

- o the Class R-I Certificates represent ownership of the sole class of "residual interests" in REMIC I;
- o the Class I-A-2 Certificates represent ownership of "regular interests" in REMIC II and are generally treated as debt instruments of REMIC II; and
- o the Class R-II Certificates represent ownership of the sole class of "residual interests" in REMIC II.

See "Material Federal Income Tax Consequences—REMICs" in the prospectus.

For federal income tax purposes, the Class I-A-2 Certificates may have been treated, as having been issued with original issue discount. The prepayment assumption that is used in determining the rate of accrual of original issue discount, market discount and premium, if any, for federal income tax purposes is described in the pooling and servicing agreement. No representation is made that the mortgage loans will prepay at that rate or at any other rate. See "Material Federal Income Tax Consequences—General" and "—REMICs—Taxation of Owners of REMIC Regular Certificates—Original Issue Discount" in the prospectus.

The holders of the offered certificates will be required to include in income interest on their certificates in accordance with the accrual method of accounting.

The Internal Revenue Service, or IRS, has issued original issue discount regulations under sections 1271 to 1275 of the Internal Revenue Code that address the treatment of debt instruments issued with original issue discount. The OID regulations suggest that original issue discount with respect to securities similar to the Variable Strip Certificates that represent multiple uncertificated REMIC regular interests, in which ownership interests are issued simultaneously to the same buyer, should be computed on an aggregate method. In the absence of further guidance from the IRS, original issue discount with respect to the uncertificated REMIC regular interests represented by the Variable Strip Certificates will be reported to the IRS and the certificateholders on an aggregate method based on a single overall constant yield and the prepayment assumption stated above, treating all uncertificated REMIC regular interests as a single debt instrument as described in the OID regulations.

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

In some circumstances the OID regulations permit the holder of a debt instrument to recognize original issue discount under a method that differs from that used by the issuer. Accordingly, it is possible that the holder of an offered certificate may be able to select a method for recognizing original issue discount that differs from that used by the master servicer in preparing reports to

the certificateholders and the IRS.

The offered certificates may be treated for federal income tax purposes as having been purchased at a premium. Whether the holder of this class of certificates will be treated as holding a certificate with amortizable bond premium will depend on the certificateholder's purchase price and the distributions remaining to be made on the certificate at the time of its acquisition by the certificateholder. The use of a zero prepayment assumption may be required in calculating the amortization of premium. Holders of those classes of certificates are encouraged to consult their tax advisors regarding the possibility of making an election to amortize such premium, if any. See "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Regular Certificates" and "-Premium" in the prospectus.

The IRS proposed regulations on August 24, 2004 concerning the accrual of interest income by the holders of REMIC regular interests. The proposed regulations would create a special rule for accruing OID on REMIC regular interests providing for a delay between record and payment dates, such that the period over which OID accrues coincides with the period over which the holder's right to interest payment accrues under the governing contract provisions rather than over the period between distribution dates. If the proposed regulations are adopted in the same form as proposed, taxpayers would be required to accrue interest from the issue date to the first record date, but would not be required to accrue interest after the last record date. The proposed regulations are limited to REMIC regular interests with delayed payment for periods of fewer than 32 days. The proposed regulations are proposed to apply to any REMIC regular interest issued after the date the final regulations are published in the Federal Register. The proposed regulations provide automatic consent for the holder of a REMIC regular interest to change its method of accounting for OID under the final regulations. The change is proposed to be made on a cut-off basis and, thus, does not affect REMIC regular interests issued before the date the final regulations are published in the Federal Register.

The IRS issued a notice of proposed rulemaking on the timing of income and deductions attributable to interest-only regular interests in a REMIC on August 24, 2004. In this notice, the IRS and Treasury requested comments on whether to adopt special rules for taxing regular interests in a REMIC that are entitled only to a specified portion of the interest in respect of one or more mortgage loans held by the REMIC, or REMIC IOs, high-yield REMIC regular interests, and apparent negative-yield instruments. The IRS and Treasury also requested comments on different methods for taxing the foregoing instruments, including the possible recognition of negative amounts of OID, the formulation of special guidelines for the application of Code Section 166 to REMIC IOs and similar instruments, and the adoption of a new alternative method applicable to REMIC IOs and similar instruments. It is uncertain whether the IRS actually will propose any regulations as a consequence of the solicitation of comments and when any resulting new rules would be effective.

The offered certificates are treated as assets described in Section 7701(a)(19)(C) of the Internal Revenue Code and "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code generally in the same proportion that the assets of the REMIC underlying the certificates would be so treated. In addition, interest on the offered certificates is treated as "interest on obligations secured by mortgages on real property" under Section 856(c)(3)(B) of the Internal Revenue Code generally to the extent that the offered certificates are treated as "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code. Moreover, the offered certificates will be "qualified mortgages" within the meaning of Section 860G(a)(3) of the Internal Revenue Code if transferred to another REMIC on its startup day in exchange for a regular or residual interest in that REMIC. However, prospective investors should note that, notwithstanding that treatment, any

repurchase of a certificate pursuant to the right of the master servicer to repurchase the offered certificates may adversely affect any REMIC that holds the offered certificates if the repurchase is made under circumstances giving rise to a prohibited transaction tax under the Internal Revenue Code. See "Pooling and Servicing Agreement-Termination" in this prospectus supplement and "Material Federal Income Tax Consequences-REMICs- Characterization of Investments in REMIC Certificates" in the prospectus.

If penalties were asserted against purchasers of the offered certificates in respect of their treatment of the offered certificates for tax purposes, the summary of tax considerations contained, and the opinions stated, herein and in the prospectus may not meet the conditions necessary for purchasers' reliance on that summary and those opinions to exculpate them from the asserted penalties.

For further information regarding federal income tax consequences of investing in the offered certificates, see "Material Federal Income Tax Consequences-REMICs" in the prospectus.

Method of Distribution

Approximately 71.11% of the Class I-A-2 Certificates are being offered only in connection with a resecuritization offering by the Residential Accredit Loans, Inc. Series 2008-QR1 Trust. The offered portion of the Class I-A-2 Certificates will be transferred to the trustee for the RALI Series 2008-QR1 Certificates and will be deposited into the RALI Series 2008-QR1 Trust by the depositor.

Additional Information

The primary source of information available to investors concerning the offered certificates will be the monthly statements discussed in the prospectus under "Description of the Certificates-Reports to Certificateholders" and in this prospectus supplement under "Pooling and Servicing Agreement-Reports to Certificateholders," which will include information as to the outstanding principal balance or notional amount of the offered certificates. There can be no assurance that any additional information regarding the offered certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the offered certificates will be available on an ongoing basis. The limited nature of this information regarding the offered certificates may adversely affect the liquidity of the offered certificates, even if a secondary market for the offered certificates becomes available.

Use of Proceeds

The depositor will transfer the offered certificates to the trustee of the RALI Series 2008-QR1 Trust in exchange for a portion of the RALI Series 2008-QR1 Certificates, which the depositor will sell to the underwriter of the RALI Series 2008-QR1 issuance in consideration for the offered certificates.

Legal Opinions

Certain legal matters relating to the certificates have been passed upon for the depositor by Orrick, Herrington & Sutcliffe LLP, New York, New York and for the underwriter by Thacher Proffitt & Wood llp, New York, New York.

Ratings

The Class I-A-2 Certificates were rated "AAA" by Fitch Ratings, or Fitch, "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Standard & Poor's, and "Aaa" by Moody's Investors Service, Inc., or Moody's as of February 6, 2008.

The ratings assigned by Fitch to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which they are entitled under the transaction structure. Fitch's ratings reflect its analysis of the riskiness of the underlying mortgage loans and the structure of the transaction as described in the operative documents. Fitch's ratings do not address the effect on the certificates' yield attributable to prepayments or recoveries on the underlying mortgage loans.

The ratings assigned by Standard & Poor's to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of payments required under the pooling and servicing agreement. Standard & Poor's ratings take into consideration the credit quality of the mortgage pool, structural and legal aspects associated with the certificates, and the extent to which the payment stream in the mortgage pool is adequate to make payments required under the certificates. Standard & Poor's rating on the certificates does not, however, constitute a statement regarding frequency of prepayments on the mortgages. See "Certain Yield and Prepayment Considerations" herein.

The ratings assigned by Moody's to the offered certificates address the likelihood of the receipt by the holders of the offered certificates of all distributions to which they are entitled under the pooling and servicing agreement. Moody's ratings reflect its analysis of the riskiness of the mortgage loans and the structure of the transaction as described in the pooling and servicing agreement. Moody's ratings do not address the effect on the certificates' yield attributable to prepayments or recoveries on the mortgage loans.

The depositor has not requested a rating on the offered certificates by any rating agency other than Fitch, Standard & Poor's and Moody's. However, there can be no assurance as to whether any other rating agency will rate the offered certificates, or, if it does, what rating would be assigned by any other rating agency. A rating on the certificates by another rating agency, if assigned at all, may be lower than the ratings assigned to the offered certificates by Fitch, Standard & Poor's and Moody's.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating. In the event that the ratings initially assigned to the offered certificates are subsequently lowered for any reason, no person or entity is obligated to provide any additional support or credit enhancement with respect to the offered certificates.

The fees paid by the depositor to the rating agencies at closing included a fee for ongoing surveillance by the rating agencies for so long as any certificates are outstanding. However, the rating agencies are under no obligation to the depositor to continue to monitor or provide a rating on the certificates.

Legal Investment

The Class I-A-2 Certificates will constitute "mortgage related securities" for purposes of SMMEA,

so long as they are rated in at least the second highest rating category by one of the rating agencies, and, as such, are legal investments for some entities to the extent provided in SMMEA. SMMEA provides, however, that states could override its provisions on legal investment and restrict or condition investment in mortgage related securities by taking statutory action on or prior to October 3, 1991. Some states have enacted legislation which overrides the preemption provisions of SMMEA.

The depositor makes no representations as to the proper characterization of any class of the offered certificates for legal investment or other purposes, or as to the ability of particular investors to purchase any class of the offered certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of offered certificates. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent any class of the offered certificates constitutes a legal investment or is subject to investment, capital or other restrictions.

See "Legal Investment Matters" in the prospectus.

ERISA Considerations

A fiduciary of any ERISA plan, any insurance company, whether through its general or separate accounts, or any other person investing ERISA plan assets of any ERISA plan, as defined under "ERISA Considerations—ERISA Plan Asset Regulations" in the prospectus, should carefully review with its legal advisors whether the purchase or holding of offered certificates could give rise to a transaction prohibited or not otherwise permissible under ERISA or Section 4975 of the Internal Revenue Code. The purchase or holding of the offered certificates, by or on behalf of, or with ERISA plan assets of, an ERISA plan may qualify for exemptive relief under the RFC exemption, as described under "ERISA Considerations—Prohibited Transaction Exemption" in the prospectus provided those certificates are rated at least "BBB-" (or its equivalent) by Standard & Poor's, Fitch, Moody's, DBRS Limited or DBRS, Inc. at the time of purchase. The RFC exemption contains a number of other conditions which must be met for the RFC exemption to apply, including the requirement that any ERISA plan must be an "accredited investor" as defined in Rule 501(a)(1) of Regulation D of the Securities and Exchange Commission under the Securities Act. The depositor expects that the specific conditions of the RFC exemption should be satisfied with respect to the offered certificates so that the RFC exemption should provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools and contract pools, provided that the general conditions of the RFC exemption are satisfied.

As discussed in greater detail above under "Description of the Mortgage Pool—Sharia Mortgage Loans", the trust will include certain residential financing transactions, referred to as Sharia Mortgage Loans, that are structured so as to be permissible under Islamic law utilizing declining balance co-ownership structures. The DOL has not specifically considered the eligibility or treatment of Sharia Mortgage Loans under the RFC exemption, including whether they would be treated in the same manner as other single family residential mortgages. However, since the remedies in the event of default and certain other provisions of the Sharia Mortgage Loans held by the trust are similar to the remedial and other provisions in the residential mortgage loans contemplated by the DOL at the time the RFC exemption was granted, the depositor believes that the Sharia Mortgage Loans

should be treated as other single family residential mortgages under the RFC exemption.

Any fiduciary or other investor of ERISA plan assets that proposes to acquire or hold the offered certificates on behalf of or with ERISA plan assets of any ERISA plan should consult with its counsel with respect to: (i) whether the specific and general conditions and the other requirements in the RFC exemption would be satisfied, or whether any other prohibited transaction exemption would apply, and (ii) the potential applicability of the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code to the proposed investment. See "ERISA Considerations" in the prospectus.

The sale of any of the offered certificates to an ERISA plan is in no respect a representation by the depositor or the underwriter that such an investment meets all relevant legal requirements relating to investments by ERISA plans generally or any particular ERISA plan, or that such an investment is appropriate for ERISA plans generally or any particular ERISA plan.

ANNEX I
MORTGAGE LOAN STATISTICAL INFORMATION

Loan Group I*

Credit Score Distribution of the Group I Loans

Credit Score Range	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Loan-to-Value Ratio
499 or less.....	44	\$9,213,593	1.66%	\$209,400	76.49%
500 - 519.....	21	4,667,185	0.84	222,247	76.71
520 - 539.....	26	6,354,768	1.14	244,414	75.57
540 - 559.....	38	9,027,750	1.62	237,572	80.26
560 - 579.....	38	7,954,995	1.43	209,342	77.28
580 - 599.....	70	15,176,777	2.73	216,811	76.46
600 - 619.....	79	18,580,982	3.34	235,202	73.82
620 - 639.....	126	27,968,067	5.03	221,969	75.86
640 - 659.....	189	42,857,273	7.71	226,758	76.38
660 - 679.....	230	54,899,797	9.87	238,695	75.53
680 - 699.....	294	63,662,634	11.45	216,540	75.11
700 - 719.....	278	61,982,808	11.15	222,960	75.01
720 - 739.....	241	56,363,940	10.14	233,875	75.35
740 - 759.....	241	58,970,629	10.61	244,691	73.97

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760 - 779.....	207	47,441,464	8.53	229,186	73.25
780 - 799.....	192	47,085,659	8.47	245,238	71.81
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800 or greater.....	103	23,781,774	4.28	230,891	69.82
Total, Averaged or Weighed Average...	2,417	\$555,990,095	100.00%	\$230,033	74.66%
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As of the reference date, the minimum and maximum credit scores of the group I loans were 407 and 824, respectively, and the weighted average credit score of the group I loans was approximately 698. The credit scores for most of the mortgagors as reflected in the table above have been updated since the date of origination of the group I loans.

* Unless otherwise specified, the information appearing under the column headings: Number of Group I Loans, Principal Balance, Percent of Group I Loans and Average Principal Balance is as of the reference date, after deducting payments of principal due during the month of the reference date, and the information appearing under the column heading: Weighted Average Loan-to-Value Ratio is based on the original loan-to-value ratios of the group I loans, as weighted by the principal balances of the group I loans as of the reference date. The credit scores for most of the mortgagors as reflected in this Annex I have been updated since the date of origination of the group I loans.

Occupancy Types of the Group I Loans

Occupancy Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Ave Loan-to-Va Ratio
Primary Residence.....	1,698	\$423,430,415	76.16%	\$249,370	692	75.44%
Second/Vacation.....	102	22,599,442	4.06	221,563	728	71.99
Non-Owner Occupied.....	617	109,960,237	19.78	178,218	713	72.25
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Total, Average or Weighted Average	2,417	\$555,990,095	100.00%	\$230,033	698	74.66%
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Loan Purpose of the Group I Loans

Number of	Percent of	Average	Weighted	Wei Ave
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Loan Purpose	Group I Loans	Principal Balance	Group I Loans	Principal Balance	Average Credit Score	Loan-to- Value Ratio
Purchase.....	1,411	\$303,632,946	54.61%	\$215,190	705	77
Rate/Term Refinance.....	390	87,085,983	15.66	223,297	676	72
Equity Refinance.....	616	165,271,165	29.73	268,297	698	69
Total, Average or Weighted Average.....	2,417	\$555,990,095	100.00%	\$230,033	698	74

Mortgaged Property Types of the Group I Loans

Property Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Loan-to- Value Ratio
Single-Family Detached.....	1,440	\$325,728,433	58.59%	\$226,200	694	
Planned Unit Developments (detached).....	517	122,551,245	22.04	237,043	704	
Two-to-Four Family Units.....	200	49,825,965	8.96	249,130	708	
Condo Low-Rise (less than 5 stories).....	179	37,090,874	6.67	207,212	705	
Planned Unit Developments (attached).....	46	10,923,676	1.96	237,471	694	
Townhouse.....	17	4,211,723	0.76	247,748	679	
Condo High-Rise (9 stories or more).....	11	3,932,966	0.71	357,542	691	
Condo Mid-Rise (5 to 8 stories).....	6	1,299,057	0.23	216,510	657	
Cooperative Units.....	1	426,155	0.08	426,155	724	
Total, Average or Weighted Average.....	2,417	\$555,990,095	100.00%	\$230,033	698	

Geographic Distribution of the Group I Loans

State	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Alaska.....	5	\$1,448,774	0.26%	\$289,755	697	79.45%
Alabama.....	24	2,924,273	0.53	121,845	701	81.00
Arkansas.....	7	1,190,603	0.21	170,086	711	72.77
Arizona.....	67	16,768,595	3.02	250,278	707	74.79
California.....	267	94,360,255	16.97	353,409	718	69.18

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Colorado.....	87	17,519,524	3.15	201,374	693	78.38
Connecticut.....	33	8,961,351	1.61	271,556	691	75.77
District of Columbia.....	11	4,066,769	0.73	369,706	707	70.22
Delaware.....	5	1,372,887	0.25	274,577	686	77.23
Florida.....	360	84,483,039	15.20	234,675	687	74.34
Georgia.....	85	17,017,329	3.06	200,204	699	78.09
Hawaii.....	20	9,722,460	1.75	486,123	715	70.19
Iowa.....	5	901,217	0.16	180,243	635	80.69
Idaho.....	25	4,530,426	0.81	181,217	713	76.60
Illinois.....	65	12,345,741	2.22	189,934	673	78.35
Indiana.....	31	4,002,380	0.72	129,109	664	81.81
Kansas.....	14	1,679,205	0.30	119,943	663	79.75
Kentucky.....	8	1,227,427	0.22	153,428	711	75.57
Louisiana.....	18	3,279,275	0.59	182,182	671	77.46
Massachusetts.....	36	10,577,847	1.90	293,829	714	68.40
Maryland.....	54	15,564,518	2.80	288,232	707	75.32
Maine.....	9	1,854,773	0.33	206,086	693	73.86
Michigan.....	64	9,973,721	1.79	155,839	710	79.21
Minnesota.....	46	8,834,731	1.59	192,059	680	75.34
Missouri.....	26	3,568,723	0.64	137,259	691	80.46
Mississippi.....	5	576,752	0.10	115,350	685	81.88
Montana.....	2	247,526	0.04	123,763	657	84.41
North Carolina.....	52	9,694,662	1.74	186,436	700	75.07
North Dakota.....	1	145,499	0.03	145,499	643	80.00
Nebraska.....	5	982,561	0.18	196,512	691	76.95
New Hampshire.....	5	949,727	0.17	189,945	696	68.61
New Jersey.....	79	24,273,395	4.37	307,258	690	74.38
New Mexico.....	21	3,476,724	0.63	165,558	721	76.10
Nevada.....	21	6,261,802	1.13	298,181	754	72.02
New York.....	72	26,240,723	4.72	364,454	689	72.75
Ohio.....	27	3,595,691	0.65	133,174	718	79.00
Oklahoma.....	16	1,669,975	0.30	104,373	684	81.35
Oregon.....	68	14,876,014	2.68	218,765	706	77.39
Pennsylvania.....	55	9,196,950	1.65	167,217	715	79.88
Rhode Island.....	11	2,625,646	0.47	238,695	626	74.69
South Carolina.....	43	9,850,651	1.77	229,085	688	69.90
Tennessee.....	31	4,498,731	0.81	145,120	691	77.93
Texas.....	275	39,421,515	7.09	143,351	697	79.28
Utah.....	43	9,106,830	1.64	211,787	691	74.13
Virginia.....	98	25,649,343	4.61	261,728	687	77.09
Vermont.....	4	938,539	0.17	234,635	698	63.74
Washington.....	81	18,053,398	3.25	222,881	698	77.67
Wisconsin.....	21	4,048,665	0.73	192,794	595	76.03
West Virginia.....	5	861,111	0.15	172,222	710	80.44
Wyoming.....	4	571,820	0.10	142,955	648	86.24

Total, Average or Weighted
Average.....

2,417

\$555,990,095

100.00%

\$230,033

698

74.66%

As of the reference date, no more than 0.7% of the group I loans were secured by mortgaged properties located in any one zip code area in California and no more than 0.4% of the group I loans were secured by mortgaged properties located in any one zip code area outside California.

Documentation Types of the Group I Loans

Documentation Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Valu Ratio
Full/Alternate Documentation.	802	\$155,194,196	27.91%	\$193,509	699	78.85%
Reduced Documentation.....	1,072	270,176,850	48.59	252,031	696	74.48
No Stated Income.....	250	61,004,716	10.97	244,019	695	72.88
No Income/No Asset Verification.....	293	69,614,333	12.52	237,592	709	67.61
Total, Average or Weighted Average.....	2,417	\$555,990,095	100.00%	\$230,033	698	74.66%

As of the reference date, no more than 19.4% of such reduced, no stated income, and no income/no asset verification loan documentation group I loans were secured by mortgaged properties located in California.

As of the reference date, approximately 1.0% of the group I loans were underwritten pursuant to a streamlined refinancing documentation program, which permits mortgage loans to be refinanced with only limited verification or updating of underwriting information obtained at the time that the refinanced mortgage loan was underwritten. See "The Trusts--Underwriting Policies--General Standards" in the prospectus.

Mortgage Rates of the Group I Loans

Mortgage Rates (%)	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Val Ratio
5.750 - 5.874.....	3	\$1,786,844	0.32%	\$595,615	749	61.31%
5.875 - 5.999.....	5	872,963	0.16	174,593	759	62.49
6.000 - 6.124.....	6	2,495,193	0.45	415,865	738	76.82
6.125 - 6.249.....	10	2,306,033	0.41	230,603	778	72.76
6.250 - 6.374.....	22	4,880,381	0.88	221,835	727	68.00
6.375 - 6.499.....	63	14,605,029	2.63	231,826	712	70.83
6.500 - 6.624.....	110	27,267,516	4.90	247,887	726	71.42

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6.625 - 6.749.....	104	25,787,786	4.64	247,959	720	67.90
6.750 - 6.874.....	259	69,818,762	12.56	269,571	723	71.07
6.875 - 6.999.....	346	87,938,587	15.82	254,158	711	72.04
7.000 - 7.124.....	194	48,657,059	8.75	250,810	703	74.89
7.125 - 7.249.....	156	35,826,726	6.44	229,658	691	76.96
7.250 - 7.374.....	207	48,617,852	8.74	234,869	688	76.97
7.375 - 7.499.....	188	40,327,043	7.25	214,506	684	77.93
7.500 - 7.624.....	188	40,087,735	7.21	213,233	686	76.55
7.625 - 7.749.....	149	32,180,457	5.79	215,976	669	78.29
7.750 - 7.874.....	143	26,788,284	4.82	187,331	659	78.29
7.875 - 7.999.....	107	20,244,484	3.64	189,201	673	79.10
8.000 - 8.124.....	42	7,254,748	1.30	172,732	653	79.92
8.125 - 8.249.....	40	7,089,299	1.28	177,232	663	80.90
8.250 - 8.374.....	35	5,812,767	1.05	166,079	674	78.94
8.375 - 8.499.....	36	4,864,567	0.87	135,127	649	82.62
8.500 - 8.624.....	1	281,750	0.05	281,750	722	95.00
8.750 - 8.874.....	1	86,083	0.02	86,083	688	65.00
8.875 - 8.999.....	2	112,148	0.02	56,074	668	75.99
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Total, Average or Weighted Average.....	2,417	\$555,990,095	100.00%	\$230,033	698	74.66%

As of the reference date, the weighted average mortgage rate of the group I loans was approximately 7.1218% per annum.

Net Mortgage Rates of the Discount Group I Loans

Net Mortgage Rate (%)	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Av Loan-to-Va Ratio
5.470.....	3	\$1,786,844	0.32%	\$595,615	749	61.31%
5.595.....	5	872,963	0.16	174,593	759	62.49
5.720.....	6	2,495,193	0.45	415,865	738	76.82
5.845.....	10	2,306,033	0.41	230,603	778	72.76
5.970.....	22	4,880,381	0.88	221,835	727	68.00
6.095.....	63	14,605,029	2.63	231,826	712	70.83
6.220.....	109	27,111,766	4.88	248,732	726	71.37
6.320.....	1	155,750	0.03	155,750	641	80.00
6.345.....	103	25,676,476	4.62	249,286	720	67.80
6.420.....	1	111,310	0.02	111,310	660	90.00
6.470.....	259	69,818,762	12.56	269,571	723	71.07
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Total, Average or Weighted Average.....	582	\$149,820,506	26.95%	\$257,424	724	70.42%

As of the reference date, the weighted average of the Discount Fractions of the Discount Mortgage Loans in loan group I was approximately 2.905165840%.

Original Principal Balances of the Group I Loans

Original Mortgage Loan Balance	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
100,000 or less.....	250	\$19,871,046	3.57%	\$79,484	701	76.30%
100,001 to 200,000.....	1,083	158,119,134	28.44	146,001	693	76.55
200,001 to 300,000.....	518	126,628,074	22.78	244,456	694	75.19
300,001 to 400,000.....	290	99,690,772	17.93	343,761	698	75.19
400,001 to 500,000.....	129	56,162,174	10.10	435,366	707	72.42
500,001 to 600,000.....	67	36,158,471	6.50	539,679	707	74.33
600,001 to 700,000.....	40	24,692,102	4.44	617,303	704	69.76
700,001 to 800,000.....	12	8,857,997	1.59	738,166	721	67.39
800,001 to 900,000.....	11	9,170,505	1.65	833,682	712	70.05
900,001 to 1,000,000.....	15	14,035,779	2.52	935,719	693	72.37
1,200,001 to 1,300,000.....	1	1,099,042	0.20	1,099,042	754	65.00
1,500,001 to 1,600,000.....	1	1,505,000	0.27	1,505,000	608	48.00
Total, Average or Weighted Average.....	2,417	\$555,990,095	100.00%	\$230,033	698	74.66%

Original Loan-to-Value Ratios of the Group I Loans

Original Loan-to-Value Ratio (%)	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score
00.01 - 50.00.....	120	\$26,818,109	4.82%	\$223,484	719
50.01 - 55.00.....	47	14,722,275	2.65	313,240	707
55.01 - 60.00.....	96	29,685,625	5.34	309,225	724
60.01 - 65.00.....	112	30,464,512	5.48	272,005	688
65.01 - 70.00.....	136	38,057,108	6.84	279,832	721
70.01 - 75.00.....	209	52,736,809	9.49	252,329	702
75.01 - 80.00.....	1,500	329,826,422	59.32	219,884	693
80.01 - 85.00.....	18	3,321,454	0.60	184,525	639
85.01 - 90.00.....	104	18,067,722	3.25	173,728	675

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90.01 - 95.00.....	52	9,136,893	1.64	175,709	694
95.01 - 100.00.....	23	3,153,168	0.57	137,094	715
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Total, Average or Weighted Average.....	2,417	\$555,990,095	100.00%	\$230,033	698

The weighted average original loan-to-value ratio of the group I loans, based on the principal balances of the group I loans as of the reference date, was approximately 74.66%.

Amortization Types of the Group I Loans

Amortization Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Ave Loan-to-Val Ratio
Fully Amortizing.....	1,489	\$325,441,550	58.53%	\$218,564	698	74.38%
Interest Only Period - 10 Years.....	926	229,799,706	41.33	248,164	699	75.07
Interest Only Period - 15 Years.....	2	748,839	0.13	374,419	720	71.79
Total, Average or Weighted Average....	2,417	\$555,990,095	100.00%	\$230,033	698	74.66%

Property Valuation Types of the Group I Loans

Property Valuation Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Averag Loan-to-Value Ratio
Automated Valuation Model	74	\$13,180,378	2.37%	\$178,113	662	75.02%
Appraisal.....	2,343	542,809,717	97.63	231,673	699	74.66
Total, Average or Weighted Average.....	2,417	\$555,990,095	100.00%	\$230,033	698	74.66%

Loan Group II***Credit Score Distribution of the Group II Loans**

Credit Score Range	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Loan-to-Value Ratio
499 or less.....	4	\$2,011,866	6.25%	\$502,966	75.05%
500 - 519.....	4	1,050,194	3.26	262,548	80.00
540 - 559.....	3	723,450	2.25	241,150	80.00
560 - 579.....	1	371,500	1.15	371,500	76.00
580 - 599.....	6	2,504,739	7.78	417,456	79.27
600 - 619.....	3	857,976	2.67	285,992	80.00
620 - 639.....	7	1,971,690	6.13	281,670	76.25
640 - 659.....	5	945,621	2.94	189,124	76.53
660 - 679.....	13	4,766,412	14.81	366,647	73.78
680 - 699.....	12	4,224,843	13.12	352,070	71.12
700 - 719.....	11	2,894,185	8.99	263,108	71.16
720 - 739.....	6	1,570,215	4.88	261,703	77.77
740 - 759.....	9	2,085,615	6.48	231,735	76.89
760 - 779.....	8	1,852,166	5.75	231,521	76.19
780 - 799.....	9	3,647,673	11.33	405,297	65.07
800 or greater.....	3	711,904	2.21	237,301	60.32
Total, Average or Weighted Average.	104	\$32,190,048	100.00%	\$309,520	73.72%

As of the reference date, the minimum and maximum credit scores of the group II loans were 469 and 809, respectively, and the weighted average credit score of the group II loans was approximately 676. The credit scores for most of the mortgagors as reflected in the table above have been updated since the date of origination of the group II loans.

* Unless otherwise specified, the information appearing under the column headings: Number of Group II Loans, Principal Balance, Percent of Group II Loans and Average Principal Balance is as of the reference date, after deducting payments of principal due during the month of the reference date, and the information appearing under the column heading: Weighted Average Loan-to-Value Ratio is based on the original loan-to-value ratios of the group II loans, as weighted by the principal balances of the group II loans as of the reference date. The credit scores for most of the mortgagors as reflected in this Annex I have been updated since the date of

origination of the group II loans.

Occupancy Types of the Group II Loans

Occupancy Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Loan-to Rat
Primary Residence.....	83	\$25,817,078	80.20%	\$311,049	663	75.
Second/Vacation.....	2	2,499,950	7.77	1,249,975	747	56.
Non-Owner Occupied.....	19	3,873,020	12.03	203,843	720	73.
Total, Average or Weighted Average	104	\$32,190,048	100.00%	\$309,520	676	73.

Loan Purpose of the Group II Loans

Loan Purpose	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Lo
Purchase.....	55	\$15,077,168	46.84%	\$274,130	667	
Rate/Term Refinance.....	13	3,738,795	11.61	287,600	609	
Equity Refinance.....	36	13,374,085	41.55	371,502	705	
Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676	

Mortgaged Property Types of the Group II Loans

Property Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score
Single-Family Detached.....	68	\$21,444,540	66.62%	\$315,361	672
Planned Unit Developments (detached).....	18	4,545,495	14.12	252,527	669
Condo Low-Rise (less than 5 stories).....	6	2,712,367	8.43	452,061	702
Two-To-Four Family Units.....	7	2,071,873	6.44	295,982	700

Planned Unit Developments (attached).....	4	1,312,166	4.08	328,042	673
Townhouse.....	1	103,607	0.32	103,607	712
Total. Average or	104	\$32,190,048	100.00%	\$309,520	676
Weighted Average.....					

Geographic Distribution of the Group II Loans

State	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Av Loan-to-Va Ratio
Arizona.....	1	\$265,850	0.83%	\$265,850	659	80.00
California.....	40	15,942,104	49.52	398,553	662	71.80
Colorado.....	2	392,250	1.22	196,125	702	78.90
Florida.....	10	2,601,260	8.08	260,126	691	75.50
Georgia.....	1	426,676	1.33	426,676	718	80.00
Illinois.....	2	303,410	0.94	151,705	643	77.12
Massachusetts.....	3	1,077,896	3.35	359,299	742	80.00
Maryland.....	1	564,230	1.75	564,230	636	80.00
Michigan.....	1	110,052	0.34	110,052	678	80.00
Minnesota.....	3	795,882	2.47	265,294	630	80.00
Missouri.....	6	936,647	2.91	156,108	751	79.37
North Carolina.....	1	115,856	0.36	115,856	768	80.00
New York.....	2	2,091,855	6.50	1,045,927	761	55.62
Ohio.....	2	168,613	0.52	84,307	664	80.00
Oregon.....	5	1,140,558	3.54	228,112	669	78.40
Pennsylvania.....	1	459,918	1.43	459,918	599	76.00
Tennessee.....	2	534,902	1.66	267,451	524	78.29
Texas.....	10	1,997,147	6.20	199,715	661	80.59
Utah.....	1	307,995	0.96	307,995	663	80.00
Virginia.....	3	897,669	2.79	299,223	701	80.00
Washington.....	4	695,336	2.16	173,834	683	80.00
Wisconsin.....	3	363,942	1.13	121,314	776	70.49
Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676	73.72

As of the reference date, no more than 4.7% of the group II loans were secured by mortgaged properties located in any one zip code area in New York, and no more than 3.2% of the group II loans were secured by mortgaged properties located in any one zip code area outside New York.

Documentation Types of the Group II Loans

Documentation Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Av Loan-to-V Ratio
Full/Alternate Documentation	32	\$6,654,927	20.67%	\$207,966	708	78.13%
Reduced Documentation.....	55	19,446,689	60.41	353,576	670	73.56
No Stated Income.....	8	4,252,793	13.21	531,599	629	70.55
No Income/No Asset Verification.....	9	1,835,639	5.70	203,960	726	66.78
Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676	73.72%

As of the reference date, no more than 58.1% of such reduced, no stated income, and no income/no asset verification loan documentation group II loans were secured by mortgaged properties located in California.

As of the reference date, none of the group II loans were underwritten pursuant to a streamlined refinancing documentation program, which permits mortgage loans to be refinanced with only limited verification or updating of underwriting information obtained at the time that the refinanced mortgage loan was underwritten. See "The Trusts—Underwriting Policies—General Standards" in the prospectus.

Mortgage Rates of the Group II Loans

Mortgage Rates (%)	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Aver Loan-to-Val Ratio
5.750 - 5.874.....	2	\$1,607,587	4.99%	\$803,794	788	47.14%
6.250 - 6.374.....	2	503,199	1.56	251,599	798	69.47
6.500 - 6.624.....	2	556,836	1.73	278,418	737	80.00
6.625 - 6.749.....	6	1,652,278	5.13	275,380	685	74.17
6.750 - 6.874.....	6	2,356,396	7.32	392,733	724	75.65
6.875 - 6.999.....	12	4,681,328	14.54	390,111	644	67.17
7.000 - 7.124.....	14	3,929,272	12.21	280,662	682	76.54
7.125 - 7.249.....	7	2,970,223	9.23	424,318	677	73.42
7.250 - 7.374.....	14	4,094,897	12.72	292,493	616	78.24
7.375 - 7.499.....	7	1,515,766	4.71	216,538	594	78.82
7.500 - 7.624.....	7	2,228,001	6.92	318,286	724	77.21
7.625 - 7.749.....	3	664,264	2.06	221,421	686	80.00
7.750 - 7.874.....	9	2,032,647	6.31	225,850	642	76.95
7.875 - 7.999.....	4	976,509	3.03	244,127	662	80.00
8.000 - 8.124.....	3	643,343	2.00	214,448	754	80.00
8.125 - 8.249.....	1	147,920	0.46	147,920	771	80.00
8.250 - 8.374.....	4	629,631	1.96	157,408	666	79.06
8.750 - 8.874.....	1	999,950	3.11	999,950	676	71.00

Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676	73.72%
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As of the reference date, the weighted average mortgage rate of the group II loans was approximately 7.1491% per annum.

Net Mortgage Rates of the Discount Group II Loans

Net Mortgage Rate (%)	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Loan-t Ra
5.470.....	2	\$1,607,587	4.99%	\$803,794	788	4
5.970.....	2	503,199	1.56	251,599	798	6
6.220.....	2	556,836	1.73	278,418	737	8
6.345.....	6	1,652,278	5.13	275,380	685	7
6.470.....	6	2,356,396	7.32	392,733	724	7
Total, Average or Weighted Average.....	18	\$6,676,296	20.74%	\$370,905	736	6

As of the reference date, the weighted average of the Discount Fractions of the Discount Mortgage Loans in loan group II was approximately 5.542500419%.

Original Principal Balances of the Group II Loans

Original Mortgage Loan Balance	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Aver Loan-to-Val Ratio
100,000 or less.....	8	\$674,070	2.09%	\$84,259	699	62.26%
100,001 to 200,000.....	29	4,207,339	13.07	145,081	703	77.52
200,001 to 300,000.....	20	4,938,799	15.34	246,940	689	74.24
300,001 to 400,000.....	15	5,054,640	15.70	336,976	664	72.97
400,001 to 500,000.....	20	8,795,247	27.32	439,762	640	77.22
500,001 to 600,000.....	5	2,715,590	8.44	543,118	697	80.00
600,001 to 700,000.....	4	2,521,177	7.83	630,294	648	69.11
700,001 to 800,000.....	1	783,236	2.43	783,236	695	75.00
900,001 to 1,000,000.....	1	999,950	3.11	999,950	676	71.00
1,400,001 to 1,500,000.....	1	1,500,000	4.66	1,500,000	795	46.00

Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676	73.72%
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Original Loan-to-Value Ratios of the Group II Loans

Original Loan-to-Value Ratio (%)	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score
00.01 - 50.00.....	5	\$1,987,702	6.17%	\$397,540	775
50.01 - 55.00.....	2	681,223	2.12	340,612	742
55.01 - 60.00.....	2	528,922	1.64	264,461	731
60.01 - 65.00.....	10	3,654,486	11.35	365,449	655
65.01 - 70.00.....	4	1,229,787	3.82	307,447	710
70.01 - 75.00.....	9	3,639,454	11.31	404,384	698
75.01 - 80.00.....	71	20,351,069	63.22	286,635	660
85.01 - 90.00.....	1	117,404	0.36	117,404	747
Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676

The weighted average original loan-to-value ratio of the group II loans, based on the principal balances of the group II loans as of the reference date, was approximately 73.72%.

Amortization Types of the Group II Loans

Amortization Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Loan-to-Va
Fully Amortizing.....	36	\$10,088,801	31.34%	\$280,244	670	72.
Interest Only Period - 5 Years.....		147,920	0.46	147,920	771	80.
Interest Only Period - 10 Years.....	67	21,953,327	68.20	327,662	678	74.

Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676	73.
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Property Valuation Types of the Group II Loans

Property Valuation Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Automated Valuation Model...	3	\$1,038,243	3.23%	\$346,081	713	80.00%
Appraisal.....	101	31,151,805	96.77	308,434	675	73.51
Total, Average or Weighted Average.....	104	\$32,190,048	100.00%	\$309,520	676	73.72%

All Mortgage Loans*

Credit Score Distribution of the Mortgage Loans

Credit Score Range	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Loan-to-Value Ratio
499 or less.....	48	\$11,225,459	1.91%	\$233,864	76.24%
500 - 519.....	25	5,717,379	0.97	228,695	77.32
520 - 539.....	26	6,354,768	1.08	244,414	75.57
540 - 559.....	41	9,751,200	1.66	237,834	80.24
560 - 579.....	39	8,326,495	1.42	213,500	77.22
580 - 599.....	76	17,681,516	3.01	232,652	76.85
600 - 619.....	82	19,438,958	3.30	237,060	74.09
620 - 639.....	133	29,939,757	5.09	225,111	75.88
640 - 659.....	194	43,802,894	7.45	225,788	76.38
660 - 679.....	243	59,666,208	10.14	245,540	75.39
680 - 699.....	306	67,887,478	11.54	221,855	74.86
700 - 719.....	289	64,876,993	11.03	224,488	74.84
720 - 739.....	247	57,934,155	9.85	234,551	75.41
740 - 759.....	250	61,056,244	10.38	244,225	74.07
760 - 779.....	215	49,293,630	8.38	229,273	73.36
780 - 799.....	201	50,733,332	8.63	252,405	71.33

800 or greater.....	106	24,493,678	4.16	231,072	69.54
Total Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	74.61%

As of the reference date, the minimum and maximum credit scores of the mortgage loans were 407 and 824, respectively, and the weighted average Credit Score of the mortgage loans was approximately 697. The credit scores for most of the mortgagors as reflected in the table above have been updated since the date of origination of the mortgage loans.

* Unless otherwise specified, the information appearing under the column headings: Number of Mortgage Loans, Principal Balance, Percent of Mortgage Loans and Average Principal Balance is as of the reference date, after deducting payments of principal due during the month of the reference date, and the information appearing under the column heading: Weighted Average Loan-to-Value Ratio is based on the original loan-to-value ratios of the Mortgage Loans, as weighted by the principal balances of the Mortgage loans as of the reference date. The credit scores for most of the mortgagors as reflected in this Annex I have been updated since the date of origination of the Mortgage Loans.

Occupancy Types of the Mortgage Loans

Occupancy Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Av Loan-to-V Ratio
Primary Residence.....	1,781	\$449,247,494	76.38%	\$252,245	691	75.44%
Second/Vacation.....	104	25,099,392	4.27	241,340	730	70.40
Non-Owner Occupied.....	636	113,833,257	19.35	178,983	714	72.28
Total, Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697	74.61%

Loan Purpose of the Mortgage Loans

Loan Purpose	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Purchase.....	1,466	\$318,710,114	54.19%	\$217,401	703	78.
Rate/Term Refinance.....	403	90,824,778	15.44	225,372	673	72.
Equity Refinance.....	652	178,645,250	30.37	273,996	698	69.
Total, Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697	74.

Mortgaged Property Types of the Mortgage Loans

Property Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score
Single-Family Detached.....	1,508	\$347,172,973	59.02%	\$230,221	693
Planned Unit Developments (detached)	535	127,096,740	21.61	237,564	703
Two-to-Four Family Units.....	207	51,897,838	8.82	250,714	708
Condo Low-Rise (less than 5 stories)....	185	39,803,242	6.77	215,153	704
Planned Unit Developments (attached)....	50	12,235,842	2.08	244,717	692
Townhouse.....	18	4,315,330	0.73	239,741	680
Condo High-Rise (9 stories or more)....	11	3,932,966	0.67	357,542	691
Condo Mid-Rise (5 to 8 stories).....	6	1,299,057	0.22	216,510	657
Cooperative Units.....	1	426,155	0.07	426,155	724
Total, Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697

Geographic Distribution of the Mortgage Loans

State	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Alaska.....	5	\$1,448,774	0.25%	\$289,755	697	79.45%
Alabama.....	24	2,924,273	0.50	121,845	701	81.00

Arkansas.....	7	1,190,603	0.20	170,086	711	72.77
Arizona.....	68	17,034,445	2.90	250,507	706	74.87
California.....	307	110,302,359	18.75	359,291	710	69.56
Colorado.....	89	17,911,774	3.05	201,256	693	78.39
Connecticut.....	33	8,961,351	1.52	271,556	691	75.77
District of Columbia..	11	4,066,769	0.69	369,706	707	70.22
Delaware.....	5	1,372,887	0.23	274,577	686	77.23
Florida.....	370	87,084,299	14.81	235,363	687	74.37
Georgia.....	86	17,444,005	2.97	202,837	699	78.14
Hawaii.....	20	9,722,460	1.65	486,123	715	70.19
Iowa.....	5	901,217	0.15	180,243	635	80.69
Idaho.....	25	4,530,426	0.77	181,217	713	76.60
Illinois.....	67	12,649,150	2.15	188,793	672	78.33
Indiana.....	31	4,002,380	0.68	129,109	664	81.81
Kansas.....	14	1,679,205	0.29	119,943	663	79.75
Kentucky.....	8	1,227,427	0.21	153,428	711	75.57
Louisiana.....	18	3,279,275	0.56	182,182	671	77.46
Massachusetts.....	39	11,655,742	1.98	298,865	716	69.47
Maryland.....	55	16,128,748	2.74	293,250	705	75.49
Maine.....	9	1,854,773	0.32	206,086	693	73.86
Michigan.....	65	10,083,774	1.71	155,135	710	79.22
Minnesota.....	49	9,630,612	1.64	196,543	676	75.72
Missouri.....	32	4,505,370	0.77	140,793	703	80.23
Mississippi.....	5	576,752	0.10	115,350	685	81.88
Montana.....	2	247,526	0.04	123,763	657	84.41
North Carolina.....	53	9,810,518	1.67	185,104	701	75.13
North Dakota.....	1	145,499	0.02	145,499	643	80.00
Nebraska.....	5	982,561	0.17	196,512	691	76.95
New Hampshire.....	5	949,727	0.16	189,945	696	68.61
New Jersey.....	79	24,273,395	4.13	307,258	690	74.38
New Mexico.....	21	3,476,724	0.59	165,558	721	76.10
Nevada.....	21	6,261,802	1.06	298,181	754	72.02
New York.....	74	28,332,578	4.82	382,873	694	71.49
Ohio.....	29	3,764,304	0.64	129,804	716	79.05
Oklahoma.....	16	1,669,975	0.28	104,373	684	81.35
Oregon.....	73	16,016,572	2.72	219,405	703	77.46
Pennsylvania.....	56	9,656,869	1.64	172,444	709	79.70
Rhode Island.....	11	2,625,646	0.45	238,695	626	74.69
South Carolina.....	43	9,850,651	1.67	229,085	688	69.90
Tennessee.....	33	5,033,633	0.86	152,534	674	77.96
Texas.....	285	41,418,662	7.04	145,329	695	79.35
Utah.....	44	9,414,826	1.60	213,973	690	74.32
Virginia.....	101	26,547,012	4.51	262,842	688	77.19
Vermont.....	4	938,539	0.16	234,635	698	63.74
Washington.....	85	18,748,734	3.19	220,573	698	77.76
Wisconsin.....	24	4,412,608	0.75	183,859	610	75.57
West Virginia.....	5	861,111	0.15	172,222	710	80.44
Wyoming.....	4	571,820	0.10	142,955	648	86.24

Total, Average or						
Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697	74.61%

As of the above reference date, no more than 0.6% of the mortgage loans were secured by mortgaged properties located in any one zip code area in California and no more than 0.4% of the mortgage loans were secured by mortgaged properties located in any one zip code area outside California.

Documentation Types of the Mortgage Loans

Documentation Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	We
Full/Alternate Documentation.....	834	\$161,849,122	27.52%	\$194,064	699	
Reduced Documentation.....	1,127	289,623,539	49.24	256,986	694	
No Stated Income.....	258	65,257,510	11.09	252,936	691	
No Income/No Asset Verification.....	302	71,449,972	12.15	236,589	709	
Total, Average or						
Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697	

As of the above reference date, no more than 21.7% of such reduced, no stated income, and no income/no asset verification loan documentation mortgage loans were secured by mortgaged properties located in California.

As of the above reference date, approximately 0.9% of the mortgage loans were underwritten pursuant to a streamlined refinancing documentation program, which permits mortgage loans to be refinanced with only limited verification or updating of underwriting information obtained at the time that the refinanced mortgage loan was underwritten. See "The Trusts—Underwriting Policies—General Standards" in the prospectus.

Mortgage Rates of the Mortgage Loans

Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to- Rati
5.750 - 5.874.....	5	\$3,394,432	0.58%	\$678,886	767	54.6
5.875 - 5.999.....	5	872,963	0.15	174,593	759	62.
6.000 - 6.124.....	6	2,495,193	0.42	415,865	738	76.

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6.125 - 6.249.....	10	2,306,033	0.39	230,603	778	72.
6.250 - 6.374.....	24	5,383,580	0.92	224,316	734	68.
6.375 - 6.499.....	63	14,605,029	2.48	231,826	712	70.
6.500 - 6.624.....	112	27,824,352	4.73	248,432	726	71.
6.625 - 6.749.....	110	27,440,065	4.67	249,455	718	68.
6.750 - 6.874.....	265	72,175,158	12.27	272,359	723	71.
6.875 - 6.999.....	358	92,619,915	15.75	258,715	707	71.
7.000 - 7.124.....	208	52,586,332	8.94	252,819	701	75.
7.125 - 7.249.....	163	38,796,948	6.60	238,018	690	76.
7.250 - 7.374.....	221	52,712,749	8.96	238,519	683	77.
7.375 - 7.499.....	195	41,842,809	7.11	214,579	681	77.
7.500 - 7.624.....	195	42,315,736	7.19	217,004	688	76.
7.625 - 7.749.....	152	32,844,721	5.58	216,084	669	78.
7.750 - 7.874.....	152	28,820,931	4.90	189,611	658	78.
7.875 - 7.999.....	111	21,220,994	3.61	191,180	673	79.
8.000 - 8.124.....	45	7,898,090	1.34	175,513	661	79.
8.125 - 8.249.....	41	7,237,219	1.23	176,518	665	80.
8.250 - 8.374.....	39	6,442,398	1.10	165,190	674	78.
8.375 - 8.499.....	36	4,864,567	0.83	135,127	649	82.
8.500 - 8.624.....	1	281,750	0.05	281,750	722	95.
8.750 - 8.874.....	2	1,086,033	0.18	543,016	677	70.
8.875 - 8.999.....	2	112,148	0.02	56,074	668	75.
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Total, Average or Weighed Average.....	2,521	\$588,180,143	100.00%	\$233,312	697	74.61

As of the reference date, the weighted average mortgage rate of the mortgage loans was approximately 7.1233% per annum.

Net Mortgage Rates of the Discount Mortgage Loans

Net Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to- Rati
5.470.....	5	\$3,394,432	0.58%	\$678,886	767	54.60
5.595.....	5	872,963	0.15	174,593	759	62.4
5.720.....	6	2,495,193	0.42	415,865	738	76.8
5.845.....	10	2,306,033	0.39	230,603	778	72.7
5.970.....	24	5,383,580	0.92	224,316	734	68.1
6.095.....	63	14,605,029	2.48	231,826	712	70.8
6.220.....	111	27,668,601	4.70	249,267	726	71.5
6.320.....	1	155,750	0.03	155,750	641	80.0
6.345.....	109	27,328,754	4.65	250,723	718	68.1
6.420.....	1	111,310	0.02	111,310	660	90.0

6.470.....	265	72,175,158	12.27	272,359	723	71.2
Total, Average or Weighed Average.....	600	\$156,496,802	26.61%	\$260,828	724	70.33

As of the reference date, the weighted average of the Discount Fractions of the Discount Mortgage Loans was approximately 3.017676936%.

Original Mortgage Loan Principal Balances of the Mortgage Loans

Original Mortgage Loan Balance (\$)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to- Rati
100,000 or less.....	258	\$20,545,116	3.49%	\$79,632	701	75.8
100,001 to 200,000.....	1,112	162,326,474	27.60	145,977	694	76.5
200,001 to 300,000.....	538	131,566,873	22.37	244,548	694	75.1
300,001 to 400,000.....	305	104,745,412	17.81	343,428	697	75.0
400,001 to 500,000.....	149	64,957,421	11.04	435,956	698	73.0
500,001 to 600,000.....	72	38,874,060	6.61	539,918	706	74.7
600,001 to 700,000.....	44	27,213,279	4.63	618,484	698	69.7
700,001 to 800,000.....	13	9,641,233	1.64	741,633	719	68.0
800,001 to 900,000.....	11	9,170,505	1.56	833,682	712	70.0
900,001 to 1,000,000.....	16	15,035,729	2.56	939,733	692	72.2
1,200,001 to 1,300,000...	1	1,099,042	0.19	1,099,042	754	65.0
1,400,001 to 1,500,000...	1	1,500,000	0.26	1,500,000	795	46.0
1,500,001 to 1,600,000...	1	1,505,000	0.26	1,505,000	608	48.0
Total, Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697	74.6

Original Loan-to-Value Ratios of the Mortgage Loans

Original Loan-to-Value Ratio (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score
00.01 - 50.00.....	125	\$28,805,811	4.90%	\$230,446	723
50.01 - 55.00.....	49	15,403,498	2.62	314,357	708
55.01 - 60.00.....	98	30,214,547	5.14	308,312	724

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60.01 - 65.00.....	122	34,118,997	5.80	279,664	685
65.01 - 70.00.....	140	39,286,895	6.68	280,621	720
70.01 - 75.00.....	218	56,376,263	9.58	258,607	702
75.01 - 80.00.....	1,571	350,177,492	59.54	222,901	691
80.01 - 85.00.....	18	3,321,454	0.56	184,525	639
85.01 - 90.00.....	105	18,185,126	3.09	173,192	676
90.01 - 95.00.....	52	9,136,893	1.55	175,709	694
95.01 - 100.00.....	23	3,153,168	0.54	137,094	715
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Total, Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697

The weighted average original loan-to-value ratio of the mortgage loans, based on the principal balances of the mortgage loans as of the reference date, was approximately 74.61%.

Amortization Types of the Mortgage Loans

Amortization Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to-Va
Fully Amortizing.....	1,525	\$335,530,351	57.05%	\$220,020	697	74.
Interest Only Period - 5 Years.....	1	147,920	0.03	147,920	771	80.
Interest Only Period - 10 Years.....	993	251,753,033	42.80	253,528	697	75.
Interest Only Period - 15 Years.....	2	748,839	0.13	374,419	720	71.
Total, Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697	74.

Property Valuation Types of the Mortgage Loans

Property Valuation Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score
Automated Valuation Model...	77	\$14,218,621	2.42%	\$184,657	666
Appraisal.....	2,444	573,961,522	97.58	234,845	698
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Total, Average or Weighted Average.....	2,521	\$588,180,143	100.00%	\$233,312	697

Residential Accredit Loans, Inc.

\$101,958,257

Mortgage Asset-Backed Pass-Through Certificates

Series 2006-QS11

Prospectus Supplement

Credit Suisse

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the prospectus. We have not authorized anyone to provide you with different information.

We are not offering the certificates offered hereby in any state where the offer is not permitted.

Dealers will be required to deliver a prospectus supplement and prospectus when acting as underwriters of the certificates offered hereby and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the offered certificates, whether or not participating in this offering, may be required to deliver a prospectus supplement and prospectus for ninety days following the date of this prospectus supplement. Such delivery obligation generally may be satisfied through the filing of the prospectus supplement and prospectus with the Securities and Exchange Commission.

ANNEX B

PROSPECTUS SUPPLEMENT FOR
RESIDENTIAL ACCREDIT LOANS, INC. MORTGAGE ASSET-BACKED PASS-THROUGH CERTIFICATES, SERIES 2006-QS12

Prospectus supplement dated February 7, 2008 (to prospectus dated April 9, 2007)

\$16,372,873
RALI Series 2006-QS12 Trust

Issuing Entity
Residential Accredit Loans, Inc.
Depositor
Residential Funding Company, LLC
Master Servicer and Sponsor
Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12

The trust holds a pool of one- to four-family residential first lien mortgage loans divided into two loan groups.

- o •The trust issued the Class II-A-15 Certificates that are offered under this prospectus supplement on September 28, 2006, as more fully described in the table on pages S-7 and S-8 of this prospectus supplement.

Credit enhancement for the certificates will be provided by additional classes of subordinated certificates which are not offered hereby.

Distributions on the offered certificates are on the 25th of each month or, if the 25th is not a business day, on the next business day.

You should consider carefully the risk factors beginning on page S-19 in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the offered certificates or determined that this prospectus supplement or the prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Attorney General of the State of New York has not passed on or endorsed the merits of this offering. Any representation to the contrary is unlawful.

The certificates represent interests only in the trust, as the issuing entity, and do not represent interests in or obligations of Residential Accredit Loans, Inc., as the depositor, Residential Funding Company, LLC, as the sponsor, or any of their affiliates.

The offered certificates, which comprise approximately 50.91% of the outstanding Class II-A-15 Certificates, are being offered hereby and only in connection with a securitization offering by the Residential Accredit Loans, Inc. Series 2008-QR1 Trust. Credit Suisse Securities (USA) LLC, as underwriter, will purchase the RALI Series 2008-QR1 certificates from the depositor.

Credit Suisse

Underwriter

Important notice about information presented in this
prospectus supplement and the prospectus

We provide information to you about the offered certificates in two separate documents that provide progressively more detail:

- o the accompanying prospectus, which provides general information, some of which may not apply to your series of certificates; and

- o this prospectus supplement, which describes the specific terms of your series of certificates.

The depositor's principal offices are located at One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423 and its telephone number is (952) 857 7000.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of certificates to the public in that Relevant Member State prior to the publication of a prospectus in relation to the certificates which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of certificates to the public in that Relevant Member State at any time:

- (i) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (ii) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (iii) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of certificates to the public" in relation to any certificates in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the certificates to be offered so as to enable an investor to decide to purchase or subscribe the certificates, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each Underwriter has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done

by it in relation to the certificates in, from or otherwise involving the United Kingdom.

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SUMMARY

The following summary provides a brief description of material aspects of this offering, and does not contain all of the information that you should consider in making your investment decision. To understand all of the terms of the offered certificates, you should read carefully this entire document and the prospectus.

Issuing entity.....	RALI Series 2006-QS12 Trust.
Title of securities.....	Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12.
Depositor.....	Residential Accredit Loans, Inc., an affiliate of Residential Funding Company, LLC, or Residential Funding.
Master servicer and sponsor.....	Residential Funding Company, LLC.

Subservicers..... GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC, subservices approximately 72.2%, 70.8% and 71.1% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date. SunTrust Mortgage, Inc. subservices approximately 14.5%, 13.4% and 13.7% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date.

Trustee..... Deutsche Bank Trust Company Americas.

Yield Maintenance Agreement Provider.... Credit Suisse International.

Originators..... Approximately 22.1%, 31.2% and 29.0% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date, were originated by Homecomings Financial LLC, a wholly-owned subsidiary of Residential Funding Company, LLC. Approximately 4.3%, 3.7% and 3.8% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date, were originated by GMAC Mortgage, LLC. Approximately 12.0%, 11.1% and 11.3% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date, were originated by Wachovia Mortgage Corporation. Approximately 14.5%, 13.4% and 13.7% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date, were originated by SunTrust Mortgage, Inc.

Mortgage pool..... 2,204 fixed rate mortgage loans with an aggregate principal balance of approximately \$424,164,277 as of the reference date, secured by first liens on one- to four-family residential properties or interests in shares issued by a cooperative apartment corporation and the related proprietary lease.

Reference date..... January 1, 2008.

Cut-off date..... September 1, 2006.

Closing date..... On or about February 8, 2008.

Issuance date..... September 28, 2006.

Distribution dates..... The 25th of each month or, if the 25th is not a business day, on the next business day.

Assumed final distribution date..... September 25, 2036. The actual final distribution date could be substantially earlier. See "Certain Yield and Prepayment Considerations" in this prospectus supplement.

Form of the offered certificates.....

Book-entry.

See "Description of the Certificates-General" in this prospectus supplement.

Minimum denominations of the
offered certificates.....

Class II-A-15 Certificates: \$25,000.

Legal investment.....

The Class II-A-15 Certificates will be "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended, or SMMEA, so long as they are rated in at least the second highest rating category by one of the rating agencies.

ERISA Considerations.....

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus.

Subject to the considerations described in this prospectus supplement, the Class II-A-15 Certificates are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts.

See "ERISA Considerations" in this prospectus supplement and the prospectus.

Offered Certificates

Class	Principal Balance After Giving Effect to Distributions on the January 25, 2008 Distribution Date	Pass-Through Rate	Rating as of February 6, 2008 (Fitch/Moody's/ S&P)(1)	Designation
Class A Senior Certificates:				
II-A-15	\$ 32,157,781	Adjustable Rate	AAA/Aaa/AAA	Senior/Floater/Adjustable Rate
Total offered certificates:	\$16,372,873(2)			
Non-Offered Certificates(3)				

Class A Senior Certificates:

I-A-1	\$	65,350,754	6.50%	AAA/Aaa/AAA	Senior/Fixed Rate
I-A-2	\$	1,000,000	6.50%	AAA/Aaa/AAA	Senior/Retail/Fixed Rate
I-A-3	\$	0	0.50%	AAA/Aaa/AAA	Senior/Interest Only/Fixed Rate
I-A-4	\$	26,677,000	6.00%	AAA/Aaa/AAA	Senior/Lockout/Fixed Rate
II-A-1	\$	12,187,904	Adjustable Rate	AAA/Aaa/AAA	Senior/Floater/Adjustable Rate
II-A-2	\$	0	Adjustable Rate	AAA/Aaa/AAA	Senior/Interest Only/Inverse Floater/Adjustable Rate
II-A-3	\$	32,406,579	6.00%	AAA/Aaa/AAA	Senior/Fixed Rate
II-A-4	\$	62,800,000	6.00%	AAA/Aaa/AAA	Senior/Lockout/Fixed Rate
II-A-5	\$	19,226,419	Adjustable Rate	AAA/Aaa/AAA	Senior/Floater/Adjustable Rate
II-A-6	\$	0	Adjustable Rate	AAA/Aaa/AAA	Senior/Interest Only/Inverse Floater/Adjustable Rate
II-A-7	\$	32,505,141	Adjustable Rate	AAA/Aaa/AAA	Senior/Super Senior/Floater/Adjustable Rate
II-A-8	\$	0	Adjustable Rate	AAA/Aaa/AAA	Senior/Interest Only/Inverse Floater/Adjustable Rate
II-A-9	\$	6,367,666	Adjustable Rate	AAA/Aaa/AAA	Senior/Floater/Adjustable Rate
II-A-10	\$	3,600,000	6.00%	AAA/Aaa/AAA	Senior/Senior Support/Lockout/Fixed Rate
II-A-11	\$	34,123,773	5.00%	AAA/Aaa/AAA	Senior/Fixed Rate
II-A-12	\$	19,082,014	Adjustable Rate	AAA/Aaa/AAA	Senior/Floater/Adjustable Rate
II-A-13	\$	0	Adjustable Rate	AAA/Aaa/AAA	Senior/Interest Only/Inverse Floater/Adjustable Rate
II-A-14	\$	1,620,458	Adjustable Rate	AAA/Aaa/AAA	Senior/Inverse Floater/Adjustable Rate

II-A-16	\$	0	Adjustable Rate	AAA/Aaa/AAA	Senior/Interest Only/Inverse Floater/Adjustable Rate
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(1) See "Ratings" in this prospectus supplement.

(2) The information presented for the total offered certificates differs from the Class II-A-15 Certificates because the total offered certificates comprise a 50.91% portion of the outstanding principal balance of the Class II-A-15 Certificates.

(3) The information presented for non-offered certificates is provided solely to assist your understanding of the offered certificates.

II-A-17	\$	0	0.50%	AAA/Aaa/AAA	Senior/Interest Only/Fixed Rate
II-A-18	\$	37,808,823	5.75%	AAA/Aaa/AAA	Senior/Fixed Rate
II-A-19	\$	0	6.50%	AAA/Aaa/AAA	Senior/Interest Only/Fixed Rate
A-P	\$	1,782,109	0.00%	AAA/Aaa/AAA	Senior/Principal Only
A-V	\$	0	Variable Rate	AAA/Aaa/AAA	Senior/Interest Only/Variable Rate

Total Class A
Senior Certificates:

Class R Senior
Certificates:

R-I	\$	0	6.50%	AAA/Aaa/AAA	Senior/Residual/Fixed Rate
R-II	\$	0	6.50%	AAA/Aaa/AAA	Senior/Residual/Fixed Rate

Total senior
certificates:

Class M
Certificates:

M-1	\$	21,907,316	6.50%	A+(4)/NA/NA	Mezzanine/Fixed Rate
M-2	\$	5,610,085	6.50%	BB+(5)/NA/NA	Mezzanine/Fixed Rate
M-3	\$	4,274,364	6.50%	CC DR3(6)/NA/NA	Mezzanine/Fixed Rate

Total Class M
Certificates:

Class B
Certificates:

B-1	\$	2,671,539	6.50%	C DR5(6)/NA/NA	Subordinate/Fixed Rate
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B-2	\$	2,137,231	6.50%	C DR5(6)/NA/NA	Subordinate/Fixed Rate
B-3	\$	1,539,075	6.50%	NA/NA/NA	Subordinate/Fixed Rate
Total Class B Certificates:	\$	6,347,846			
Total offered and non-offered certificates:	\$	426,836,039(7)			

(1) See "Ratings" in this prospectus supplement.

(2) The information presented for the total offered certificates differs from the Class II-A-15 Certificates because the total offered certificates comprise a 50.91% portion of the outstanding principal balance of the Class II-A-15 Certificates.

(3) The information presented for non-offered certificates is provided solely to assist your understanding of the offered certificates.

(4) On the issuance date, the Class M-1 Certificates were rated AA by Fitch

(5) On the issuance date, the Class M-2 Certificates were rated A by Fitch.

(6) On the issuance date, the Class M-3 Certificates were a BBB rated a BBB by Fitch, the Class B-1 Certificates were rated BB by Fitch, and the Class B-2 Certificates were rated B by Fitch. Fitch's Distressed Recovery (DR) ratings within its various ratings categories are issued on a scale of "DR1" (highest) to "DR6" (lowest) to denote Fitch's estimate of the range of recovery prospects given a currently distressed or defaulted structure finance security. A Fitch "DR3" rating indicates good recovery prospects in the event of default, and a Fitch "DR5" rating indicates below average recovery prospects in the event of default.

(7) The aggregate principal balance of the mortgage loans does not equal the aggregate certificate principal balance of the certificates because (i) the aggregate principal balance of the mortgage loans is provided as of January 1, 2008, after giving effect to scheduled principal payments due in January 2008, while the aggregate certificate principal balance of the certificates is presented after giving effect to the January 25, 2008 distribution date, which is reduced by scheduled principal payments due in January 2008 received or advanced by the master servicer as well as principal prepayments received through January 15, 2008 and (ii) mortgage loans that have been the subject of foreclosure proceedings where title to the mortgage property has been obtained on behalf of the trust, or REO Mortgage Loans, are treated as having a principal balance of zero. Nonetheless, any related liquidation proceeds on the REO Mortgage Loans will be distributed to certificateholders in accordance with the pooling and servicing agreement.

Other Information:

The aggregate certificate principal balance of the offered and non-offered certificates shown above may not equal the sum of the certificate principal balances of those certificates as listed above due to rounding. Only the offered certificates are offered for sale pursuant to this prospectus supplement and the related prospectus. The non-offered senior certificates and the Class M Certificates have previously been offered for sale pursuant to a prospectus supplement and related prospectus. The Class B Certificates have been sold by the depositor in a transaction exempt from registration under the Securities Act of 1933.

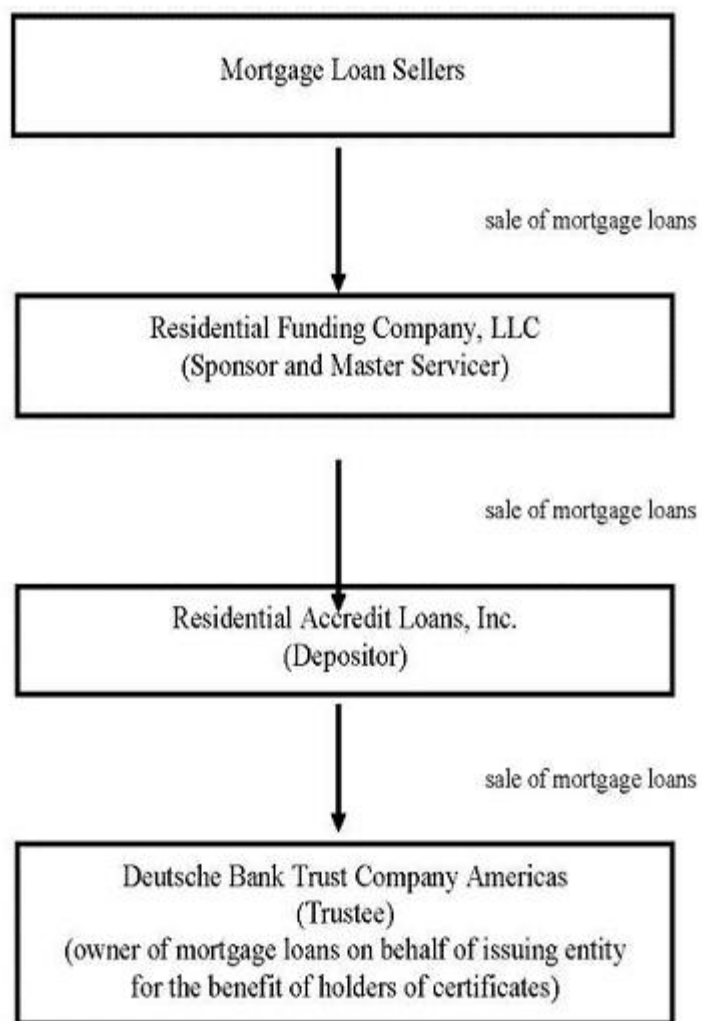
Class II-A-15 Certificates:

Adjustable Rates:	Pass-Through Rate on the January 25, 2008 Distribution Date	Formula	Maximum	Minimum
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Class II-A-15	5.36500013 %	LIBOR + 0.50%	7.00%	0.50%
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TRANSFER OF MORTGAGE LOANS

The diagram below illustrates the sequence of transfers of the mortgage loans that are included in the mortgage pool. Various mortgage loan sellers sold the mortgage loans to Residential Funding Company, LLC, as sponsor, on or prior to the issuance date. Residential Funding Company, LLC sold the mortgage loans to Residential Accredited Loans, Inc., as the depositor, on the issuance date. The depositor then transferred the mortgage loans to the trustee, on behalf of the trust that is the issuing entity. The trustee accordingly owns the mortgage loans for the benefit of the holders of the certificates. See "Pooling and Servicing Agreement—The Trustee" in this prospectus supplement and in the prospectus. For a description of the affiliations among various transaction parties, see "Affiliations Among Transaction Parties" in this prospectus supplement.



The Trust

The depositor has established a trust with respect to the Series 2006-QS12 Certificates under a series supplement, dated as of September 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, among the depositor, the master servicer and the trustee. On the issuance date, the depositor deposited the pool of mortgage loans described in this prospectus supplement into the trust which was divided into two groups that have the characteristics described in this prospectus supplement. Each certificate

represents a partial ownership interest in the trust. The trust also includes a yield maintenance agreement provided by Credit Suisse International for each of the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates.

The Mortgage Pool

The mortgage loans deposited into the trust have the following characteristics as of the reference date, after deducting payments due during the month of the reference date:

The mortgage loans deposited into the trust are divided into two loan groups. The mortgage loans consist of fixed rate mortgage loans with terms to maturity of not more than 30 years.

The group I loans have the following characteristics as of the reference date, after deducting payments due during the month of the reference date:

LOAN GROUP I

	Range	Weighted Average
Principal balance	\$84,604 to \$1,763,000	\$247,211*
Mortgage rate	6.500% to 8.750%	7.3479%
Remaining stated term to maturity (months)	223 to 344	342

*Indicates average principal balance

The following tables describe certain characteristics of the group I loans included in the trust as of the reference date:

Loan Purpose	Number of Group I Loans	Principal Balance	Percent of Group I Loans
Purchase.....	219	\$48,215,163	47.57%
Rate/Term Refinance.....	62	14,271,134	14.08
Equity Refinance.....	129	38,870,093	38.35
Total.....	410	\$101,356,39	100.00%

Loan Documentation	Number of Group I Loans	Principal Balance	Percent of Group I Loans
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Full/Alternate Documentation.....	104	\$19,800,195	19.54%
Reduced Documentation....	186	51,588,446	50.90
No Stated Income.....	56	16,883,132	16.66
No Income/No Asset Verification.....	64	13,084,618	12.91
Total.....	410	\$101,356,39	100.00%

Occupancy Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans
Primary Residence...	256	\$67,596,175	66.69%
Second/Vacation.....	15	5,486,568	5.41
Non-Owner Occupied..	139	28,273,649	27.90
Total.....	410	\$101,356,391	100.00%

The group II loans have the following characteristics as of the reference date, after deducting payments due during the month of the reference date:

LOAN GROUP II

	Range	Weighted Average
Principal balance	\$5,737 to \$764,841	\$179,938*
Mortgage rate	5.625% to 9.000%	7.2576%
Remaining stated term to maturity (months)	217 to 344	343
*Indicates average principal balance		

The following tables describe certain characteristics of the group II loans included in the trust as of the reference date:

Loan Purpose	Number of Group II Loans	Principal Balance	Percent of Group II Loans
Purchase.....	1,033	\$168,904,516	52.32%

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Rate/Term Refinance..	266	46,784,867	14.49
Equity Refinance.....	495	107,118,504	33.18
Total.....	1,794	\$322,807,886	100.00%

Loan Documentation	Number of Group II Loans	Principal Balance	Percent of Group II Loans
Full/Alternate Documentation.....	588	\$82,664,497	25.61%
Reduced Documentation	706	143,955,783	44.59
No Stated Income.....	215	46,180,424	14.31
No Income/No Asset Verification.....	285	50,007,183	15.4
Total.....	1,794	\$322,807,886	100.00%

Occupancy Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans
Primary Residence...	1,127	\$227,654,606	70.52%
Second/Vacation.....	44	8,138,304	2.52
Non-Owner Occupied..	623	87,014,976	26.96
Total.....	1,794	\$322,807,886	100.00%

ALL MORTGAGE LOANS

	Range	Weighted Average
Principal balance	\$5,737 to \$1,763,000	\$192,452*
Mortgage rate	5.625% to 9.000%	7.2792%
Remaining stated term to maturity (months)	217 to 344	342

*Indicates average principal balance

The following tables describe certain characteristics of the mortgage loans included in the trust as of the reference date:

Number	Percent
--------	---------

Loan Purpose	of Mortgage Loans	Principal Balance	of Mortgage Loans
Purchase.....	1,252	\$217,119,679	51.19%
Rate/Term Refinance...	328	61,056,001	14.39
Equity Refinance.....	624	145,988,597	34.42
Total.....	2,204	\$424,164,277	100.00%

Loan Documentation	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Full/Alternate Documentation.....	692	\$102,464,692	24.16%
Reduced Documentation...	892	195,544,229	46.10
No Stated Income.....	271	63,063,556	14.87
No Income/No Asset Verification.....	349	63,091,800	4.87
Total.....	2,204	\$424,164,277	100.00%

Occupancy Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans
Primary Residence...	1,383	\$295,250,780	69.61%
Second/Vacation.....	59	13,624,872	3.21
Non-Owner Occupied..	762	115,288,625	27.18
Total.....	2,204	\$424,164,277	100.00%

The properties securing the mortgage loans include single-family detached properties, properties in planned unit developments, two-to-four family units, condotels, condominiums, cooperatives and townhouses.

Generally, the mortgage loans were originated using less stringent underwriting standards than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc.

The securities described on the table on pages S-7 and S-8 are the only securities backed by this mortgage pool that will be issued.

For additional information regarding the mortgage pool see "Description of the Mortgage Pool" in this prospectus supplement.

Servicing

Residential Funding Company, LLC will master service the mortgage loans, as more fully described under "Pooling and Servicing Agreement" herein.

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan prior to payments to certificateholders. The servicing fees relating to each mortgage loan will be at least 0.28% per annum and not more than 1.36% per annum of the outstanding principal balance of that mortgage loan, with a weighted average servicing fee of approximately 0.3291% per annum as of the reference date. The servicing fees consist of (a) servicing fees payable to the master servicer, which are payable with respect to each mortgage loan at a minimum rate of 0.03% and not more than 0.08% per annum, depending on the type of mortgage loan and (b) subservicing fees payable to the subservicer, which are payable with respect to each mortgage loan at a minimum rate of 0.25% per annum, and other related compensation payable to the subservicer, including any payment due to prepayment charges on the related mortgage loans and such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer and lender-paid mortgage insurance premiums with respect to approximately 0.7% of the mortgage loans by principal balance as of the reference date, which are paid by the related subservicer to the insurers.

Repurchases or Substitutions of Mortgage Loans

If Residential Funding Company, LLC cannot cure a breach of any representation or warranty made by it and assigned to the trustee for the benefit of the certificateholders relating to a mortgage loan within 90 days after notice from the trustee or servicer, and the breach materially and adversely affects the interests of the certificateholders in the mortgage loan, Residential Funding Company, LLC will be obligated to purchase the mortgage loan at a price equal to its principal balance as of the date of purchase plus accrued and unpaid interest to the first day of the month following the month of repurchase, less the amount payable in respect of servicing compensation.

Likewise, as described under "Description of the Certificates—Review of Mortgage Loan or Contract Documents" in the prospectus, if Residential Funding Company, LLC cannot cure certain documentary defects with respect to a mortgage loan, Residential Funding Company, LLC will be required to repurchase the related mortgage loan.

In addition, Residential Funding Company, LLC may substitute a new mortgage loan for a deleted mortgage loan that is removed from the trust within two years after the issuance date if it delivers an opinion of counsel with respect to certain tax matters. Any substitute mortgage loan will be required to satisfy certain conditions regarding its outstanding principal balance, mortgage rate, LTV ratio and remaining term to maturity, as described more fully under "The Trusts – Limited Right of Substitution" in the prospectus. See also "The Trusts—Repurchases of Mortgage Collateral" in the prospectus.

Distributions on the Certificates

Amount available for monthly distribution.

On each monthly distribution date, the trustee will make distributions to investors. Except as provided in this prospectus supplement, the Class I-A-1, Class I-A-2, Class I-A-3, Class I-A-4 and Class R-I Certificates will receive payments primarily from the group I loans, and the Class II-A-1, Class II-A-2, Class II-A-3, Class II-A-4, Class II-A-5, Class II-A-6, Class II-A-7, Class II-A-8, Class II-A-9, Class II-A-10, Class II-A-11, Class II-A-12, Class II-A-13, Class II-A-14, Class II-A-15, Class II-A-16, Class II-A-17, Class II-A-18, Class II-A-19 and Class R-II Certificates will receive payments primarily from the group II loans. The Class A-P,


Class A-V and Class M Certificates represent rights to receive payments from all of the mortgage loans. The amount available for distribution will include:

- o collections of monthly payments on the mortgage loans, including prepayments and other unscheduled collections plus
- o advances for delinquent payments that are deemed recoverable by the master servicer minus
- o the fees and expenses of the subservicers and the master servicer, including reimbursement for advances.

The aggregate amount of monthly distributions will be determined separately with respect to the two loan groups.

Priority of distributions. Distributions on the senior certificates and Class M Certificates will be made from available amounts from the related loan group or loan groups, as applicable, for that class of certificates as described in this prospectus supplement as follows:

Priority of Distributions

	Senior Certificates interest from the related loan group (pro rata)
	Senior Certificates principal from the related loan group
	Reimbursement of certain advances to master servicer
	Class M-1 interest
	Class M-1 principal
	Class M-2 interest
	Class M-2 principal
	Class M-3 interest
	Class M-3 principal

Interest distributions. The amount of interest accrued on each class of interest-bearing certificates on each distribution date will equal:

- o the pass-through rate for that class of certificates multiplied by
- o the certificate principal balance or notional amount of that class of certificates as of the day immediately prior to the related distribution date multiplied by
- o 1/12th, or in the case of the Class II-A-9 and Class II-A-12 Certificates, the actual number of days in the interest accrual period divided by 360, minus

- o the share of some types of interest shortfalls allocated to that class, such as prepayment interest shortfalls and the interest portion of realized losses not allocated through subordination and the interest portion of any advances made with respect to delinquencies that were ultimately determined to be hazard losses, fraud losses or bankruptcy losses in excess of specified amounts or extraordinary losses, as described more fully in the definition of "Accrued Certificate Interest" in "Description of the Certificates—Glossary of Terms" in this prospectus supplement.

See "Description of the Certificates—Interest Distributions" in this prospectus supplement.

Allocations of principal. Principal distributions on the certificates made from principal payments on the mortgage loans in the corresponding loan group or loan groups will be allocated among the various classes of certificates as described in this prospectus supplement. Until the distribution date in October 2011, all principal prepayments on the mortgage loans from a loan group will generally be distributed among the related senior certificates, other than the Class I-A-3, Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-16, Class II-A-17, Class II-A-19 and Class A-V Certificates, together, the Interest Only Certificates, unless those senior certificates entitled to principal distributions, other than the Class A-P Certificates, are no longer outstanding. In addition, until the distribution date in October 2011, the Class I-A-4, Class II-A-4 and Class II-A-10 Certificates are not expected to receive any principal payments on the mortgage loans, and on or after the distribution date in October 2011 but before the distribution date in October 2015, the Class I-A-4, Class II-A-4 and Class II-A-10 Certificates will receive less than a pro rata share of principal payments on the related mortgage loans, unless the other senior certificates entitled to principal distributions, other than the Class A-P Certificates, from the related mortgage loans, or the Class M Certificates and Class B Certificates, are no longer outstanding. Not all outstanding senior certificates will receive principal on each distribution date. The Class A-P Certificates receive only a portion of the principal received from each mortgage loan that has a net mortgage rate of less than 6.50%. The Interest Only Certificates, including the Class A-V Certificates, are not entitled to receive any principal distributions.

See "Description of the Certificates—Principal Distributions on the Senior Certificates" and "—Principal Distributions on the Class M Certificates" in this prospectus supplement.

Credit Enhancement

Allocation of losses. Except for the three exceptions described below, the Class M Certificates and Class B Certificates will act as credit enhancement for the Class I-A Certificates and Class II-A Certificates. Losses on the mortgage loans will be allocated in full to the first class of certificates listed below with a certificate principal balance greater than zero:

- o Class B-3
- o Class B-2
- o Class B-1
- o Class M-3
- o Class M-2
- o Class M-1

When this occurs, the certificate principal balance of the class to which the loss is allocated is reduced, without a corresponding payment of principal.

If the aggregate certificate principal balance of the Class M Certificates and Class B Certificates has been reduced to zero, losses on the mortgage loans will be allocated proportionately among the senior certificates in accordance with their respective remaining certificate principal balances or accrued interest, subject to the exceptions described below, but only with respect to losses in the related loan group.

In addition, most losses otherwise allocable to the Class II-A-7 Certificates will be allocated to the Class II-A-10 Certificates as long as the Class II-A-10 Certificates remain outstanding, subject to the limitations described in this prospectus supplement.

Not all losses will be allocated in the priority described above. Losses due to natural disasters such as floods and earthquakes, fraud by a mortgagor, or some losses related to the bankruptcy of a mortgagor will be allocated as described above only up to specified amounts. Losses of these types in excess of the specified amounts and losses due to other extraordinary events will be allocated proportionately among all outstanding classes of certificates related to that loan group, except as described below for the Class A-P Certificate. Therefore, the Class M Certificates and Class B Certificates do not act as credit enhancement for the senior certificates for these types of losses.

Special loss allocation for Class A-P Certificates. Whenever losses are allocated to the senior certificates, the Class A-P Certificates will share in the loss only if the mortgage loan had a net mortgage rate less than 6.50% per annum. In that case, the Class A-P Certificates will bear a share of the loss equal to their percentage interest in the principal of that mortgage loan.

See "Description of the Certificates—Allocation of Losses; Subordination" in this prospectus supplement.

Priority of distributions. All principal prepayments and other unscheduled payments of principal on the mortgage loans in a loan group will be allocated to the related senior certificates as described in this prospectus supplement during the first five years after the issuance date, subject to the exceptions described in this prospectus supplement. This provides additional credit enhancement for the senior certificates by reserving a greater portion of the certificate principal balances of the Class M Certificates and Class B Certificates for absorption of losses, thereby decreasing the likelihood of losses being allocated to the senior certificates.

Yield Maintenance Agreements

The holders of the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates may benefit from a series of interest rate cap payments from Credit Suisse International pursuant to yield maintenance agreements. The yield maintenance agreement for the Class II-A-1 Certificates is intended to partially mitigate the interest rate risk that could result from the difference between one-month LIBOR, subject to a maximum LIBOR rate of 8.80% per annum, and 5.55% per annum. The yield maintenance agreement for the Class II-A-5 Certificates is intended to partially mitigate the interest rate risk that could result from the difference between one-month LIBOR, subject to a maximum LIBOR rate of 9.25% per annum, and 6.00% per annum. The yield maintenance agreement for the Class II-A-7 Certificates is intended to partially mitigate the interest rate risk that could result from the difference between one-month LIBOR, subject to a maximum LIBOR rate of 11.35% per annum, and 5.85% per annum. Payments, if any, due on the yield maintenance agreements will commence on the distribution date in October 2006. The yield maintenance agreements relating to the Class II-A-1 and Class II-A-7 Certificates will terminate after the distribution date in January 2009. The yield maintenance agreement relating to the Class II-A-5 Certificates

will terminate after the distribution date in April 2018.

Advances

For any month, if the master servicer does not receive the full scheduled payment on a mortgage loan, the master servicer will advance funds to cover the amount of the scheduled payment that was not made. However, the master servicer will advance funds only if it determines that the advance will be recoverable from future payments or collections on that mortgage loan.

See "Description of the Certificates-Advances" in this prospectus supplement.

Optional Termination

On any distribution date on which the aggregate outstanding principal balance of the mortgage loans as of the related determination date is less than 10% of their aggregate stated principal balance as of the cut-off date, the master servicer may, but will not be required to:

- o purchase from the trust all of the remaining mortgage loans, causing an early retirement of the certificates; or
- o purchase all of the certificates.

Under either type of optional purchase, holders of the outstanding certificates are entitled to receive the outstanding certificate principal balance of those certificates in full with accrued interest as described in this prospectus supplement. However, any optional purchase of the remaining mortgage loans in a loan group may result in a shortfall to the holders of the most subordinate classes of related certificates outstanding, if the trust then holds properties acquired from foreclosing upon defaulted loans in that loan group. In either case, there will be no reimbursement of losses or interest shortfalls allocated to the certificates.

See "Pooling and Servicing Agreement-Termination" in this prospectus supplement and "The Pooling and Servicing Agreement-Termination; Retirement of Certificates" in the prospectus.

Ratings

The offered certificates have received the ratings which are listed in the table on pages S-7 and S-8 of this prospectus supplement. The ratings on the offered certificates address the likelihood that holders of the offered certificates will receive all distributions on the underlying mortgage loans to which they are entitled. A security rating is not a recommendation to buy, sell or hold a security and may be changed or withdrawn at any time by the assigning rating agency. The ratings also do not address the rate of principal prepayments on the mortgage loans. For example, the rate of prepayments, if different than originally anticipated, could adversely affect the yields realized by holders of the offered certificates or cause holders of the Class I-A-3, Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-16, Class II-A-17, Class II-A-19 and Class A-V Certificates to fail to fully recover their initial investments.

See "Ratings" in this prospectus supplement.

Legal Investment

The Class II-A-15 Certificates will be "mortgage related securities" for purposes of SMMEA, so long as they are

rated in at least the second highest rating category by one of the rating agencies. You should consult your legal advisors in determining whether and to what extent the offered certificates constitute legal investments for you.

See "Legal Investment" in this prospectus supplement and "Legal Investment Matters" in the prospectus for important information concerning possible restrictions on ownership of the offered certificates by regulated institutions.

ERISA Considerations

Subject to the considerations described in "ERISA Considerations" in this prospectus supplement, the Class II-A-15 are expected to be considered eligible for purchase by persons investing assets of employee benefit plans or individual retirement accounts.

See "ERISA Considerations" in this prospectus supplement and in the prospectus.

Tax Status

For federal income tax purposes, the depositor has elected to treat the trust, exclusive of the yield maintenance agreements, as two real estate mortgage investment conduits. The offered certificates represent ownership of regular interests in the related real estate mortgage investment conduit and generally will be treated as representing ownership of debt for federal income tax purposes. You will be required to include in income all interest and original issue discount, if any, on the offered certificates in accordance with the accrual method of accounting regardless of your usual methods of accounting.

For further information regarding the federal income tax consequences of investing in the offered certificates, see "Material Federal Income Tax Consequences" in this prospectus supplement and in the prospectus.

Risk Factors

The offered certificates are not suitable investments for all investors. In particular, you should not purchase the offered certificates unless you understand the prepayment, credit, liquidity and market risks associated with that class.

The offered certificates are complex securities. You should possess, either alone or together with an investment advisor, the expertise necessary to evaluate the information contained in this prospectus supplement and the prospectus in the context of your financial situation and tolerance for risk.

You should carefully consider the following risk factors in connection with the purchase of the offered certificates:

Risk of Loss

Underwriting standards may affect risk of loss on the mortgage loans.	Generally, the mortgage loans have been originated using underwriting standards that are less stringent than the underwriting standards applied by certain other first lien mortgage loan purchase programs, such as those of Fannie Mae, Freddie Mac or the depositor's affiliate, Residential Funding Mortgage Securities I, Inc. Applying less stringent underwriting standards creates additional risks that losses on the mortgage loans will be allocated to
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certificateholders.

Examples include the following:

- o mortgage loans secured by non-owner occupied properties, which constitute approximately 27.9%, 27.0% and 27.2% of the group I loans, the group II loans and all of the mortgage loans respectively, by principal balance, as of the reference date, may present a greater risk that the borrower will stop making monthly payments if the borrower's financial condition deteriorates; and
- o mortgage loans with loan-to-value ratios greater than 80% (i.e., the amount of the loan at origination is more than 80% of the value of the mortgaged property), which constitute approximately 6.8%, 6.7% and 6.7% of the group I loans, the group II loans and all of the mortgage loans respectively, by principal balance, as of the reference date, may increase the risk that the value of the mortgaged property will not be sufficient to satisfy the mortgage loan upon foreclosure.

Some of the mortgage loans with loan-to-value ratios over 80% are insured by primary mortgage insurance to the extent described in this prospectus. However, if the insurer is unable to pay a claim, the amount of loss incurred on those loans may be increased.

In addition, in determining loan-to-value ratios for certain mortgage loans, the value of the related mortgaged property may be based on an appraisal that is up to 24 months old if there is a supporting broker's price opinion, automated valuation, drive-by appraisal or other certification of value. If such an appraisal does not reflect current market values and such market values have declined, the likelihood that proceeds from a sale of the mortgaged property may be insufficient to repay the mortgage loan is increased.

See "The Trusts—Underwriting Policies" and "Certain Legal Aspects of Mortgage Loans and Contracts" in the prospectus.

The return on your certificates may be affected by losses on the mortgage loans, which could occur due to a variety of causes.

Losses on the mortgage loans may occur due to a wide variety of causes, including a decline in real estate values, and adverse changes in the borrower's financial condition. A decline in real estate values or economic conditions nationally or in the regions where the mortgaged properties are concentrated may increase the risk of losses on the mortgage loans.

The return on your certificates may be particularly sensitive to changes in real estate markets in specific regions.

One risk of investing in mortgage-backed securities is created by any concentration of the related properties in one or more geographic regions. Approximately 14.4%, 17.8% and 16.9% of the reference date principal balances of the group I loans, the group II loans and all of the mortgage loans, respectively, are located in California. In addition, approximately 16.5%, 10.8% and 12.2% of the reference date principal balances of the group I loans, group II loans and all of the mortgage loans, respectively, are located in Florida. If the regional economy or housing market weakens in California or

Florida, or in any other region having a significant concentration of properties underlying the mortgage loans, the mortgage loans in that region may experience high rates of loss and delinquency, resulting in losses to certificateholders. A region's economic condition and housing market may also be adversely affected by a variety of events, including natural disasters such as earthquakes, hurricanes, tornadoes, floods and eruptions, civil disturbances such as riots, disruptions such as ongoing power outages, or terrorist actions or acts of war. The economic impact of any of those events may also be felt in areas beyond the region immediately affected by the disaster or disturbance. The properties underlying the mortgage loans may be concentrated in these regions. This concentration may result in greater losses to certificateholders than those generally present for similar mortgage-backed securities without that concentration.

A number of wildfires, which recently struck various parts of Southern California, may have adversely affected any mortgaged properties located in those areas. Residential Funding Company, LLC will have no obligation to repurchase any mortgage loan secured by a mortgaged property that becomes subject to any material damage by waste, fire, earthquake, windstorm, flood or other casualty after the closing date. We do not know how many mortgaged properties have been or may be affected by these wildfires.

See "Description of the Mortgage Pool—Mortgage Pool Characteristics" in this prospectus supplement.

The return on your certificates will be reduced if losses exceed the credit enhancement available to your certificates.

The only credit enhancement for the senior certificates will be the subordination provided by the Class M Certificates and the Class B Certificates (and with respect to the Class II-A-7 Certificates, the additional subordination provided by the Class II-A-10 Certificates). The only credit enhancement for the Class M Certificates will be the subordination provided by the Class B Certificates and by any class of Class M Certificates with a lower payment priority. You should also be aware that the credit enhancement provided for some types of losses is limited.

See "Summary—Credit Enhancement" and "Description of the Certificates—Allocation of Losses; Subordination" in this prospectus supplement.

The value of your certificates may be reduced if losses are higher than expected.

If the performance of the mortgage loans is substantially worse than assumed by the rating agencies, the ratings of any class of the certificates may be lowered in the future. This would probably reduce the value of those certificates. None of the depositor, the master servicer or any other entity will have any obligation to supplement any credit enhancement, or to take any other action to maintain any rating of the certificates.

A transfer of master servicing in the event of a master servicer default may increase the risk of payment application errors.

If the master servicer defaults in its obligations under the pooling and servicing agreement, the master servicing of the mortgage loans may be transferred to the trustee or an alternate master servicer, as described under "The Pooling and Servicing Agreement—Rights Upon Event of Default" in the prospectus. In the event of such a transfer of master servicing there may be

an increased risk of errors in applying payments from borrowers or in transmitting information and funds to the successor master servicer.

Some of the mortgage loans have an initial interest only period, which may increase the risk of loss and delinquency on these mortgage loans.

As of the reference date, approximately 48.1% of the group I loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first ten years following the date of origination; approximately 0.1%, 39.1% and 0.1% of the group II loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years and fifteen years, respectively, following the date of origination and approximately 0.1%, 41.3% and 0.1% of all the mortgage loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years and fifteen years, respectively, following the date of origination. During this period, the payment made by the related borrower will be less than it would be if the mortgage loan amortized. In addition, the mortgage loan balance will not be reduced by the principal portion of scheduled monthly payments during this period. As a result, no principal payments will be made to the certificates from mortgage loans of this nature during their interest only period except in the case of a prepayment.

After the initial interest only period, the scheduled monthly payment on these mortgage loans may increase, which may result in increased delinquencies by the related borrowers, particularly if interest rates have increased and the borrower is unable to refinance. In addition, losses may be greater on these mortgage loans as a result of the mortgage loan not amortizing during the early years of these mortgage loans. Although the amount of principal included in each scheduled monthly payment for a traditional mortgage loan can be relatively small during the first few years after the origination of a mortgage loan, in the aggregate the amount can be significant.

Mortgage loans with an initial interest only period are relatively new in the mortgage marketplace. The performance of these mortgage loans may be significantly different than mortgage loans that fully amortize. In particular, there may be a higher expectation by these borrowers of refinancing their mortgage loans with a new mortgage loan, in particular one with an initial interest only period, which may result in higher or lower prepayment speeds than would otherwise be the case. In addition, the failure to build equity in the related mortgaged property by the related mortgagor may affect the delinquency and prepayment experience of these mortgage loans.

Reduced documentation programs may increase your risk of loss.

Approximately 80.5%, 74.4% and 75.8% of the group I loans, the group II loans and all of the mortgage loans, respectively, by principal balances as of the reference date were made to borrowers whose income is not verified, including borrowers who may not be required to state their income. With respect to these mortgage loans the borrowers may not be required to provide any information regarding their income and there may be no verification of their income or assets. Such mortgage loans increase the risk that borrowers may not have sufficient income or assets or may have overstated their income and assets and, as a consequence, may be unable to make their monthly mortgage loan payments.

You should consider the risk that mortgage loans originated under reduced documentation programs may be subject to increased delinquencies and defaults.

Recent developments in the residential mortgage market may adversely affect the return on your certificates.

Recently, the residential mortgage market in the United States has experienced a variety of difficulties and changed economic conditions that may adversely affect the yield on your certificates. Delinquencies and losses with respect to residential mortgage loans generally have increased in recent months, and may continue to increase. In addition, in recent months housing prices in many states have declined or stopped appreciating, after extended periods of significant appreciation. A continued decline or an extended flattening of those values may result in additional increases in delinquencies and losses on residential mortgage loans generally, particularly with respect to second homes and investor properties and with respect to any residential mortgage loans whose aggregate loan amounts (including any subordinate liens) are close to or greater than the related property values. As a result of these and other factors, the value of some mortgage-backed securities has been negatively impacted.

A decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance; in addition, many mortgage loans have prepayment premiums that inhibit refinancing. Borrowers who intend to sell their homes may find that they cannot sell their properties for an amount equal to or greater than the unpaid principal balance of their loans. These events, alone or in combination, may contribute to higher delinquency rates.

As a result of these and other factors, the rating agencies have recently downgraded or put on downgrade watch a significant number of mortgage-backed securities (particularly mortgage-backed securities backed by subprime and Alt-A mortgage loans originated in 2005 and 2006), including the Class M-1 Certificates, Class M-2 Certificates, Class M-3 Certificates, Class B-1 Certificates and Class B-2 Certificates.

In addition, various federal, state and local regulatory authorities have taken or proposed actions that could hinder the ability of the servicer to foreclose promptly on defaulted mortgage loans. Any such actions may adversely affect the performance of the loans and the yield on and value of the certificates.

You should consider that the general market conditions discussed above may affect the performance of the mortgage loans and may adversely affect the yield on, or market value of, your certificates.

Risks Relating to Primary Mortgage Insurers

You may incur losses if a primary mortgage insurer fails to make payments under a primary mortgage insurance policy.

Approximately 6.4%, 6.6% and 6.6% of the aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date have an LTV ratio at origination in excess of 80% and are insured by a primary mortgage insurance policy. All of the primary mortgage insurance policies were issued by Mortgage Guaranty Insurance Corporation, General Electric Mortgage Insurance Corporation/Genworth Mortgage

Insurance Company, Genworth of N.C., Triad Guaranty, Republic Mortgage Ins. N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, CUNA Mutual Group or Radian Guaranty Inc. If such a mortgage loan were subject to a foreclosure and the value of the related mortgaged property were not sufficient to satisfy the mortgage loan, payments under the primary mortgage insurance policy would be required to avoid any losses, or to reduce the losses on, such a mortgage loan.

If the insurer is unable or refuses to pay a claim, the amount of such losses would be allocated to holders of certificates as realized losses.

Limited Obligations

Payments on the mortgage loans are the primary source of payments on your certificates.

The certificates represent interests only in the RALI Series 2006-QS12 Trust. The certificates do not represent an ownership interest in or obligation of the depositor, the master servicer or any of their affiliates. If proceeds from the assets of the RALI Series 2006-QS12 Trust are not sufficient to make all payments provided for under the pooling and servicing agreement, investors will have no recourse to the depositor, the master servicer or any other entity, and will incur losses.

Liquidity Risks

You may have to hold your certificates to maturity if their marketability is limited.

A secondary market for your certificates may not develop. Even if a secondary market does develop, it may not continue or it may be illiquid. Neither the underwriter nor any other person will have any obligation to make a secondary market in your certificates. Illiquidity means you may not be able to find a buyer to buy your securities readily or at prices that will enable you to realize a desired yield. Illiquidity can have a severe adverse effect on the market value of your certificates.

The offered certificates may experience illiquidity.

In addition, you should consider the impact that the factors discussed above under "Risk of Loss—Recent developments in the mortgage market may adversely affect the return on your certificates" may have on the liquidity of your certificates.

Bankruptcy Risks

Bankruptcy proceedings could delay or reduce distributions on the certificates.

The transfer of the mortgage loans from Residential Funding Company, LLC, or Residential Funding, to the depositor is intended by the parties to be and has been documented as a sale. However, if Residential Funding were to become bankrupt, a trustee in bankruptcy could attempt to recharacterize the sale of the mortgage loans as a loan secured by the mortgage loans or to consolidate the mortgage loans with the assets of Residential Funding. Any such attempt could result in a delay in or reduction of collections on the mortgage loans available to make payments on the certificates.

In addition, if any servicer or the master servicer becomes bankrupt, a bankruptcy trustee or receiver may have the power to prevent the appointment of a successor servicer or successor master servicer, as applicable. Any related

delays in servicing could result in increased delinquencies or losses on the mortgage loans.

The bankruptcy of a borrower may increase the risk of loss on a mortgage loan.

If a borrower becomes subject to a bankruptcy proceeding, a bankruptcy court may require modifications of the terms of a mortgage loan without a permanent forgiveness of the principal amount of the mortgage loan. Modifications have included reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In addition, a court having federal bankruptcy jurisdiction may permit a debtor to cure a monetary default relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. In addition, under the federal bankruptcy law, all actions against a borrower and the borrower's property are automatically stayed upon the filing of a bankruptcy petition.

Special Yield and Prepayment Considerations

The yield on your certificates will vary depending on the rate of prepayments.

The yield to maturity on the offered certificates will depend on a variety of factors, including:

- the rate and timing of principal payments on the mortgage loans, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;
- the allocation of principal payments on the mortgage loans among the various classes of certificates;
- the pass-through rate for that class;
- interest shortfalls due to mortgagor prepayments; and
- the purchase price of that class.

The rate of prepayments is one of the most important and least predictable of these factors. No assurances are given that the mortgage loans will prepay at any particular rate.

In addition, the master servicer may, in some cases, purchase any mortgage loan or contract that is at least three months delinquent. Such repurchases would increase the prepayment rates on the mortgage loans.

In general, if you purchase a certificate at a price higher than its outstanding certificate principal balance and principal distributions on your certificate occur faster than you assumed at the time of purchase, your yield will be lower than you anticipated. Conversely, if you purchase a certificate at a price lower than its outstanding certificate principal balance and principal distributions on that class occur more slowly than you assumed at the time of purchase, your yield will be lower than you anticipated.

The rate of prepayments on the mortgage loans will vary depending on future market conditions and other factors.

Since mortgagors, in most cases, can prepay their mortgage loans at any time, the rate and timing of principal distributions on the offered certificates are highly uncertain and are dependent upon a wide variety of factors, including general economic conditions, interest rates, the availability of alternative financing and homeowner mobility. Generally, when market interest rates increase, borrowers are less likely to prepay their mortgage loans. This could result in a slower return of principal to you at a time when you might have been able to reinvest your funds at a higher rate of interest than the pass-through rate on your class of certificates. On the other hand, when market interest rates decrease, borrowers are generally more likely to prepay their mortgage loans. This could result in a faster return of principal to you at a time when you might not be able to reinvest your funds at an interest rate as high as the pass-through rate on your class of certificates.

Refinancing programs, which may involve soliciting all or some of the mortgagors to refinance their mortgage loans, may increase the rate of prepayments on the mortgage loans. These refinancing programs may be offered by the master servicer, any subservicer or their affiliates, and may include streamlined documentation programs. Streamlined documentation programs involve less verification of underwriting information than traditional documentation programs. Approximately 0.4%, 1.0% and 0.9% of the reference date principal balances of the group I loans, the group II loans and all of the mortgage loans, respectively, were originated under streamlined documentation programs.

See "Description of the Mortgage Pool—The Program" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Maturity and Prepayment Considerations" in the prospectus.

The mortgage loans with interest only payments may affect the yield on the offered certificates.

As of the reference date, approximately 48.1% of the group I loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first ten years following the date of origination; approximately 0.1%, 39.1% and 0.1% of the group II loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years and fifteen years, respectively, following the date of origination; and approximately 0.1%, 41.3% and 0.1% of all of the mortgage loans require the related borrowers to make monthly payments of accrued interest, but not principal, for the first five years, ten years and fifteen years, respectively, following the date of origination. After the interest only period, the borrower's monthly payment will be recalculated to cover both interest and principal so that the mortgage loan will be paid in full by its final payment date. As a result, if the monthly payment increases, the related borrower may not be able to pay the increased amount and may default or may refinance the loan to avoid the higher payment.

In addition, because no scheduled principal payments are required to be made on these mortgage loans for a period of time, the offered certificates will receive smaller scheduled principal distributions during that period than they

would have received if the related borrowers were required to make monthly payments of interest and principal from origination of these mortgage loans. Absent other considerations, this slower rate of principal distributions will result in longer weighted average lives of the offered certificates than would otherwise be the case if none of the mortgage loans had interest only periods.

The return on your certificates could be reduced by shortfalls due to the Servicemembers Civil Relief Act.

The Servicemembers Civil Relief Act, or the Relief Act, provides relief to borrowers who enter active military service and to borrowers in reserve status who are called to active duty after the origination of their mortgage loan. Current or future military operations of the United States may increase the number of borrowers who may be in active military service, including persons in reserve status who may be called to active duty. The Relief Act provides generally that a borrower who is covered by the Relief Act may not be charged interest on a mortgage loan in excess of 6% per annum during the period of the borrower's active duty. Any resulting interest shortfalls are not required to be paid by the borrower at any future time. The master servicer is not required to advance these shortfalls as delinquent payments, and the shortfalls are not covered by any form of credit enhancement on the certificates. Interest shortfalls on the mortgage loans due to the application of the Relief Act or similar legislation or regulations will be applied to reduce accrued interest on each class of the certificates on a pro rata basis.

The Relief Act also limits the ability of the servicer to foreclose on a mortgage loan during the borrower's period of active duty and, in some cases, during an additional three month period thereafter. As a result, there may be delays in payment and increased losses on the mortgage loans. Those delays and increased losses will be borne primarily by the class of certificates with a certificate principal balance greater than zero with the lowest payment priority.

We do not know how many mortgage loans have been or may be affected by the application of the Relief Act or similar legislation or regulations.

See the definition of Accrued Certificate Interest under "Description of the Certificates—Glossary of Terms" in this prospectus supplement and "Certain Legal Aspects of Mortgage Loans and Contracts—Servicemembers Civil Relief Act" in the prospectus.

The yield on your certificates will be affected by the specific terms that apply to that class, discussed below.

The certificates of each class have different yield considerations and different sensitivities to the rate and timing of principal distributions. The following is a general discussion of yield considerations and prepayment sensitivities of some classes of certificates.

See "Yield and Prepayment Considerations" in this prospectus supplement.

Senior Certificates

The Class I-A-1, Class I-A-2, Class I-A-3 and Class I-A-4 Certificates, or the Class I-A Certificates, and the Class R-I Certificates will receive payments primarily from the group I loans, and the Class II-A-1, Class II-A-2, Class II-A-3, Class II-A-4, Class II-A-5, Class II-A-6, Class II-A-7, Class II-A-8,

Class II-A-9, Class II-A-10, Class II-A-11, Class II-A-12, Class II-A-13, Class II-A-14, Class II-A-15, Class II-A-16, Class II-A-17, Class II-A-18 and Class II-A-19 Certificates, or the Class II-A Certificates, and Class R-II Certificates will receive payments primarily from the group II loans.

The Class I-A Certificates and Class II-A Certificates, other than the Interest Only Certificates, are subject to various priorities for payment of principal. Distributions of principal on the Class I-A Certificates and Class II-A Certificates entitled to principal distributions with an earlier priority of payment will be affected by the rates of prepayment of the mortgage loans in the related loan group early in the life of the mortgage pool. Those classes of Class I-A Certificates and Class II-A Certificates entitled to principal distributions with a later priority of payment will be affected by the rates of prepayment of the mortgage loans in the related loan group experienced both before and after the commencement of principal distributions on those classes, and will be more likely to be affected by losses on the mortgage loans not covered by the credit enhancement since these classes will be outstanding for a longer period of time.

See "Description of the Certificates-Principal Distributions on the Senior Certificates" in this prospectus supplement.

Class I-A-2 Certificates

INVESTORS IN THE CLASS I-A-2 CERTIFICATES SHOULD BE AWARE THAT SUCH CERTIFICATES MAY NOT BE AN APPROPRIATE INVESTMENT FOR ALL PROSPECTIVE INVESTORS, ESPECIALLY FOR AN INVESTOR REQUIRING A DISTRIBUTION OF A PARTICULAR AMOUNT OF PRINCIPAL OR INTEREST ON A SPECIFIC DATE OR DATES.

Class I-A-4, Class II-A-4 and
Class II-A-10 Certificates

It is not expected that the Class I-A-4, Class II-A-4 and the Class II-A-10 Certificates will receive any distributions of principal until the distribution date in October 2011. On or after the distribution date in October 2011 but before the distribution date in October 2015, the Class I-A-4, Class II-A-4 and Class II-A-10 Certificates may receive a portion of principal payments that is smaller than a pro rata share of such principal payments. Accordingly, the Class I-A-4, Class II-A-4 and Class II-A-10 Certificates are more likely to experience losses than if they were to receive distributions of principal prior to the distribution date in October 2011.

Class II-A-10 Certificates

Investors in the Class II-A-10 Certificates should be aware that most losses on the mortgage loans otherwise allocable to the Class II-A-7 Certificates will be allocated to the Class II-A-10 Certificates. Therefore, the yield to maturity on the Class II-A-10 Certificates will be extremely sensitive to losses otherwise allocable to the Class II-A-7 Certificates.

Class II-A-1, Class II-A-2, Class
II-A-5, Class II-A-6, Class
II-A-7, Class II-A-8, Class
II-A-9, Class II-A-12, Class
II-A-13, Class II-A-14, Class
II-A-15 and Class II-A-16

The pass-through rate on the Class II-A-1, Class II-A-5, Class II-A-7, Class II-A-9, Class II-A-12 and Class II-A-15 Certificates will vary with LIBOR, subject to the limitations described in this prospectus supplement. The pass-through rate on the Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-14 and Class II-A-16 Certificates will vary inversely with LIBOR, subject to the limitations described in this prospectus supplement.

Certificates

Therefore, the yields to investors on the Class II-A-1, Class II-A-5, Class II-A-7, Class II-A-9, Class II-A-12 and Class II-A-15 Certificates will be sensitive to fluctuations in the level of LIBOR, and the Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-14, and Class II-A-16 Certificates will be extremely sensitive to fluctuations in the level of LIBOR.

Class II-A-1, Class II-A-5 and
Class II-A-7 Certificates

If LIBOR for any interest accrual period exceeds 5.55% per annum, the yield maintenance agreement provider will be required to make a payment that is intended to partially mitigate the risk to the investors in the Class II-A-1 Certificates that the pass-through rate on their certificates will be lower than LIBOR plus the related margin. If LIBOR for any interest accrual period exceeds 6.00% per annum, the yield maintenance agreement provider will be required to make a payment that is intended to partially mitigate the risk to the investors in the Class II-A-5 Certificates that the pass-through rate on their certificates will be lower than LIBOR plus the related margin. If LIBOR for any interest accrual period exceeds 5.85% per annum, the yield maintenance agreement provider will be required to make a payment that is intended to partially mitigate the risk to the investors in the Class II-A-7 Certificates that the pass-through rate on their certificates will be lower than LIBOR plus the related margin. However, the amount payable to the holders of the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates is based on a notional amount equal to the lesser of the related certificate principal balance of the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates, as applicable, and an amount determined based on an assumed rate of prepayments on the mortgage loans. Accordingly, if prepayments occur at a slower rate than assumed, the amount payable to the holders of the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates will be less than the amount of interest that would accrue on the related certificate principal balance of those certificates at the excess of LIBOR over (i) with respect to the Class II-A-1 Certificates, 5.55% per annum, (ii) with respect to the Class II-A-5 Certificates, 6.00% per annum, and (iii) with respect to the Class II-A-7 Certificates, 5.85% per annum. In addition, no additional amounts are payable under the yield maintenance agreement with respect to (i) the Class II-A-1 Certificates if LIBOR exceeds 8.80% per annum, (ii) the Class II-A-5 Certificates if LIBOR exceeds 9.25% per annum, or (iii) the Class II-A-7 Certificates if LIBOR exceeds 11.35% per annum.

Amounts payable by the yield maintenance agreement provider will be based on the amount determined by the assumed rate of prepayments. Amounts paid under the yield maintenance agreement relating to the Class II-A-1 Certificates and Class II-A-5 Certificates in excess of amounts payable on the Class II-A-1 Certificates or Class II-A-5 Certificates on any distribution date will be released to Credit Suisse Securities (USA) LLC and will not be available for payments to the holders of the Class II-A-1 Certificates or Class II-A-5 Certificates. Amounts paid under the yield maintenance agreement relating to the Class II-A-7 Certificates in excess of amounts payable on the Class II-A-7 Certificates on any distribution date will be deposited in a yield maintenance reserve fund. Any amount by which the amount paid by the yield maintenance agreement provider is less than the difference between LIBOR plus the related margin and 6.50% per annum on the certificate principal balance of the Class

II-A-7 Certificates on any future date may be paid on that distribution date to the holders of the Class II-A-7 Certificates from funds on deposit in the yield maintenance reserve fund as described under "Description of the Certificates—The Yield Maintenance Agreement" in this prospectus supplement.

The yield maintenance agreement with respect to the Class II-A-1 and Class II-A-7 Certificates will terminate after the distribution date in January 2009 and the yield maintenance agreement with respect to the Class II-A-5 Certificates will terminate after the distribution date in April 2018. After the distribution date in January 2009, the pass-through rate on the Class II-A-1 Certificates will be subject to a maximum rate of 6.25% per annum. After the distribution date in April 2018, the pass-through rate on the Class II-A-5 Certificates will be subject to a maximum rate of 6.25% per annum. After the distribution date in January 2009, the pass-through rate on the Class II-A-7 Certificates will be subject to a maximum rate of 6.50% per annum.

See "Description of the Certificates—The Yield Maintenance Agreement" in this prospectus supplement.

Class I-A-3, Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-16, Class II-A-17 and Class II-A-19 Certificates

Investors in the Class I-A-3, Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-16, Class II-A-17 and Class II-A-19 Certificates should be aware that the yield on such Certificates will be extremely sensitive to the rate and timing of principal payments on the mortgage loans in the related loan group, and that rate may fluctuate significantly over time. A faster than expected rate of principal payments on the group I loans may have an adverse effect on the yield to investors in the Class I-A-3 Certificates, and a faster than expected rate of principal payments on the group II loans may have an adverse effect on the yield to investors in the Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-16, Class II-A-17 and Class II-A-19 Certificates, and could result in their failure to fully recover their initial investments.

Class A-P Certificates

The Class A-P Certificates will receive a portion of the principal payments only on the mortgage loans that have net mortgage rates lower than 6.50%. Therefore, the yield on the Class A-P Certificates will be extremely sensitive to the rate and timing of principal prepayments and defaults on the mortgage loans that have net mortgage rates lower than 6.50%.

Mortgage loans with lower mortgage rates are less likely to be prepaid than mortgage loans with higher mortgage rates. If prepayments of principal on the mortgage loans that have net mortgage rates lower than 6.50% occur at a rate slower than an investor assumed at the time of purchase, the investor's yield on the Class A-P Certificates will be adversely affected.

Class A-V Certificates

The Class A-V Certificates will receive a portion of the interest payments only from the mortgage loans that have net mortgage rates higher than 6.50%. Therefore, the yield on the Class A-V Certificates will be extremely sensitive to the rate and timing of principal prepayments and defaults on the mortgage loans that have net mortgage rates higher than 6.50%.

Mortgage loans with higher mortgage rates are more likely to be prepaid than mortgage loans with lower mortgage rates. If the mortgage loans that have net mortgage rates higher than 6.50% are prepaid at a rate faster than an investor assumed at the time of purchase, the yield to investors in the Class A-V Certificates will be adversely affected. Investors in the Class A-V Certificates should fully consider the risk that a rapid rate of prepayments on the mortgage loans that have net mortgage rates higher than 6.50% could result in the failure of such investors to fully recover their investments.

Class M Certificates

The yield to investors in each class of the Class M Certificates will be sensitive to the rate and timing of losses on the mortgage loans, if those losses are not covered by a more subordinate class of Class M Certificates or the Class B Certificates.

It is not expected that the Class M Certificates will receive any distributions of principal prepayments until the distribution date in October 2011. On or after that date, all or a disproportionately large portion of principal prepayments on the mortgage loans may be allocated to the senior certificates as described in this prospectus supplement, and none or a disproportionately small portion of principal prepayments on the mortgage loans may be paid to the holders of the Class M Certificates and Class B Certificates. As a result, the weighted average lives of the Class M Certificates may be longer than would otherwise be the case.

See "Summary--Credit Enhancement--Allocation of Losses" and "Description of the Certificates--Allocation of Losses; Subordination" in this prospectus supplement.

The recording of mortgages in the name of MERS may affect the yield on the certificates.

The mortgages or assignments of mortgage for many of the mortgage loans have been or may be recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns. Subsequent assignments of those mortgages are registered electronically through the MERS® System. However, if MERS discontinues the MERS® System and it becomes necessary to record an assignment of the mortgage to the trustee, then any related expenses shall be paid by the trust and will reduce the amount available to pay principal of and interest on the class or classes of certificates with certificate principal balances greater than zero with the lowest payment priorities.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. Public recording officers and others in the mortgage industry may have limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to certificateholders and increase the amount of losses on the mortgage loans.

For additional information regarding MERS and the MERS® System, see "Description of the Mortgage Pool—Mortgage Pool Characteristics" and "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Description of the Certificates—Assignment of Mortgage Loans" in the prospectus.

Issuing Entity

The depositor established a trust with respect to Series 2006-QS12 on the issuance date, under a series supplement, dated as of September 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, among the depositor, the master servicer and the trustee. The pooling and servicing agreement is governed by the laws of the State of New York. On the issuance date, the depositor deposited into the trust a pool of mortgage loans that in the aggregate constitutes a mortgage pool, secured by first liens on one- to four-family residential properties with terms to maturity of not more than 30 years. The trust does not have any additional equity. The pooling and servicing agreement authorizes the trust to engage only in selling the certificates in exchange for the mortgage loans, entering into and performing its obligations under the pooling and servicing agreement, activities necessary, suitable or convenient to such actions and other activities as may be required in connection with the conservation of the trust fund and making distributions to certificateholders. The mortgage pool was divided into the following two loan groups: loan group I and loan group II.

The pooling and servicing agreement provides that the depositor assigns to the trustee for the benefit of the certificateholders without recourse all the right, title and interest of the depositor in and to the mortgage loans. Furthermore, the pooling and servicing agreement states that, although it is intended that the conveyance by the depositor to the trustee of the mortgage loans be construed as a sale, the conveyance of the mortgage loans shall also be deemed to be a grant by the depositor to the trustee of a security interest in the mortgage loans and related collateral.

Some capitalized terms used in this prospectus supplement have the meanings given below under "Description of the Certificates—Glossary of Terms" or in the prospectus under "Glossary."

Sponsor and Master Servicer

Residential Funding Company, LLC, a Delaware limited liability company, buys residential mortgage loans under several loan purchase programs from mortgage loan originators or sellers nationwide, including affiliates, that meet its seller/servicer eligibility requirements and services mortgage loans for its own account and for others. See "The Trusts—Mortgage Collateral Sellers" and "—Qualifications of Sellers" in the prospectus for a general description of applicable seller/servicer eligibility requirements. Residential Funding Company, LLC's principal executive offices are located at One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423. Its telephone number is (952) 857-7000. Residential Funding Company, LLC conducts operations from its headquarters in Minneapolis and from offices located primarily in California, Texas, Maryland, Pennsylvania and New York. Residential Funding Company, LLC finances its operations primarily through its securitization program.

Residential Funding Company, LLC converted from a Delaware corporation to a Delaware limited liability company on October 6, 2006. Residential Funding Company, LLC was formerly known as Residential Funding Corporation. Residential Funding Company, LLC was founded in 1982 and began operations in 1986, acquiring, servicing and securitizing residential jumbo mortgage loans secured by first liens on one- to four-family residential properties. GMAC LLC, formerly known as General Motors Acceptance Corporation, purchased Residential

Funding Company, LLC in 1990. In 1995, Residential Funding Company, LLC expanded its business to include "Alt-A" first lien mortgage loans, such as some of the mortgage loans described in this prospectus supplement. Residential Funding Company, LLC also began to acquire and service "subprime", closed-end and revolving loans secured by second liens in 1995.

On November 21, 2007, Moody's Investors Service, Inc., or Moody's, reduced the servicer quality rating ("SQ") of Residential Funding as a master servicer of residential mortgage loans to SQ1- from SQ1 and placed these ratings on review for possible further downgrade. The downgrade was prompted by Moody's rating action on the senior unsecured debt rating of the parent corporation, Residential Capital, LLC, which was downgraded on November 1, 2007, to Ba3 from Ba1. Based on the rating action, Moody's lowered its servicing stability assessment for the master servicing operations to average from above average.

Moody's SQ rating for master servicers represents its view of a master servicer's ability to report servicer activity to trustees or investors and oversee the performance and reporting of underlying servicers. The SQ rating scale takes into account servicing stability which is a combination of the company's operational stability, financial stability, and the ability to respond to changing market conditions. The rating scale ranges from SQ1 (strong) to SQ5 (weak).

The following tables set forth the aggregate principal balance of publicly offered securitizations of mortgage loans sponsored by Residential Funding Company, LLC for the past five years and for the nine months ended September 30, 2007, calculated as of year end or quarter end, as applicable. Residential Funding Company, LLC sponsored approximately \$31.6 billion and \$2.8 billion in initial aggregate principal balance of mortgage-backed securities in the 2002 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Company, LLC sponsored approximately \$61.8 billion and \$3.0 billion in initial aggregate principal balance of mortgage-backed securities in the 2006 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Sponsor Securitization Experience

First Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005	2006	M
Prime Mortgages(1)	\$16,177,753,813	\$18,964,072,062	\$11,953,278,792	\$24,149,038,614	\$40,241,885,054	\$2
Non Prime Mortgages(2)	\$15,475,700,554	\$27,931,235,627	\$24,408,531,445	\$27,928,496,334	\$21,581,547,796	\$
Total	\$31,653,454,367	\$46,895,307,689	\$36,361,810,237	\$52,077,534,948	\$61,823,432,850	\$2
Prime Mortgages(1)	51.11%	40.44%	32.87%	46.37%	65.09%	80
Non Prime Mortgages(2)	48.89%	59.56%	67.13%	53.63%	34.91%	19
Total	100.00%	100.00%	100.00%	100.00%	100.00%	10
Percentage Change from Prior Year(3)						

Prime Mortgages(1)	(1.28)%	17.22%	(36.97)%	102.03%	66.64%	-
Non Prime Mortgages(2)	104.52%	80.48%	(12.61)%	14.42%	(22.73)%	-
Total	32.14%	48.15%	(22.46)%	43.22%	18.71%	-

Junior Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005	2006	
Prime Mortgages(1)	\$2,875,005,049	\$3,207,008,585	\$2,085,015,925	\$2,409,506,573	\$3,012,549,922	\$
Non Prime Mortgages(2)	-	-	-	-	-	-
Total	\$2,875,005,049	\$3,207,008,585	\$2,085,015,925	\$2,409,506,573	\$3,012,549,922	\$
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%	1
Non Prime Mortgages(2)	-	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%	1
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	17.90%	11.55%	(34.99)%	15.56%	25.03%	-
Non Prime Mortgages(2)	-	-	-	-	-	-
Total	17.90%	11.55%	(34.99)%	15.56%	25.03%	-

(1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans securitized by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans securitized together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

First Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006	M E 9/
Prime Mortgages(1)	68,077	86,166	55,773	91,631	141,188	6
Non Prime Mortgages(2)	136,789	200,446	170,696	173,796	132,069	3
Total	204,866	286,612	226,469	265,427	273,257	9
Prime Mortgages(1)	33.23%	30.06%	24.63%	34.52%	51.67%	6
Non Prime Mortgages(2)	66.77%	69.94%	75.37%	65.48%	48.33%	3
Total	100.00%	100.00%	100.00%	100.00%	100.00%	1

Percentage Change from Prior Year(3)

Prime Mortgages(1)	17.87%	26.57%	(35.27)%	64.29%	54.08%	-
Non Prime Mortgages(2)	91.47%	46.54%	(14.84)%	1.82%	(24.01)%	-
Total	58.56%	39.90%	(20.98)%	17.20%	2.95%	-

Junior Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006	En
Prime Mortgages(1)	73,188	84,962	51,614	53,071	60,951	54
Non Prime Mortgages(2)	-	-	-	-	-	-
Total	73,188	84,962	51,614	53,071	60,951	5
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%	10
Non Prime Mortgages(2)	-	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%	10
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	16.26%	16.09%	(39.25)%	2.82%	14.85%	-
Non Prime Mortgages(2)	-	-	-	-	-	-
Total	16.26%	16.09%	(39.25)%	2.82%	14.85%	-

(1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans securitized by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans securitized together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

The following tables set forth the outstanding principal balance, calculated as of year end or quarter end, as applicable, of mortgage loans master serviced by Residential Funding Company, LLC for the past five years and for the nine months ended September 30, 2007, and the number of such loans for the same periods. Residential Funding Company, LLC was the master servicer of a residential mortgage loan portfolio of approximately \$68.1 billion and \$4.1 billion in outstanding principal balance as of the end of the 2002 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. Residential Funding Company, LLC was the master servicer of a residential mortgage loan portfolio of approximately \$140.1 billion and \$8.5 billion in outstanding principal as of the end of the 2006 calendar year backed by first lien mortgage loans and junior lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

Master Servicer Servicing Experience

First Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005	2006
Prime Mortgages(1)	\$43,282,264,857	\$33,749,084,171	\$32,453,682,854	\$ 47,935,800,813	\$ 83,052,457,70
Non Prime Mortgages(2)	\$24,910,565,613	\$39,334,697,127	\$50,509,138,736	\$ 53,938,083,312	\$ 57,013,557,37
Total	\$68,192,830,470	\$73,083,781,298	\$82,962,821,590	\$101,873,884,125	\$140,066,015,07
Prime Mortgages(1)	63.47%	46.18%	39.12%	47.05%	59.30%
Non Prime Mortgages(2)	36.53%	53.82%	60.88%	52.95%	40.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	(15.75)%	(22.03)%	(3.84)%	47.71%	73.26%
Non Prime Mortgages(2)	51.62%	57.90%	28.41%	6.79%	5.70%
Total	0.57%	7.17%	13.52%	22.79%	37.49%

Junior Lien Mortgage Loans

Volume by Principal Balance	2002	2003	2004	2005	2006
Prime Mortgages(1)	\$4,102,615,571	\$4,365,319,862	\$5,135,640,057	\$5,476,133,777	\$8,536,345,778
Non Prime Mortgages(2)	-	-	-	-	-
Total	\$4,102,615,571	\$4,365,319,862	\$5,135,640,057	\$5,476,133,777	\$8,536,345,778
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non Prime Mortgages(2)	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	16.79%	6.40%	17.65%	6.63%	55.88%
Total	16.79%	6.40%	17.65%	6.63%	55.88%

(1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secure junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans securitized together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

First Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006
Prime Mortgages(1)	202,938	168,654	156,745	201,903	312,825
Non Prime Mortgages(2)	242,625	341,863	414,639	411,550	405,577
Total	445,563	510,517	571,384	613,453	718,402
Prime Mortgages(1)	45.55%	33.04%	27.43%	32.91%	43.54%
Non Prime Mortgages(2)	54.45%	66.96%	72.57%	67.09%	56.46%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	(14.71)%	(16.89)%	(7.06)%	28.81%	54.94%
Non Prime Mortgages(2)	44.37%	40.90%	21.29%	(0.74)%	(1.45)%
Total	9.74%	14.58%	11.92%	7.36%	17.11%

Junior Lien Mortgage Loans

Volume by Number of Loans	2002	2003	2004	2005	2006
Prime Mortgages(1)	118,773	127,833	147,647	143,713	199,652
Non Prime Mortgages(2)	-	-	-	-	-
Total	118,773	127,833	147,647	143,713	199,652
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%
Non Prime Mortgages(2)	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from Prior Year(3)					
Prime Mortgages(1)	14.16%	7.63%	15.50%	(2.66)%	38.92%
Non Prime Mortgages(2)	-	-	-	-	-
Total	14.16%	7.63%	15.50%	(2.66)%	38.92%

(1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity and Home Equity Revolving Credit Line Loan Junior Lien programs.

(2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secur junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securi together in the same mortgage pools.

(3) Represents year to year growth or decline as a percentage of the prior year's volume.

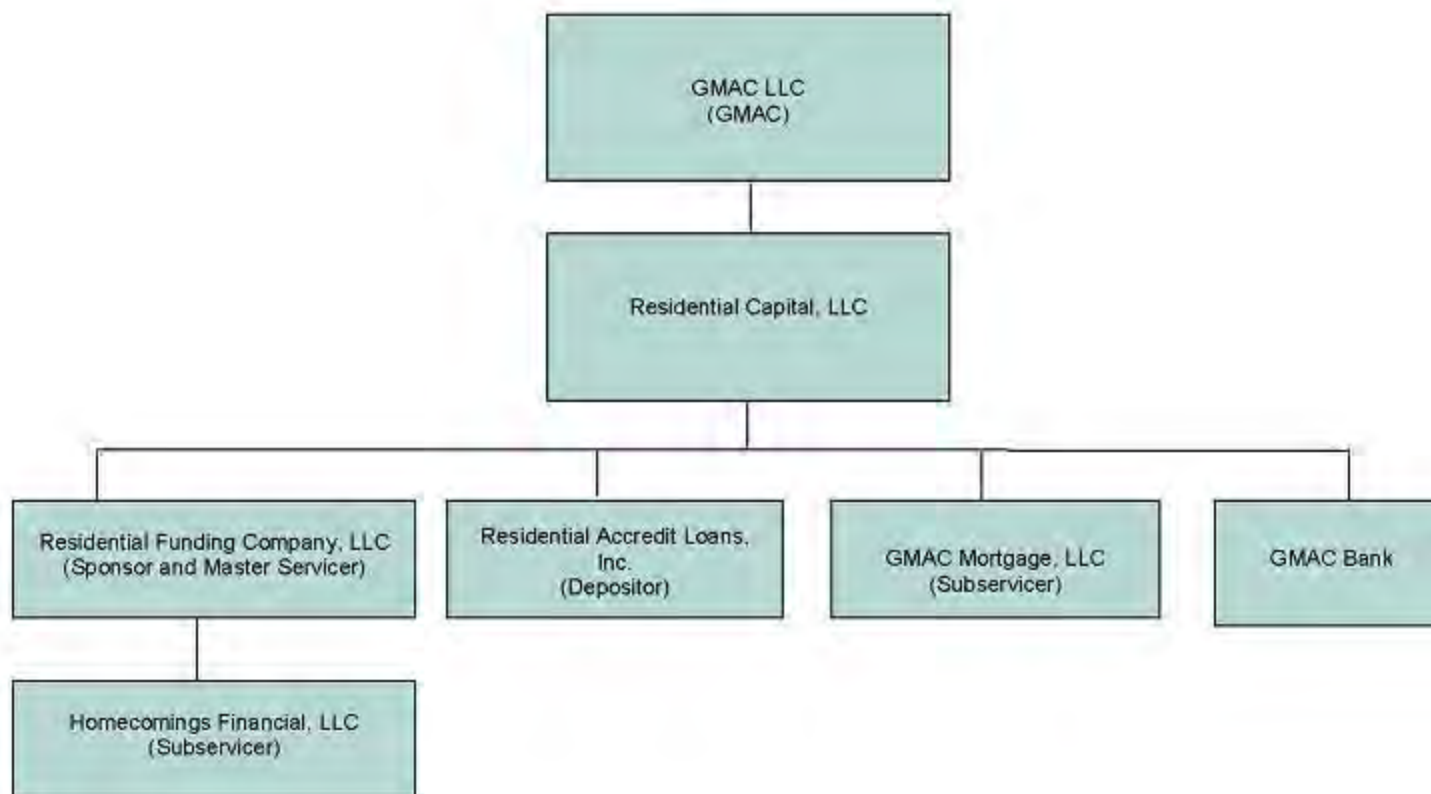
Residential Funding Company, LLC's overall procedures for originating and acquiring mortgage loans are described under "Description of the Mortgage Pool-The Program" in this prospectus supplement. Residential

Funding Company, LLC's material role and responsibilities in this transaction, including as master servicer, are described in the prospectus under "The Trusts—Qualifications of Sellers" and "The Trusts—Repurchases of Mortgage Collateral" and in this prospectus supplement under "Pooling and Servicing Agreement—The Master Servicer and Subservicer—Master Servicer."

Residential Funding Company, LLC's wholly-owned subsidiary, Homecomings Financial, LLC, or Homecomings, originated and sold to Residential Funding Company, LLC approximately 22.1%, 31.2% and 29.0% of the group I loans, the group II loans and all of the mortgage loans, respectively, by principal balance as of the reference date, included in the mortgage pool. GMAC Mortgage, LLC originated and sold to Residential Funding Company, LLC approximately 4.3%, 3.7% and 3.8% of the group I loans, group II loans and all of the mortgage loans, respectively, by principal balance as of the reference date, included in the mortgage pool. See "Affiliations Among Transaction Parties," "Description of the Mortgage Pool—Originators" and "Pooling and Servicing Agreement—The Master Servicer and Subservicers" in this prospectus supplement.

Affiliations Among Transaction Parties

The diagram below illustrates the various relationships among the affiliated transaction parties.



Description of the Mortgage Pool

General

The mortgage pool consisted of 2,685 mortgage loans with an aggregate principal balance outstanding as of the cut-off date, after deducting payments of principal due during the month of the cut-off date, of approximately \$541,291,677. The mortgage pool consists of 2,204 mortgage loans with an aggregate principal balance outstanding as of the reference date, after deducting payments of principal due during the month of the reference date, of approximately \$424,164,277.

The mortgage loans are secured by first liens on fee simple interests in one-to four-family residential real properties and, in the case of approximately 0.1% of the mortgage loans, an interest in shares issued by a cooperative apartment corporation and the related proprietary lease. The property securing the mortgage loan is referred to as the mortgaged property. The mortgage pool consists of conventional, fixed-rate, first lien

mortgage loans with terms to maturity of not more than 30 years from the date of origination. The mortgage pool is divided into two groups of mortgage loans, referred to as group I loans and group II loans. All percentages of the mortgage loans described in this prospectus supplement are approximate percentages by aggregate principal balance determined as of the reference date, after deducting payments of principal due during the month of the reference date, unless otherwise indicated.

The mortgage loans were selected for inclusion in the mortgage pool from among mortgage loans purchased in connection with the Expanded Criteria Program described below based on the Sponsor's assessment of investor preferences and rating agency criteria.

The depositor and Residential Funding have made certain limited representations and warranties regarding the mortgage loans as of September 28, 2006, which is the initial date of issuance of the certificates. The depositor and Residential Funding are required to repurchase or substitute for any mortgage loan as to which a breach of its representations and warranties with respect to that mortgage loan occurs, if such breach materially and adversely affects the interests of the certificateholders in any of those mortgage loans. Residential Funding has not and will not assign to the depositor, and consequently the depositor has not and will not assign to the trustee for the benefit of the certificateholders, any of the representations and warranties made by the sellers or the right to require the related seller to repurchase any such mortgage loan in the event of a breach of any of its representations and warranties. Accordingly, the only representations and warranties regarding the mortgage loans that have been made for the benefit of the certificateholders are the limited representations and warranties made by Residential Funding and the depositor. See "The Trusts—Representations with Respect to Mortgage Collateral" in the prospectus.

A limited amount of losses on mortgage loans as to which there was fraud in the origination of those mortgage loans will be covered by the subordination provided by the Class M Certificates and Class B Certificates as described in this prospectus supplement under "Description of the Certificates—Allocation of Losses; Subordination."

Mortgage Pool Characteristics

The original mortgages for many of the mortgage loans have been, or in the future may be, at the sole discretion of the master servicer, recorded in the name of Mortgage Electronic Registration Systems, Inc., or MERS, solely as nominee for the originator and its successors and assigns, and subsequent assignments of those mortgages have been, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. In some other cases, the original mortgage was recorded in the name of the originator of the mortgage loan, record ownership was later assigned to MERS, solely as nominee for the owner of the mortgage loan, and subsequent assignments of the mortgage were, or in the future may be, at the sole discretion of the master servicer, registered electronically through the MERS® System. For each of these mortgage loans, MERS serves as mortgagee of record on the mortgage solely as a nominee in an administrative capacity on behalf of the trustee, and does not have any interest in the mortgage loan. As of the reference date approximately 94.2%, 96.1% and 95.6% of the group I loans, the group II loans and all of the mortgage loans, respectively, were recorded in the name of MERS. For additional information regarding the recording of mortgages in the name of MERS see "Certain Yield and Prepayment Considerations—General" in this prospectus supplement and "Description of the Certificates—Assignment of Mortgage Loans" in the prospectus.

None of the mortgage loans were subject to the Home Ownership and Equity Protection Act of 1994. None of the mortgage loans are loans that, under applicable state or local law in effect at the time of origination of the loan, are referred to as (1) "high cost" or "covered" loans or (2) any other similar designation if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest

rates, points and/or fees. See "Certain Legal Aspects of the Mortgage Loans—The Mortgage Loans—Homeownership Act and Similar State Laws" in the prospectus.

- o As of the reference date, approximately 4.1%, 3.9% and 4.0% of the group I loans, the group II loans and all of the mortgage loans are currently 30 to 59 days delinquent in payment of principal and interest.
- o As of the reference date, approximately 2.2%, 2.3% and 2.3% of the group I loans, the group II loans and all of the mortgage loans are currently 60 to 89 days delinquent in payment of principal and interest.
- o As of the reference date, approximately 7.6%, 6.1% and 6.5% of the group I loans, the group II loans and all of the mortgage loans are currently 90 or more days delinquent in payment of principal and interest.
- o As of the reference date, approximately 11.6%, 9.4% and 9.9% of the group I loans, the group II loans and all of the mortgage loans have been delinquent by a maximum of 30 to 59 days in payment of principal and interest in the past 24 months.
- o As of the reference date, approximately 2.4%, 3.3% and 3.1% of the group I loans, the group II loans and all of the mortgage loans have been delinquent by a maximum of 60 to 89 days in payment of principal and interest in the past 24 months.
- o As of the reference date, approximately 7.7%, 7.0% and 7.2% of the group I loans, the group II loans and all of the mortgage loans have been delinquent by 90 days or more in payment of principal and interest in the past 24 months.
- o As of the reference date, the cumulative amount of realized losses on the mortgage loans since the cut-off date was equal to approximately 0.1% of the aggregate principal balance of the mortgage loans as of the cut-off date.
- o As of the reference date, none of the mortgage loans are Buy-Down Mortgage Loans.
- o As of the reference date, no mortgage loan provides for deferred interest or negative amortization.
- o As of the reference date, none of the mortgage loans have been made to international borrowers.
- o As of the reference date, approximately 1.0%, 0.3% and 0.4% of the aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively, are balloon loans.

In the case of approximately 0.6%, 2.1% and 1.7% of the aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively, in lieu of an appraisal, a valuation of the mortgaged property was obtained using one of several automated valuation models. See "--Automated Valuation Models" below.

For a description of the methodology used to categorize mortgage loans as delinquent, see "--Static Pool Information" below.

With respect to approximately 48.1% of the aggregate principal balance of the group I loans, the related mortgage note provides for an interest only period for the first ten years following the date of origination. With respect to approximately 0.1%, 39.1% and 0.1% of the aggregate principal balance of the group II loans, the related mortgage note provides for an interest only period for the first five years, ten years and fifteen years, respectively, following the date of origination. With respect to approximately 0.1%, 41.3% and 0.1% of the aggregate principal balance of all of the mortgage loans, the related mortgage note provides for an interest only period for the first five years, ten years and fifteen years, respectively, following the date of origination. Under the terms of these loans, borrowers are required to pay only accrued interest each month, with no corresponding principal payments, until the end of the interest only period. Once the interest only period ends, monthly payments of principal are required to amortize the loan over its remaining term, in addition to accrued interest.

Approximately 4.5%, 3.3% and 3.6% of the aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively provide for payment of a prepayment charge for partial prepayments and prepayments in full. However with respect to some of the mortgage loans, the prepayment charge may be waived in the case of a prepayment occurring upon the sale of property securing a mortgage loan. The prepayment charge applies to prepayments made within up to five years following the origination of such mortgage loan. The amount of the prepayment charge is generally equal to six months' advance interest on the amount of the prepayment that, when added to all other amounts prepaid during the twelve-month period immediately preceding the date of prepayment, exceeds twenty percent (20%) of the original principal amount of the mortgage loan. Prepayment charges received on the mortgage loans will not be available for distribution on the certificates. See "Certain Yield and Prepayment Considerations" in this prospectus supplement and "Certain Legal Aspects of the Mortgage Loans and Contracts—Default Interest and Limitations on Prepayments" in the prospectus.

Group I Loans. The group I loans consist of 410 fixed-rate mortgage loans with an aggregate principal balance as of the reference date of approximately \$101,356,391. The group I loans had individual principal balances at origination of at least \$85,000 but not more than \$1,763,000 with an average principal balance at origination of approximately \$250,324. The group I loans have terms to maturity from the date of origination or modification of not more than 30 years. All of the group I loans were purchased by the depositor through its affiliate, Residential Funding, from unaffiliated sellers as described in this prospectus supplement and in the prospectus, except in the case of approximately 22.1% and 4.3% of the group I loans, which were purchased by the depositor through its affiliate, Residential Funding, from Homecomings and GMAC Mortgage, LLC, respectively. Approximately 14.5% and 12.0% of the group I loans were purchased by the depositor through its affiliate, Residential Funding, from SunTrust Mortgage, Inc. and Wachovia Mortgage Corporation. Except as described in the preceding sentence, no unaffiliated seller sold more than approximately 7.5% of the group I loans to Residential Funding. Approximately 72.2% of the group I loans are being subserviced by GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC and approximately 14.5% of the group I loans are being subserviced by SunTrust Mortgage, Inc.

None of the group I loans were originated prior to February 24, 2006 or will have a maturity date later than September 1, 2036. No group I loan had a remaining term to stated maturity as of the reference date of less than 223 months. The weighted average remaining term to stated maturity of the group I loans as of the reference date was approximately 342 months. The weighted average original term to stated maturity of the group I loans as of the reference date was approximately 359 months. As used in this prospectus supplement the remaining term to stated maturity means, as of any date of determination and with respect to any mortgage loan, the number of months equaling the number of scheduled monthly payments remaining after the reference date.

Group II Loans. The group II loans consist of 1,794 fixed-rate mortgage loans with an aggregate principal balance as of the reference date of approximately \$322,807,886. The group II loans had individual principal

balances at origination of at least \$23,075 but not more than \$780,000 with an average principal balance at origination of approximately \$182,235. The group II loans have terms to maturity from the date of origination or modification of not more than 30 years. All of the group II loans were purchased by the depositor through its affiliate, Residential Funding, from unaffiliated sellers as described in this prospectus supplement and in the prospectus, except in the case of approximately 31.2% and 3.7% of the group II loans, which were purchased by the depositor through its affiliate, Residential Funding, from Homecomings and GMAC Mortgage, LLC, respectively. Approximately 13.4% and 11.1% of the group II loans were purchased by the depositor through its affiliate, Residential Funding, from SunTrust Mortgage, Inc. and Wachovia Mortgage Corporation. Except as described in the preceding sentence, no unaffiliated seller sold more than approximately 6.1% of the group II loans to Residential Funding. Approximately 13.4% of the group II loans are being subserviced by SunTrust Mortgage, Inc. and approximately 70.8% of the group II loans are being subserviced by GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC.

None of the group II loans were originated prior to January 19, 1996 or will have a maturity date later than September 1, 2036. No group II loan had a remaining term to stated maturity as of the reference date of less than 217 months. The weighted average remaining term to stated maturity of the group II loans as of the reference date was approximately 343 months. The weighted average original term to stated maturity of the group II loans as of the reference date was approximately 360 months.

All Mortgage Loans. The mortgage loans consist of 2,204 fixed-rate mortgage loans with an aggregate principal balance as of the reference date of approximately \$424,164,277. The mortgage loans had individual principal balances at origination of at least \$23,075 but not more than \$1,763,000 with an average principal balance at origination of approximately \$194,901. The mortgage loans have terms to stated maturity from the date of origination or modification of not more than 30 years. All of the mortgage loans were purchased by the depositor through its affiliate, Residential Funding, from unaffiliated sellers as described in this prospectus supplement and in the prospectus, except in the case of approximately 29.0% and 3.8% of the mortgage loans, which were purchased by the depositor through its affiliate, Residential Funding, from Homecomings and GMAC Mortgage, LLC, respectively. Approximately 13.7% and 11.3% of all of the mortgage loans were purchased by the depositor through its affiliate, Residential Funding, from SunTrust Mortgage, Inc. and Wachovia Mortgage Corporation. Except as described in the preceding sentence, no unaffiliated seller sold more than approximately 6.4% of the mortgage loans to Residential Funding. Approximately 71.1% of the mortgage loans are being subserviced by GMAC Mortgage, LLC, an affiliate of Residential Funding Company, LLC and approximately 13.7% of the mortgage loans are being subserviced by SunTrust Mortgage, Inc.

None of the mortgage loans were originated prior to January 19, 1996 or will have a maturity date later than September 1, 2036. No mortgage loan had a remaining term to stated maturity as of the reference date of less than 217 months. The weighted average remaining term to stated maturity of the mortgage loans as of the reference date was approximately 342 months. The weighted average original term to stated maturity of the mortgage loans as of the reference date was approximately 360 months.

Set forth in Annex I is a description of certain additional characteristics of the mortgage loans expressed as a percentage of the outstanding aggregate principal balance of the mortgage loans having those characteristics relative to the outstanding aggregate principal balance of all mortgage loans. Unless otherwise specified, all principal balances of the mortgage loans are as of the reference date, after deducting payments of principal due during the month of the reference date, and are rounded to the nearest dollar.

Sharia Mortgage Loans

Approximately 0.7%, 0.2% and 0.3% by aggregate principal balance of the group I loans, the group II loans

and all of the mortgage loans, respectively, as of the reference date, referred to as the Sharia Mortgage Loans, have been structured to comply with Islamic religious law, which prohibits the charging of interest on loans. Generally, ownership of the mortgaged property securing a Sharia Mortgage Loan is vested in two co-owners, the borrower, referred to as the "consumer", and an indirect wholly-owned subsidiary of the originator, referred to as the "co-owner," pursuant to a Co-Ownership Agreement. Both the consumer and co-owner possess certain rights, which indicate their respective rights of ownership, under the Co-Ownership Agreement, including the "indicia of ownership". Certain indicia of ownership, such as the sole right to occupy the property and the obligation to pay taxes on the property, belong to the consumer, and other indicia of ownership, such as the right of re-entry for purposes of inspection of the property and the ability to cure any defects regarding the property, belong to the co-owner. The consumer is obligated to make monthly payments to the co-owner pursuant to an Obligation to Pay. Each monthly payment is comprised of a "profit payment" and an "acquisition payment". The profit payment is made in consideration of the consumer's exclusive right to use and enjoy the mortgaged property. The sum of the acquisition payments required to be made under the Obligation to Pay will equal the portion of the purchase price or refinance amount paid by the co-owner at the time of origination. A lien on the mortgaged property to secure the obligations of the consumer under the Obligation to Pay and the Co-Ownership Agreement is established pursuant to a Mortgage or Security Instrument, which is filed in the real property records of the applicable recording office. The originator's security interest in both the co-owner's and the consumer's interest in the mortgaged property, along with the rights under the Co-Ownership Agreement and the Obligation to Pay, will be assigned to the trust as the originator's assignee. Title to the mortgaged property is retained by the consumer and the co-owner or the consumer alone. Upon a default by the consumer under the Obligation to Pay or the Co-Ownership Agreement, the trust, as the originator's assignee, will have the power to sell the property and use the proceeds of the sale to satisfy the full amount owed by the consumer under the Obligation to Pay and the Co-Ownership Agreement.

For all purposes under this prospectus supplement, the profit factor on any Sharia Mortgage Loan will be deemed to be the mortgage rate on that mortgage loan, any amounts received with respect to the profit payment for any Sharia Mortgage Loan will be deemed to be interest collected on that mortgage loan, any amounts received with respect to the acquisition payment for any Sharia Mortgage Loan will be deemed to be principal collected on that mortgage loan, references in this prospectus supplement to a note or mortgage note will be deemed to be references to the Obligation to Pay for any Sharia Mortgage Loan and references in this prospectus supplement to a mortgage will be deemed to be references to a Mortgage or Security Instrument, as applicable, for any Sharia Mortgage Loan.

Balloon Loans

Approximately 1.0%, 0.3% and 0.4% by aggregate principal balance of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date, provide for the payment of principal generally based on a 40-year amortization schedule, although the mortgage loan will have a scheduled maturity date of approximately 30 years from the due date of the first monthly payment, leaving a substantial portion of the original principal amount due and payable on the scheduled maturity date of the mortgage loan. These mortgage loans are sometimes called balloon loans, and the payments due at maturity are called balloon amounts. The existence of a balloon amount generally will require the related mortgagor to refinance the balloon loan or to sell the mortgaged property on or prior to the scheduled maturity date. The ability of a mortgagor to accomplish either of these goals will be affected by a number of factors, including the level of available mortgage rates at the time of sale or refinancing, the mortgagor's equity in the related mortgaged property, the financial condition of the mortgagor, tax laws and prevailing general economic conditions. None of the depositor, the master servicer or the trustee is obligated to refinance any balloon loan.

Static Pool Information

Current static pool data with respect to mortgage loans serviced by Residential Funding is available on the internet at www.gmacrfcstaticpool.com (the "Static Pool Data"). Information presented under (i) "RALI" as the issuer/shelf, (ii) "QS" as the series, and (iii) "2006-QS12" as the deal, will include information regarding prior securitizations of mortgage loans that are similar to the mortgage loans included in this mortgage pool, based on underwriting criteria and credit quality, as well as historical information regarding the mortgage loans in this mortgage pool, and that information is referred to in this prospectus supplement as Static Pool Data.

The Static Pool Data is not deemed to be a part of the prospectus or the depositor's registration statement to the extent that the Static Pool Data relates to (a) any issuing entity that was established before January 1, 2006 and (b) information relating to assets of the RALI 2006-QS12 Trust for periods prior to January 1, 2006.

As used in the Static Pool Data and in this prospectus supplement, a loan is considered to be "30 to 59 days" or "30 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the next following monthly scheduled due date; "60 to 89 days" or "60 or more days" delinquent when a payment due on any scheduled due date remains unpaid as of the close of business on the last business day immediately prior to the second following monthly scheduled due date; and so on. The determination as to whether a mortgage loan falls into these categories is made as of the close of business on the last business day of each month. Grace periods and partial payments do not affect these determinations.

From time to time, the master servicer or a subservicer will modify a mortgage loan, recasting monthly payments for delinquent borrowers who have experienced financial difficulties. Generally such borrowers make payments under the modified terms for a trial period, before the modifications become final. During any such trial period, delinquencies are reported based on the mortgage loan's original payment terms. The trial period is designed to evaluate both a borrower's desire to remain in the mortgaged property and, in some cases, a borrower's capacity to pay a higher monthly payment obligation. The trial period generally may extend to up to six months before a modification is finalized. Once the modifications become final delinquencies are reported based on the modified terms. Generally if a borrower fails to make payments during a trial period, the mortgage loan goes into foreclosure. Historically, the master servicer has not modified a material number of mortgage loans in any pool. Furthermore, the rating agencies rating the certificates impose certain limitations on the ability of the master servicer to modify loans.

Charge-offs are taken only when the master servicer has determined that it has received all payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to any mortgage loan.

There can be no assurance that the delinquency and foreclosure experience set forth in the Static Pool Data will be representative of the results that may be experienced with respect to the mortgage loans included in the trust.

Primary Mortgage Insurance and Standard Hazard Insurance

Each mortgage loan is required to be covered by a standard hazard insurance policy. In addition, to the best of the depositor's knowledge, subject to the exceptions described in the following sentence, each mortgage loan with an LTV ratio at origination in excess of 80% will be insured by a primary mortgage insurance policy, which is referred to as a primary insurance policy, covering at least 35% of the balance of the mortgage loan at origination if the LTV ratio is between 100.00% and 95.01%, at least 30% of the balance of the mortgage loan at origination if the LTV ratio is between 95.00% and 90.01%, at least 25% of the balance of the mortgage loan at origination if the LTV ratio is between 90.00% and 85.01%, and at least 12% of the balance of the mortgage loan

at origination if the LTV ratio is between 85.00% and 80.01%. Two of the mortgage loans, representing 0.1% of the mortgage loans with an LTV ratio at origination in excess of 80% will be insured by a primary mortgage insurance policy covering less than the amounts described in the preceding sentence, and five of the mortgage loans, representing 0.2% of the mortgage loans with an LTV ratio at origination in excess of 80% will be uninsured.

All of the primary insurance policies were issued by Mortgage Guaranty Insurance Corporation, General Electric Mortgage Insurance Corporation/Genworth Mortgage Insurance Company, Genworth of N.C., Triad Guaranty, Republic Mortgage Ins. N.C., United Guaranty Residential Insurance Company, PMI Mortgage Insurance Company, CUNA Mutual Group or Radian Guaranty Inc., which collectively are the primary insurers. Each primary insurer has a claims paying ability currently acceptable to the rating agencies that have been requested to rate the certificates; however, no assurance as to the actual ability of any primary insurer to pay claims can be given by the depositor, the issuing entity or the underwriter. See "Insurance Policies on Mortgage Loans or Contracts" in the prospectus.

The Program

General. Residential Funding, under its Expanded Criteria Program, or the program, purchases mortgage loans that may not qualify for other first mortgage purchase programs such as those run by Fannie Mae or Freddie Mac or by Residential Funding in connection with securities issued by the depositor's affiliate, Residential Funding Mortgage Securities I, Inc. However, a portion of the mortgage loans under the program may also qualify for the Fannie Mae or Freddie Mac programs. Examples of mortgage loans that may not qualify for such programs include mortgage loans secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans with high LTV ratios or mortgage loans made to borrowers whose ratios of debt service on the mortgage loan to income and total debt service on borrowings to income are higher than for those other programs. Borrowers may be international borrowers. The mortgage loans also include mortgage loans secured by parcels of land that are smaller or larger than the average for these types of loans, mortgage loans with higher LTV ratios than in those other programs, and mortgage loans with LTV ratios over 80% that do not require primary mortgage insurance. See "-Program Underwriting Standards" below. The inclusion of those mortgage loans may present certain risks that are not present in those other programs. The program is administered by Residential Funding on behalf of the depositor.

Qualifications of Program Sellers. Each Expanded Criteria Program Seller has been selected by Residential Funding on the basis of criteria described in Residential Funding's Expanded Criteria Seller Guide, or the Seller Guide. See "The Trusts—Qualifications of Sellers" in the prospectus.

Program Underwriting Standards. In accordance with the Seller Guide, the Expanded Criteria Program Seller is required to review an application designed to provide to the original lender pertinent credit information concerning the mortgagor. As part of the description of the mortgagor's financial condition, each mortgagor is required to furnish information, which may have been supplied solely in the application, regarding its assets, liabilities, income (except as described below), credit history and employment history, and to furnish an authorization to apply for a credit report which summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy. The mortgagor may also be required to authorize verifications of deposits at financial institutions where the mortgagor had demand or savings accounts. In the case of non-owner occupied properties, income derived from the mortgaged property may be considered for underwriting purposes. For mortgaged property consisting of a vacation or second home, generally no income derived from the property is considered for underwriting purposes.

Based on the data provided in the application and certain verifications, if required, a determination is

made by the original lender that the mortgagor's monthly income, if required to be stated, will be sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property, including property taxes, utility costs, standard hazard insurance and other fixed obligations. Generally, scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance and all scheduled payments on obligations that extend beyond ten months, including those mentioned above and other fixed obligations, must equal no more than specified percentages of the prospective mortgagor's gross income. The originator may also consider the amount of liquid assets available to the mortgagor after origination.

Certain of the mortgage loans have been originated under "reduced documentation" or "no stated income" programs, which require less documentation and verification than do traditional "full documentation" programs. Generally, under a "reduced documentation" program, no verification of a mortgagor's stated income is undertaken by the originator. Under a "no stated income" program, certain borrowers with acceptable payment histories will not be required to provide any information regarding income and no other investigation regarding the borrower's income will be undertaken. Under a "no income/no asset" program, no verification of a mortgagor's income or assets is undertaken by the originator. The underwriting for those mortgage loans may be based primarily or entirely on an appraisal of the mortgaged property and the LTV ratio at origination.

The adequacy of the mortgaged property as security for repayment of the related mortgage loan generally is determined by an appraisal in accordance with appraisal procedure guidelines described in the Seller Guide. Appraisers may be staff appraisers employed by the originator. The appraisal procedure guidelines generally require the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property is in good condition and that construction, if new, has been substantially completed. The appraiser is required to consider a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property, or replacement cost analysis based on the current cost of constructing or purchasing a similar property. In certain instances, the LTV ratio is based on the appraised value as indicated on a review appraisal conducted by the mortgage collateral seller or originator.

Prior to assigning the mortgage loans to the depositor, Residential Funding will have reviewed the underwriting information provided by the mortgage collateral sellers for the mortgage loans and, in those cases, determined that the mortgage loans were generally originated in accordance with or in a manner generally consistent with the underwriting standards described in the Seller Guide. With regard to a material portion of these mortgage loans, this review of underwriting information by Residential Funding was performed using an automated underwriting system. Any determination described above using an automated underwriting system will only be based on the information entered into the system and the information the system is programmed to review. See "The Trusts—Underwriting Policies—Automated Underwriting" in the prospectus.

Because of the program criteria and underwriting standards described above, the mortgage loans may experience greater rates of delinquency, foreclosure and loss than mortgage loans required to satisfy more stringent underwriting standards.

Billing and Payment Procedures. The majority of the mortgage loans require monthly payments to be made no later than either the 1st or 15th day of each month, with a grace period. The applicable servicer sends monthly invoices to borrowers. In some cases, borrowers are provided with coupon books annually, and no invoices are sent separately. Borrowers may elect for monthly payments to be deducted automatically from deposit accounts and may make payments by various means, including online transfers, phone payment and Western Union quick check, although an additional fee may be charged for these payment methods. Borrowers may also elect to pay one half of each monthly payment amount every other week, in order to accelerate the amortization of their loans.

Underwriting Standards

All of the mortgage loans in the mortgage pool were originated in accordance with the underwriting criteria of Residential Funding described under "The Program" in this prospectus supplement. Residential Funding will review each mortgage loan for compliance with its underwriting standards prior to purchase as described under "The Trusts—Underwriting Policies—Automated Underwriting" in the prospectus.

The applicable underwriting standards include a set of specific criteria by which the underwriting evaluation is made. However, the application of the underwriting standards does not imply that each specific criterion was satisfied individually. Rather, a mortgage loan will be considered to be originated in accordance with the underwriting standards described above if, based on an overall qualitative evaluation, the loan is in substantial compliance with the underwriting standards. For example, a mortgage loan may be considered to comply with the underwriting standards described above, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors positively compensated for the criteria that were not satisfied.

Automated Valuation Models

In some cases, for mortgage loans underwritten through Residential Funding's automated underwriting system, in lieu of an appraisal, a valuation of the mortgaged property was obtained by using one of several automated valuation models. There are multiple automated valuation models included in Residential Funding's automated underwriting system. Based upon, among other factors, the geographic area, price range and other attributes of a qualifying mortgage loan, a mortgage loan is directed to the appropriate automated valuation model for that particular mortgage loan. An automated valuation model evaluates, among other things, various types of publicly-available information such as recent sales prices of similar homes within the same price range. Residential Funding uses automated valuation models in lieu of full appraisals for qualifying first lien mortgage loans underwritten through its automated underwriting system which meet specified underwriting criteria and receive an acceptable valuation.

Originators

Homecomings is a Delaware limited liability company and wholly-owned subsidiary of Residential Funding Company, LLC. Homecomings originated approximately 22.1%, 31.2% and 29.0% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively. See also "Pooling and Servicing Agreement—The Master Servicer and Subservicers—GMAC Mortgage, LLC" in this prospectus supplement.

SunTrust Mortgage, Inc., a Virginia corporation, originated approximately 14.5%, 13.4% and 13.7% by principal amount of the group I loans, group II loans and all of the mortgage loans, respectively.

Wachovia Mortgage Corporation, a North Carolina corporation, originated approximately 12.0%, 11.1% and 11.3% by principal amount of the group I loans, group II loans and all of the mortgage loans, respectively.

GMAC Mortgage, LLC, a Delaware limited liability company and an affiliate of Residential Funding Company, LLC, originated approximately 4.3%, 3.7% and 3.8% by principal amount of the group I loans, group II loans and all of the mortgage loans, respectively.

The mortgage loans were originated in accordance with Residential Funding Company, LLC's underwriting standards described above. See "Description of the Mortgage Pool—Underwriting Standards" above.

Additional Information

The description in this prospectus supplement of the mortgage pool and the mortgaged properties is based upon the mortgage pool as constituted at the close of business on the reference date, as adjusted for the scheduled principal payments due during the month of the reference date. Prior to the closing date, Residential Funding Company, LLC may repurchase or substitute for any mortgage loan as to which a breach of its representations and warranties with respect to that mortgage loan occurs, if such breach materially and adversely affects the interests of the certificateholders in any of those mortgage loans. The information in this prospectus supplement will be substantially representative of the characteristics of the mortgage pool as it will be constituted on the closing date, although the range of mortgage rates and maturities and some other characteristics of the mortgage loans in the mortgage pool may vary.

A current report on Form 8-K is available to purchasers of the offered certificates and was filed by the issuing entity, in its own name, together with the pooling and servicing agreement, with the Securities and Exchange Commission on October 13, 2006.

Description of the Certificates

General

The Series 2006-QS12 Mortgage Asset-Backed Pass-Through Certificates include 27 classes of Senior Certificates.

The Group I Senior Certificates include the following five classes:

- o Class I-A-1 Certificates;
- o Class I-A-2 Certificates, or the Retail Certificates;
- o Class I-A-3 Certificates;
- o Class I-A-4 Certificates, or the Group I Lockout Certificates; and
- o Class R-I Certificates.

The Group II Senior Certificates include the following twenty classes:

- o Class II-A-1 Certificates;
- o Class II-A-2 Certificates;
- o Class II-A-3 Certificates;
- o Class II-A-4 Certificates;
- o Class II-A-5 Certificates;
- o Class II-A-6 Certificates;
- o Class II-A-7 Certificates, or the Super Senior Certificates;

- o Class II-A-8 Certificates;
- o Class II-A-9 Certificates;
- o Class II-A-10 Certificates, or the Senior Support Certificates, together with the Class II-A-4 Certificates, the Group II Lockout Certificates, and together with the Class I-A-4 Certificates and Class II-A-4 Certificates, the Lockout Certificates;
- o Class II-A-11 Certificates;
- o Class II-A-12 Certificates;
- o Class II-A-13 Certificates;
- o Class II-A-14 Certificates
- o Class II-A-15 Certificates, and together with the Class II-A-1, Class II-A-5, Class II-A-7, Class II-A-9 and Class II-A-12 Certificates, the Floater Certificates;
- o Class II-A-16 Certificates, and together with the Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13 and Class II-A-14 Certificates, the Inverse Floater Certificates, and together with the Floater Certificates, the Adjustable Rate Certificates;
- o Class II-A-17 Certificates;
- o Class II-A-18 Certificates;
- o Class II-A-19 Certificates; and
- o Class R-II Certificates.

The Senior Certificates also include the following two classes:

- o Class A-P Certificates, or the Principal Only Certificates; and
- o Class A-V Certificates, or the Variable Strip Certificates, and together with the Class I-A-3, Class II-A-2, Class II-A-6, Class II-A-8, Class II-A-13, Class II-A-16, Class II-A-17 and Class II-A-19 Certificates, the Interest Only Certificates.

In addition, the Series 2006-QS12 Mortgage Asset-Backed Pass-Through Certificates include the following six classes of subordinated certificates.

- o Class M-1 Certificates;
- o Class M-2 Certificates;
- o Class M-3 Certificates, and together with the Class M-1 Certificates and the Class M-2 Certificates, the Class M Certificates;

- o Class B-1 Certificates;
- o Class B-2 Certificates; and
- o Class B-3 Certificates, and together with the Class B-1 Certificates and the Class B-2 Certificates, the Class B Certificates.

Distributions of interest and principal on the Group I Senior Certificates and the Group II Senior Certificates are based primarily on interest and principal received or advanced with respect to the group I loans and the group II loans, respectively. Distributions of principal and interest on the Class A-P, Class A-V, Class M Certificates and Class B Certificates are based on interest and principal received or advanced with respect to all of the mortgage loans. Only the Class II-A-15 Certificates are offered hereby. See "Glossary" in the prospectus for the meanings of capitalized terms and acronyms not otherwise defined in this prospectus supplement:

The certificates evidence the entire beneficial ownership interest in the trust. The trust consists of:

- o the mortgage loans;
- o the cash deposited in respect of the mortgage loans in the Custodial Account and in the Certificate Account and belonging to the trust;
- o property acquired by foreclosure of the mortgage loans or deed in lieu of foreclosure;
- o any applicable primary insurance policies and standard hazard insurance policies;
- o with respect to the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates, the related yield maintenance agreement; and
- o all proceeds of any of the foregoing.

After giving effect to distributions on the January 25, 2008 distribution date, the Senior Certificates evidenced in the aggregate a beneficial ownership interest of approximately 91.06% in the trust. After giving effect to distributions on the January 25, 2008 distribution date, the Class M Certificates and Class B Certificates evidenced in the aggregate a beneficial ownership interest of approximately 8.94% in the trust. As of the cut-off date, the Senior Certificates evidenced in the aggregate an initial beneficial ownership interest of approximately 92.75% in the trust. As of the cut-off date, the Class M Certificates and Class B Certificates evidenced an initial beneficial ownership interest of approximately 7.25% in the trust.

The Senior Certificates, other than the Residual Certificates, and the Class M Certificates are available only in book-entry form through facilities of The Depository Trust Company, or DTC, and are collectively referred to as the DTC registered certificates. The DTC registered certificates, other than the Class I-A-2 and Interest Only Certificates, were issued in minimum denominations of \$25,000, or \$250,000 in the case of the Class M-2 Certificates and Class M-3 Certificates, and integral multiples of \$1 in excess thereof. The Class I-A-2 Certificates were issued in minimum denominations of \$1,000, and integral multiples of \$1 in excess thereof. The Interest Only Certificates were issued in minimum denominations representing an initial notional amount of \$2,000,000, and integral multiples of \$1 in excess thereof. The Residual Certificates were issued in registered, certificated form in minimum denominations of a 20% percentage interest, except, in the case of one Class R-I and one Class R-II Certificate, as otherwise described in this prospectus supplement under "Material Federal Income

Tax Consequences."

The DTC registered certificates are represented by one or more certificates registered in the name of Cede & Co., as the nominee of DTC. No beneficial owner will be entitled to receive a certificate of any class in fully registered form, or a definitive certificate, except as described in the prospectus under "Description of the Certificates—Form of Certificates."

For additional information regarding DTC and the DTC registered certificates, see "Description of the Certificates—Form of Certificates" in the prospectus.

Glossary of Terms

The following terms are given the meanings shown below to help describe the cash flows on the certificates:

Accrued Certificate Interest—With respect to any distribution date, an amount equal to (a) in the case of each class of Senior Certificates and Class M Certificates, other than the Interest Only Certificates and Principal Only Certificates, interest accrued during the related Interest Accrual Period on the Certificate Principal Balance of the certificates of that class immediately prior to that distribution date at the related pass-through rate and (b) in the case of the Interest Only Certificates, interest accrued during the related Interest Accrual Period on the related Notional Amount immediately prior to that distribution date at the then-applicable pass-through rate on that class for that distribution date; in each case less interest shortfalls, if any, allocated thereto for that distribution date to the extent not covered, with respect to the Senior Certificates, by the subordination provided by the Class B Certificates and Class M Certificates and, with respect to the Class M Certificates, to the extent not covered by the subordination provided by the Class B Certificates and any class or classes of Class M Certificates having a lower payment priority, including in each case:

(i) any Prepayment Interest Shortfall to the extent not covered by the master servicer as described in this prospectus supplement under "Description of the Certificates—Interest Distributions";

(ii) the interest portions of Realized Losses, including Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses, not allocated through subordination;

(iii) the interest portion of any Advances that were made with respect to delinquencies that were ultimately determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses; and

(iv) any other interest shortfalls not covered by the subordination provided by the Class M Certificates or Class B Certificates, including interest shortfalls relating to the Servicemembers Civil Relief Act, or Relief Act, or similar legislation or regulations, all allocated as described below.

The Class I-A Percentage of these reductions with respect to the group I loans will be allocated among the holders of the Group I Senior Certificates, in proportion to the amounts of Accrued Certificate Interest that would have been payable to those certificates from the group I loans on that distribution date absent such reductions. The Class II-A Percentage of these reductions with respect to the group II loans will be allocated among the holders of the Group II Senior Certificates, in proportion to the amounts of Accrued Certificate Interest that would have been payable to those certificates from the group II loans on that distribution date absent such reductions. The remainder of these reductions will be allocated among the holders of the Class M Certificates and the Class B Certificates in proportion to the respective amounts of Accrued Certificate Interest

that would have been payable on that distribution date absent these reductions. In the case of each class of Class M Certificates, Accrued Certificate Interest on that class will be further reduced by the allocation of the interest portion of certain losses thereto, if any, as described below under "Allocation of Losses; Subordination." Accrued Certificate Interest on each class of related Senior Certificates will be distributed on a pro rata basis. Accrued Certificate Interest on each class of certificates, other than the Class II-A-9 and Class II-A-12 Certificates, is calculated on the basis of a 360-day year consisting of twelve 30-day months. Accrued Certificate Interest on the Class II-A-9 and Class II-A-12 Certificates is calculated on the basis of the actual number of days in the related Interest Accrual Period and a 360-day year.

Advance—As to any mortgage loan and any distribution date, an amount equal to the scheduled payment of principal and interest on the mortgage loan due during the related Due Period which was not received as of the close of business on the business day preceding the related determination date.

Aggregate Available Distribution Amount—With respect to a distribution date, the sum of the Available Distribution Amounts for both loan groups for such distribution date.

Aggregate Class A-P Principal Distribution Amount—With respect to a distribution date, the sum of the Class A-P Principal Distribution Amounts for both loan groups for such distribution date.

Aggregate Senior Interest Distribution Amount—With respect to a distribution date, the sum of the Senior Interest Distribution Amounts for both loan groups for such distribution date.

Aggregate Senior Principal Distribution Amount—With respect to a distribution date, the sum of the Senior Principal Distribution Amounts for both loan groups for such distribution date.

Available Distribution Amount—With respect to any distribution date and each loan group, an amount equal to the aggregate of:

- o the aggregate amount of scheduled payments on the mortgage loans in the related loan group due during the related Due Period and received on or prior to the related determination date, after deduction of the related master servicing fees and any subservicing fees, which are collectively referred to as the servicing fees;
- o all unscheduled payments on the mortgage loans in the related loan group including mortgagor prepayments, Insurance Proceeds, Liquidation Proceeds, Subsequent Recoveries and proceeds from repurchases of and substitutions for the mortgage loans in the related loan group occurring during the preceding calendar month or, in the case of mortgagor prepayments in full, during the related Prepayment Period;
- o all Advances made for that distribution date for the related loan group in each case net of amounts reimbursable therefrom to the master servicer and any subservicer; and
- o any additional amounts to be included in the Available Distribution Amount with respect to such loan group pursuant to the first paragraph of clause (c) under "Principal Distributions on the Senior Certificates".

In addition to the foregoing amounts, with respect to unscheduled collections, not including mortgagor prepayments, the master servicer may elect to treat such amounts as included in the related Available Distribution Amount for the distribution date in the month of receipt, but is not obligated to do so. As

described in this prospectus supplement under "-Principal Distributions on the Senior Certificates," any amount with respect to which such election is so made shall be treated as having been received on the last day of the preceding calendar month for the purposes of calculating the amount of principal and interest distributions to any class of certificates. With respect to any distribution date, the determination date is the second business day prior to that distribution date.

Available Funds Cap—With respect to any distribution date on or before the distribution date in January 2009 and the Class II-A-1 Certificates, 6.25% per annum plus amounts, if any, paid pursuant to the related yield maintenance agreement, expressed as a per annum rate, and with respect to any distribution date after January 2009, 6.25% per annum. With respect to any distribution date on or before the distribution date in April 2018 and the Class II-A-5 Certificates, 6.25% per annum plus amounts, if any, paid pursuant to the related yield maintenance agreement, expressed as a per annum rate, and with respect to any distribution date after April 2018, 6.25% per annum. With respect to any distribution date on or before the distribution date in January 2009 and the Class II-A-7 Certificates, 6.50% per annum plus amounts, if any, paid pursuant to the related yield maintenance agreement, expressed as a per annum rate, and with respect to any distribution date after January 2009, 6.50% per annum.

Capitalization Reimbursement Amount—With respect to any distribution date and a loan group, the amount of Advances or Servicing Advances that were added to the outstanding principal balance of the mortgage loans in the related loan group during the preceding calendar month and reimbursed to the master servicer or subservicer on or prior to such distribution date, plus the related Capitalization Reimbursement Shortfall Amount remaining unreimbursed from any prior distribution date and reimbursed to the master servicer or subservicer on or prior to such distribution date. The master servicer or subservicer will be entitled to be reimbursed for these amounts only from the principal collections on the mortgage loans in the related loan group.

Capitalization Reimbursement Shortfall Amount—With respect to any distribution date and a loan group, the amount, if any, by which the amount of Advances or Servicing Advances that were added to the principal balance of the mortgage loans in the related loan group during the preceding calendar month exceeds the amount of principal payments on the mortgage loans included in the related Available Distribution Amount for that distribution date.

Certificate Group—With respect to loan group I, the Group I Senior Certificates, and with respect to loan group II, the Group II Senior Certificates.

Certificate Principal Balance—With respect to any Senior Certificates and Class M Certificates, other than the Interest Only Certificates, as of any date of determination, an amount equal to the initial Certificate Principal Balance of that certificate, reduced by the aggregate of (a) all amounts allocable to principal previously distributed with respect to that certificate and (b) any reductions or increases in the Certificate Principal Balance of that certificate deemed to have occurred in connection with allocations of Realized Losses in the manner described in this prospectus supplement, provided that, after the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the Certificate Principal Balance of any certificate of the class of Class M Certificates with the highest payment priority to which Realized Losses, other than Excess Bankruptcy Losses, Excess Fraud Losses, Excess Special Hazard Losses and Extraordinary Losses, have been allocated shall be increased by the percentage interest evidenced thereby multiplied by the amount of any Subsequent Recoveries not previously allocated, but not by more than the amount of Realized Losses previously allocated to reduce the Certificate Principal Balance of that certificate, and the Certificate Principal Balance of the class of related certificates with a Certificate Principal Balance greater than zero with the lowest payment priority shall be further reduced by an amount equal to the percentage interest evidenced thereby multiplied by the excess, if any, of (i) the then-aggregate Certificate Principal Balance of all classes of related certificates then outstanding over (ii) the then-aggregate Stated Principal Balance of all of the

mortgage loans.

Class A-P Collection Shortfall—With respect to each distribution date and a loan group, the extent to which (1) the amount included under clause (iii) of the definition of Class A-P Principal Distribution Amount for that distribution date and loan group is less than (2) the amount described in (a) under clause (iii) of such definition of Class A-P Principal Distribution Amount. Notwithstanding any other provision of this prospectus supplement, any distribution relating to any Class A-P Collection Shortfall, to the extent not covered by any amounts otherwise distributable to the Class B-3 Certificates shall result in a reduction of the amount of principal distributions on that distribution date on (i) first, the Class B-1 Certificates and Class B-2 Certificates, and (ii) second, the Class M Certificates, in each case in reverse order of their payment priority.

Class A-P Principal Distribution Amount—With respect to any distribution date and loan group, a distribution allocable to principal made to holders of the Class A-P Certificates from the related Available Distribution Amount remaining after the related Senior Interest Distribution Amount other than the Accrual Distribution Amount is distributed, equal to the aggregate of:

(i) the related Discount Fraction of the principal portion of the scheduled monthly payment on each Discount Mortgage Loan in the related loan group due during the related Due Period, whether or not received on or prior to the related determination date, less the Discount Fraction of the principal portion of any related Debt Service Reductions which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(ii) the related Discount Fraction of the principal portion of all unscheduled collections on each Discount Mortgage Loan in the related loan group other than amounts received in connection with a Final Disposition of a Discount Mortgage Loan in the related loan group described in clause (iii) below, including mortgagor prepayments, repurchases of Discount Mortgage Loans or, in the case of a substitution, amounts representing a principal adjustment, as required by the pooling and servicing agreement, Liquidation Proceeds, Subsequent Recoveries and Insurance Proceeds, to the extent applied as recoveries of principal, received during the preceding calendar month or, in the case of mortgagor prepayments in full, during the related Prepayment Period;

(iii) in connection with the Final Disposition of a Discount Mortgage Loan in the related loan group that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, an amount equal to the lesser of (a) the applicable Discount Fraction of the Stated Principal Balance of that Discount Mortgage Loan immediately prior to that distribution date and (b) the aggregate amount of collections on that Discount Mortgage Loan to the extent applied as recoveries of principal;

(iv) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed; and

(v) an amount equal to the aggregate of the related Class A-P Collection Shortfalls for all distribution dates on or prior to such distribution date, less any amounts paid under this clause on a prior distribution date, until paid in full; provided, that distributions under this clause (v) shall only be made to the extent of Eligible Funds for such loan group on any distribution date; minus

(vi) the related Discount Fraction of the portion of the Capitalization Reimbursement Amount for the related loan group for such distribution date, if any, related to each Discount Mortgage Loan in the related loan group.

Notwithstanding the foregoing, on or after the Credit Support Depletion Date, the Class A-P Principal Distribution Amount with respect to any distribution date and loan group will equal the Discount Fraction of the principal portion of scheduled payments and unscheduled collections received or advanced in respect of Discount Mortgage Loans in the related loan group minus the related Discount Fraction of the portion of the related Capitalization Reimbursement Amount for such distribution date, if any, related to each Discount Mortgage Loan in the related loan group.

Class I-A Certificates— The Class I-A-1, Class I-A-2, Class I-A-3 and Class I-A-4 Certificates.

Class I-A Percentage— With respect to any distribution date, the percentage equal to the aggregate Certificate Principal Balance of the Group I Senior Certificates immediately prior to that distribution date divided by the aggregate Stated Principal Balance of all of the mortgage loans in loan group I, other than the Discount Fraction of the Discount Mortgage Loans in loan group I, immediately prior to that distribution date. The Class I-A Percentage was equal to approximately 90.46% after giving effect to distributions on the January 25, 2008 distribution date and will in no event exceed 100%.

Class II-A Certificates—The Class II-A-1, Class II-A-2, Class II-A-3, Class II-A-4, Class II-A-5, Class II-A-6, Class II-A-7, Class II-A-8, Class II-A-9, Class II-A-10, Class II-A-11, Class II-A-12, Class II-A-13, Class II-A-14, Class II-A-15, Class II-A-16, Class II-A-17, Class II-A-18 and Class II-A-19 Certificates.

Class II-A Percentage— With respect to any distribution date, the percentage equal to the aggregate Certificate Principal Balance of the Group II Senior Certificates immediately prior to that distribution date divided by the aggregate Stated Principal Balance of all of the mortgage loans in loan group II, other than the Discount Fraction of the Discount Mortgage Loans in loan group II, immediately prior to that distribution date. The Class II-A Percentage was equal to approximately 91.21% after giving effect to distributions on the January 25, 2008 distribution date and will in no event exceed 100%.

Credit Support Depletion Date—The first distribution date on which the aggregate Certificate Principal Balance of the Class M Certificates and Class B Certificates has been reduced to zero.

Discount Fraction—With respect to each Discount Mortgage Loan, a fraction, expressed as a percentage, the numerator of which is 6.50% minus the Net Mortgage Rate for such Discount Mortgage Loan and the denominator of which is 6.50%. The Class A-P Certificates will be entitled to payments based on the Discount Fraction of the Discount Mortgage Loans.

Discount Mortgage Loan—Any mortgage loan with a Net Mortgage Rate less than 6.50% per annum.

Due Date—With respect to any distribution date and any mortgage loan, the date during the related Due Period on which scheduled payments are due.

Due Period—With respect to any distribution date, the calendar month in which the distribution date occurs.

Eligible Funds—With respect to any distribution date and loan group, such loan group's portion of an amount that is allocated among the loan groups pro rata, based on the aggregate unpaid Class A-P Shortfalls for each loan group, which amount is equal to the excess of (i) the Aggregate Available Distribution Amount over (ii) the sum of the Aggregate Senior Interest Distribution Amount, the Aggregate Senior Principal Distribution Amount (determined without regard to clause (iv) of the definition of "Senior Principal Distribution Amount"), the Aggregate Class A-P Principal Distribution Amount (determined without regard to clause (v) of the definition of

"Class A-P Principal Distribution Amount") and the aggregate amount of Accrued Certificate Interest on the Class M, Class B-1 and Class B-2 Certificates.

Excess Bankruptcy Losses—Bankruptcy Losses in excess of the Bankruptcy Amount.

Excess Fraud Losses—Fraud Losses in excess of the Fraud Loss Amount.

Excess Special Hazard Losses—Special Hazard Losses in excess of the Special Hazard Amount.

Excess Subordinate Principal Amount—With respect to distribution date on which the Certificate Principal Balance of the most subordinate class or classes of certificates then outstanding is to be reduced to zero and on which Realized Losses are to be allocated to that class or those classes, the amount, if any, by which (i) the amount of principal that would otherwise be distributable on that class or those classes of certificates on that distribution date is greater than (ii) the excess, if any, of the aggregate Certificate Principal Balance of that class or those classes of certificates immediately prior to that distribution date over the aggregate amount of Realized Losses to be allocated to that class or those classes of certificates on that distribution date, as reduced by any amount calculated pursuant to clause (v) of the definition of "Class A-P Principal Distribution Amount." The Excess Subordinate Principal Amount will be allocated between the loan groups on a pro rata basis in accordance with the amount of Realized Losses on the mortgage loans in each loan group allocated to the certificates on that distribution date.

Final Disposition—With respect to a defaulted mortgage loan, a Final Disposition is deemed to have occurred upon a determination by the master servicer that it has received all Insurance Proceeds, Liquidation Proceeds and other payments or cash recoveries which the master servicer reasonably and in good faith expects to be finally recoverable with respect to the mortgage loan.

Interest Accrual Period—With respect to each distribution date, for all classes of certificates, other than the Adjustable Rate Certificates, the calendar month preceding the month in which the distribution date occurs. The Interest Accrual Period for the Adjustable Rate Certificates, other than the Class II-A-9 and Class II-A-12 Certificates, is the one-month period commencing on the 25th day of the month preceding the month in which the distribution date occurs and ending on the 24th day of the month in which the distribution date occurs. The Interest Accrual Period for the Class II-A-9 Certificates and Class II-A-12 Certificates, other than with respect to the distribution date occurring in October 2006, is the period commencing on the immediately preceding distribution date and ending on the day immediately preceding the distribution date. With respect to the distribution date in October 2006, the Interest Accrual Period for the Class II-A-9 Certificates and Class II-A-12 Certificates is the period commencing on the closing date and ending on the day immediately preceding the distribution date in October 2006. Notwithstanding the foregoing, the distributions of interest on any distribution date for all classes of certificates will reflect interest accrued, and receipts for that interest accrued, on the mortgage loans during the related Due Period, as may be reduced by any Prepayment Interest Shortfall and other shortfalls in collections of interest to the extent described in this prospectus supplement.

Lockout Percentage—For any distribution date occurring prior to the distribution date in October 2011, 0%. For any distribution date occurring after the first five years following the issuance date, a percentage determined as follows:

- o for any distribution date during the sixth year after the issuance date, 30%;
- o for any distribution date during the seventh year after the issuance date, 40%;

- o for any distribution date during the eighth year after the issuance date, 60%;
- o for any distribution date during the ninth year after the issuance date, 80%; and
- o for any distribution date thereafter, 100%.

Net Mortgage Rate—As to a mortgage loan, the mortgage rate minus the rate per annum at which the related master servicing and subservicing fees accrue.

Non-Discount Mortgage Loan—With respect to each loan group, the mortgage loans other than the Discount Mortgage Loans in such loan group.

Notional Amount—As of any date of determination, the Notional Amount of the Class I-A-3 Certificates is equal to the Certificate Principal Balance of the Class I-A-4 Certificates immediately prior to that date. The Notional Amount of the Class I-A-3 Certificates was approximately \$26,677,000 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class II-A-2 Certificates is equal to the aggregate Certificate Principal Balance of the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates immediately prior to that date. The Notional Amount of the Class II-A-2 Certificates was approximately \$63,919,465 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class II-A-6 Certificates is equal to the Certificate Principal Balance of the Class II-A-5 Certificates immediately prior to that date. The Notional Amount of the Class II-A-6 Certificates was approximately \$19,226,419 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class II-A-8 Certificates is equal to the Certificate Principal Balance of the Class II-A-7 Certificates immediately prior to that date. The Notional Amount of the Class II-A-8 Certificates was approximately \$32,505,141 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class II-A-13 Certificates is equal to the Certificate Principal Balance of the Class II-A-12 Certificates immediately prior to that date. The Notional Amount of the Class II-A-13 Certificates was approximately \$19,082,014 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class II-A-16 Certificates is equal to the Certificate Principal Balance of the Class II-A-15 Certificates immediately prior to that date. The Notional Amount of the Class II-A-16 Certificates was approximately \$32,157,781 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class II-A-17 Certificates is equal to the product of (x) a fraction, the numerator of which is 0.377133187, and the denominator of which is 0.50, and (y) the aggregate Certificate Principal Balance of the Class II-A-4 Certificates and the Class II-A-10 Certificates immediately prior to that date. The Notional Amount of the Class II-A-17 Certificates was approximately \$50,083,287 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class II-A-19 Certificates is equal to the sum of (a) the certificate principal balance of the Class II-A-12 Certificates immediately prior to that date, multiplied by a fraction, the numerator of which is 1.714231208 and the denominator of which is 6.50, (b) the certificate principal balance of the Class II-A-15 Certificates immediately prior to that date, multiplied by a fraction, the numerator of which is 0.50 and the denominator of which is 6.50, and (c) the certificate principal balance of the Class II-A-18 Certificates immediately prior to that date, multiplied by a fraction, the numerator of which is 0.761414887 and the denominator of which is 6.50. The Notional Amount of the Class II-A-19 Certificates was approximately \$11,935,088 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Notional Amount of the Class A-V Certificates is equal to the aggregate Stated Principal Balance of the mortgage loans prior to that date. The Notional Amount of the Class A-V Certificates was approximately \$426,836,039 after giving effect to distributions on the January 25, 2008 distribution date. Reference to a Notional Amount is solely for convenience in specific calculations and

does not represent the right to receive any distributions allocable to principal.

Record Date—With respect to any certificates, other than the Adjustable Rate Certificates for so long as the Adjustable Rate Certificates are in book-entry form, and any distribution date, the close of business on the last business day of the preceding calendar month. With respect to the Adjustable Rate Certificates and any distribution date, provided the Adjustable Rate Certificates are in book-entry form, the close of business on the business day prior to that distribution date

Senior Accelerated Distribution Percentage—For any loan group and any distribution date occurring prior to the distribution date in October 2011, 100%. The Senior Accelerated Distribution Percentage for any distribution date and any loan group occurring after the first five years following the issuance date will be as follows:

- o for any distribution date during the sixth year after the issuance date, the related Senior Percentage for that distribution date plus 70% of the related Subordinate Percentage for that distribution date;
- o for any distribution date during the seventh year after the issuance date, the related Senior Percentage for that distribution date plus 60% of the related Subordinate Percentage for that distribution date;
- o for any distribution date during the eighth year after the issuance date, the related Senior Percentage for that distribution date plus 40% of the related Subordinate Percentage for that distribution date;
- o for any distribution date during the ninth year after the issuance date, the related Senior Percentage for that distribution date plus 20% of the related Subordinate Percentage for that distribution date; and
- o for any distribution date thereafter, the related Senior Percentage for that distribution date.

If on any distribution date the weighted average of the Senior Percentages for both loan groups, weighted on the basis of the Stated Principal Balances of the mortgage loans in the related loan group excluding the Discount Fraction of the Discount Mortgage Loans exceeds the weighted average of the initial Senior Percentages, calculated on that basis, each of the Senior Accelerated Distribution Percentages for that distribution date will once again equal 100%.

Any scheduled reduction to each Senior Accelerated Distribution Percentage shall not be made as of any distribution date unless either:

(a)(i)(X) the outstanding principal balance of mortgage loans in both loan groups delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding Certificate Principal Balance of the Class M Certificates and Class B Certificates, is less than 50% or (Y) the outstanding principal balance of mortgage loans in both loan groups delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all mortgage loans averaged over the last six months, does not exceed 2%, and

(ii) Realized Losses on the mortgage loans in both loan groups to date for that distribution date, if occurring during the sixth, seventh, eighth, ninth or tenth year, or any year thereafter, after the issuance

date, are less than 30%, 35%, 40%, 45% or 50%, respectively, of the sum of the initial Certificate Principal Balances of the Class M Certificates and Class B Certificates; or

(b)(i) the outstanding principal balance of mortgage loans in both loan groups delinquent 60 days or more, including mortgage loans in foreclosure and REO, averaged over the last six months, as a percentage of the aggregate outstanding principal balance of all mortgage loans averaged over the last six months, does not exceed 4%, and

(ii) Realized Losses on the mortgage loans in both loan groups to date for that distribution date, if occurring during the sixth, seventh, eighth, ninth or tenth year or any year thereafter, after the issuance date, are less than 10%, 15%, 20%, 25% or 30%, respectively, of the sum of the initial Certificate Principal Balances of the Class M Certificates and Class B Certificates.

Notwithstanding the foregoing, upon reduction of the Certificate Principal Balances of the Senior Certificates related to a loan group, other than the Class A-P Certificates, to zero, the related Senior Accelerated Distribution Percentage will equal 0%.

Senior Interest Distribution Amount—With respect to any distribution date and loan group the amount of Accrued Certificate Interest to be distributed to the holders of the related Senior Certificates for that distribution date.

Senior Percentage—The Class I-A Percentage or the Class II-A Percentage, as applicable.

Senior Principal Distribution Amount—With respect to any distribution date and a loan group the lesser of (a) the balance of the related Available Distribution Amount remaining after the related Senior Interest Distribution Amount and related Class A-P Principal Distribution Amount (determined without regard to clause (v) of the definition of "Class A-P Principal Distribution Amount"), in each case, for the related loan group have been distributed and (b) the sum of:

(i) the product of (A) the then-applicable related Senior Percentage and (B) the aggregate of the following amounts:

(1) the principal portion of all scheduled monthly payments on the mortgage loans in the related loan group other than the related Discount Fraction of the principal portion of those payments with respect to each Discount Mortgage Loan in the related loan group, due during the related Due Period, whether or not received on or prior to the related determination date, less the principal portion of Debt Service Reductions, other than the related Discount Fraction of the principal portion of the Debt Service Reductions with respect to each such Discount Mortgage Loan in the related loan group, which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(2) the principal portion of all proceeds of the repurchase of a mortgage loan in the related loan group or, in the case of a substitution, amounts representing a principal adjustment, other than the related Discount Fraction of the principal portion of those proceeds with respect to each Discount Mortgage Loan in the related loan group, as required by the pooling and servicing agreement during the preceding calendar month; and

(3) the principal portion of all other unscheduled collections, including Subsequent Recoveries, received with respect to the related loan group during the preceding calendar month, other than full and partial mortgagor prepayments and any amounts received in connection with a Final Disposition of a

mortgage loan described in clause (ii) below, to the extent applied as recoveries of principal, other than the related Discount Fraction of the principal portion of those unscheduled collections, with respect to each Discount Mortgage Loan in the related loan group;

(ii) in connection with the Final Disposition of a mortgage loan in the related loan group (x) that occurred in the preceding calendar month and (y) that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, an amount equal to the lesser of:

(1) the then-applicable related Senior Percentage of the Stated Principal Balance of the mortgage loan, other than the related Discount Fraction of the Stated Principal Balance, with respect to a Discount Mortgage Loan; and

(2) the then-applicable related Senior Accelerated Distribution Percentage of the related unscheduled collections, including Insurance Proceeds and Liquidation Proceeds, to the extent applied as recoveries of principal, in each case other than the portion of the collections, with respect to a Discount Mortgage Loan in the related loan group included in clause (iii) of the definition of Class A-P Principal Distribution Amount;

(iii) the then-applicable related Senior Accelerated Distribution Percentage of the aggregate of all partial mortgagor prepayments made during the preceding calendar month and mortgagor prepayments in full made during the related Prepayment Period, with respect to the related loan group other than the related Discount Fraction of mortgagor prepayments, with respect to each Discount Mortgage Loan in the related loan group;

(iv) any Excess Subordinate Principal Amount allocated to the related loan group, as described in the definition of Excess Subordinate Principal Amount, for that distribution date;

(v) any additional amounts from the other loan group to be included in the Senior Principal Distribution Amount with respect to such loan group pursuant to the first paragraph of clause (c) under "Principal Distributions on the Senior Certificates"; and

(vi) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed to the extent that any of those amounts are not attributable to Realized Losses which were allocated to the Class M Certificates or the Class B Certificates; minus

(vii) the related Capitalization Reimbursement Amount for such distribution date, other than the related Discount Fraction of any portion of that amount related to each Discount Mortgage Loan in the related loan group multiplied by a fraction, the numerator of which is the related Senior Principal Distribution Amount, without giving effect to this clause (vii), and the denominator of which is the sum of the principal distribution amounts for all classes of certificates, other than the Class A-P Certificates, payable from the Available Distribution Amount for the related loan group without giving effect to any reductions for the related Capitalization Reimbursement Amount.

Subordinate Percentage—With respect to any loan group as of any date of determination a percentage equal to 100% minus the related Senior Percentage as of that date.

Subsequent Recoveries—Subsequent recoveries, net of reimbursable expenses, with respect to mortgage loans

that have been previously liquidated and that resulted in a Realized Loss.

Interest Distributions

Holders of each class of Senior Certificates other than the Principal Only Certificates will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on that class on each distribution date, to the extent of the related Available Distribution Amount for that distribution date, commencing on the first distribution date in the case of all classes of Senior Certificates entitled to interest distributions. Holders of the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates will also be entitled to receive payments, if any, made pursuant to the related yield maintenance agreement.

Holders of each class of Class M Certificates will be entitled to receive interest distributions in an amount equal to the Accrued Certificate Interest on that class on each distribution date, to the extent of the related Available Distribution Amounts for that distribution date after distributions of interest and principal to the Senior Certificates, reimbursements for some Advances to the master servicer and distributions of interest and principal to any class of Class M Certificates having a higher payment priority.

The Principal Only Certificates are not entitled to distributions of interest.

Prepayment Interest Shortfalls will result because interest on prepayments in full is paid by the related mortgagor only to the date of prepayment, and because no interest is distributed on prepayments in part, as these prepayments in part are applied to reduce the outstanding principal balance of the related mortgage loans as of the Due Date in the month of prepayment.

However, with respect to any distribution date, any Prepayment Interest Shortfalls resulting from prepayments in full or prepayments in part made on a mortgage loan in a loan group during the preceding calendar month that are being distributed to the related certificateholders on that distribution date will be offset by the master servicer, but only to the extent those Prepayment Interest Shortfalls do not exceed an amount equal to the lesser of (a) one-twelfth of 0.125% of the aggregate Stated Principal Balance of the mortgage loans in the related loan group immediately preceding that distribution date and (b) the sum of the master servicing fee payable to the master servicer for its master servicing activities and reinvestment income received by the master servicer on amounts payable with respect to the mortgage loans in the related loan group and that distribution date. No assurance can be given that the master servicing compensation available to cover Prepayment Interest Shortfalls will be sufficient therefor. Any Prepayment Interest Shortfalls which are not covered by the master servicer on any distribution date will not be reimbursed on any future distribution date. See "Pooling and Servicing Agreement—Servicing and Other Compensation and Payment of Expenses" in this prospectus supplement.

If on any distribution date the Available Distribution Amount with respect to a loan group is less than the Accrued Certificate Interest on the Senior Certificates payable from that loan group, the shortfall will be allocated among the holders of the related Senior Certificates in proportion to the respective amounts of Accrued Certificate Interest payable from that loan group for that distribution date. In addition, the amount of any such interest shortfalls that are covered by subordination, specifically, interest shortfalls not described in clauses (i) through (iv) in the definition of Accrued Certificate Interest, will be unpaid Accrued Certificate Interest and will be distributable to holders of the certificates of those classes entitled to those amounts on subsequent distribution dates, in each case to the extent of available funds for the related loan group after interest distributions as described in this prospectus supplement. However, any interest shortfalls resulting from the failure of the yield maintenance agreement provider to make payments pursuant to the yield maintenance agreement will not be unpaid Accrued Certificate Interest and will not be paid from any source on any

distribution date.

These interest shortfalls could occur, for example, if delinquencies on the mortgage loans in a loan group were exceptionally high and were concentrated in a particular month and Advances by the master servicer did not cover the shortfall. Any amounts so carried forward will not bear interest. Any interest shortfalls will not be offset by a reduction in the servicing compensation of the master servicer or otherwise, except to the limited extent described in the second preceding paragraph with respect to Prepayment Interest Shortfalls.

The pass-through rates on all classes of certificates, other than the Adjustable Rate, Variable Strip and Principal Only Certificates, are fixed and are listed on pages S-7 and S-8 of this prospectus supplement.

The pass-through rates on the Adjustable Rate Certificates are calculated as follows:

(1) The pass-through rate on the Class II-A-1 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 5.56499997% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.70%, with a maximum rate of the Available Funds Cap and a minimum rate of 0.70% per annum.

(2) The pass-through rate on the Class II-A-2 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 0.68500005% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to 5.55% minus LIBOR, with a maximum rate of 5.55% per annum and a minimum rate of 0.00% per annum.

(3) The pass-through rate on the Class II-A-5 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 5.11499991% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.25%, with a maximum rate of the Available Funds Cap and a minimum rate of 0.25% per annum.

(4) The pass-through rate on the Class II-A-6 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 0.44999997% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to 6.00% minus LIBOR, with a maximum rate of 0.45% per annum and a minimum rate of 0.00% per annum.

(5) The pass-through rate on the Class II-A-7 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 5.51500012% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.65%, with a maximum rate of the Available Funds Cap and a minimum rate of 0.65% per annum.

(6) The pass-through rate on the Class II-A-8 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 0.30000003% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to 5.85% minus LIBOR, with a maximum rate of 0.30% per annum and a minimum rate of 0.00% per annum.

(7) The pass-through rate on the Class II-A-9 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 5.24500060% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.38%, with a maximum rate equal to the product of (x) 8.00% and (y) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period, and a minimum rate of 0.38% per annum.

(8) The pass-through rate on the Class II-A-12 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 5.06499988% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.20%, with a maximum rate equal to the product of (x) 7.50% and (y) a fraction, the numerator of which is 30 and the denominator of which is the actual number of days in the related Interest Accrual Period, and a minimum rate of 0.20% per annum.

(9) The pass-through rate on the Class II-A-13 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 2.43500027% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to 7.50% minus an amount, expressed as a percentage, equal to (x) LIBOR plus 0.20%, multiplied by (y) a fraction, the numerator of which is the actual number of days in the related Interest Accrual Period and the denominator of which is 30, subject to a maximum rate of 7.30% per annum and a minimum rate of 0.00% per annum.

(10) The pass-through rate on the Class II-A-14 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 10.82590231% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to (x) 8.00% minus (i) LIBOR plus 0.38% multiplied by (ii) a fraction, the numerator of which is the actual number of days in the related Interest Accrual Period and the denominator of which is 30, times (y) 3.9295470787, with a maximum rate of 31.43637663% per annum and a minimum rate of 0.00% per annum.

(11) The pass-through rate on the Class II-A-15 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 5.36500013% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to LIBOR plus 0.50%, with a maximum rate of 7.00% per annum and a minimum rate of 0.50% per annum.

(12) The pass-through rate on the Class II-A-16 Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was 1.63499991% per annum, and as to any Interest Accrual Period thereafter, will be a per annum rate equal to 6.50% minus LIBOR, with a maximum rate of 6.50% per annum and a minimum rate of 0.00% per annum.

The pass-through rate on the Variable Strip Certificates on each distribution date will equal the weighted average, based on the Stated Principal Balance of the mortgage loans immediately preceding that distribution date, of the pool strip rates on each of the mortgage loans in the mortgage pool. The pool strip rate on any mortgage loan is equal to its Net Mortgage Rate minus 6.50%, but not less than 0.00%. As of the reference date, the pool strip rates on the mortgage loans ranged between 0.000% and 2.045% per annum. The pass-through rate on the Class A-V Certificates with respect to the Interest Accrual Period related to the January 25, 2008 distribution date was approximately 0.48398419% per annum.

As described in this prospectus supplement, the Accrued Certificate Interest allocable to each class of certificates, other than the Principal Only Certificates, which are not entitled to distributions of interest, is based on the Certificate Principal Balance of that class or, in the case of any class of the Interest Only Certificates, on the Notional Amount of that class.

Determination of LIBOR

LIBOR for any Interest Accrual Period will be determined as described in the three succeeding paragraphs.

On each distribution date, LIBOR shall be established by the trustee and as to any Interest Accrual Period for the Adjustable Rate Certificates, LIBOR will equal the rate for United States dollar deposits for one month which appears on the Reuters Screen LIBOR01 page as of 11:00 A.M., London time, on the second LIBOR business day prior to the first day of that Interest Accrual Period, or the LIBOR rate adjustment date. Reuters Screen LIBOR01 page means the display designated as page LIBOR01 on the Reuters Screen or any other page as may replace LIBOR01 page on that service for the purpose of displaying London interbank offered rates of major banks. If the rate does not appear on that page or any other page as may replace that page on that service, or if the service is no longer offered, any other service for displaying LIBOR or comparable rates that may be selected by the trustee after consultation with the master servicer, the rate will be the reference bank rate as described below.

The reference bank rate will be determined on the basis of the rates at which deposits in U.S. Dollars are offered by the reference banks, which shall be three major banks that are engaged in transactions in the London interbank market, selected by the trustee after consultation with the master servicer. The reference bank rate will be determined as of 11:00 A.M., London time, on the day that is one LIBOR business day prior to the immediately preceding distribution date to prime banks in the London interbank market for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the Adjustable Rate Certificates then outstanding. The trustee will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two quotations are provided, the rate will be the arithmetic mean of the quotations. If on that date fewer than two quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted by one or more major banks in New York City, selected by the trustee after consultation with the master servicer, as of 11:00 A.M., New York City time, on that date for loans in U.S. Dollars to leading European banks for a period of one month in amounts approximately equal to the aggregate Certificate Principal Balance of the Adjustable Rate Certificates then outstanding. If no quotations can be obtained, the rate will be LIBOR for the prior distribution date; provided however, if, under the priorities listed previously in this paragraph, LIBOR for a distribution date would be based on LIBOR for the previous distribution date for the third consecutive distribution date, the trustee shall, after consultation with the master servicer, select an alternative comparable index over which the trustee has no control, used for determining one-month Eurodollar lending rates that is calculated and published or otherwise made available by an independent party. LIBOR business day means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking institutions in the city of London, England are required or authorized by law to be closed.

The establishment of LIBOR by the trustee and the master servicer's subsequent calculation of the pass-through rates applicable to the Adjustable Rate Certificates for the relevant Interest Accrual Period, in the absence of manifest error, will be final and binding.

Principal Distributions on the Senior Certificates

The holders of the Senior Certificates, other than the Interest Only Certificates, which are not entitled to distributions of principal, will be entitled to receive on each distribution date, in the priority described in this prospectus supplement and to the extent of the portion of the related Available Distribution Amount remaining after the distribution of the related Senior Interest Distribution Amount, a distribution allocable to principal equal to in the case of (i) the Class I-A Certificates and Class R-I Certificates, the Senior Principal Distribution Amount for loan group I, (ii) the Class II-A Certificates and Class R-II Certificates, the Senior Principal Distribution Amount for loan group II, and (iii) the Class A-P Certificates, the Aggregate Class A-P Principal Distribution Amount.

After the distribution of the related Senior Interest Distribution Amount, distributions of principal on the Senior Certificates on each distribution date will be made as follows:

(a) Prior to the occurrence of the Credit Support Depletion Date:

(i) the Aggregate Class A-P Principal Distribution Amount shall be distributed to the Class A-P Certificates, until the Certificate Principal Balance of the Class A-P Certificates has been reduced to zero;

(ii) the Senior Principal Distribution Amount for loan group I shall be distributed in the following manner and priority:

(A) first, to the Class R-I Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(B) second, the balance of the Senior Principal Distribution Amount for loan group I remaining after the distributions, if any, described in clause (a)(ii)(A) above shall be distributed in the following manner and priority:

(a) first, to the Class I-A-4 Certificates, until the Certificate Principal Balance thereof has been reduced to zero, in an amount equal to the Lockout Percentage of the Class I-A-4 Certificates' pro rata share (based on the Certificate Principal Balance thereof relative to the aggregate Stated Principal Balance of the mortgage loans in loan group I, other than the Discount Fractions of the Discount Mortgage Loans in loan group I) of the aggregate of the collections described in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of the Senior Principal Distribution Amount for loan group I, without application of the Senior Percentage or the Senior Accelerated Distribution Percentage for loan group I; provided, however, that if the aggregate of the amounts set forth in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of Senior Principal Distribution Amount for loan group I is more than the balance of the Available Distribution Amount for loan group I remaining after the Senior Interest Distribution Amount and the Class A-P Principal Distribution Amount for loan group I have been distributed, the amount paid to the Class I-A-4 Certificates pursuant to this clause (a)(ii)(B)(a) shall be reduced by an amount equal to the Class I-A-4 Certificates' pro rata share (based on the Certificate Principal Balance of the Class I-A-4 Certificates relative to the aggregate Certificate Principal Balance of the Group I Senior Certificates) of such difference;

(b) second, to the Class I-A-1 Certificates and Class I-A-2 Certificates, sequentially, in that order, in each case until the Certificate Principal Balance thereof has been reduced to zero; and

(c) third, to the Class I-A-4 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(iii) the Senior Principal Distribution Amount for loan group II shall be distributed in the following manner and priority:

(A) first, to the Class R-II Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(B) second, the balance of the Senior Principal Distribution Amount for loan group II

remaining after the distributions, if any, described in clause (a)(iii)(A) above shall be distributed concurrently as follows:

(a) approximately 10.9422428054% of such amount shall be distributed to the Class II-A-15 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

(b) approximately 89.0577571946% of such amount shall be distributed in the following manner and priority:

(1) first, concurrently, to the Class II-A-4 Certificates and Class II-A-10 Certificates, until the Certificate Principal Balances thereof have been reduced to zero, in an amount equal to the Lockout Percentage of the Class II-A-4 and Class II-A-10 Certificates' pro rata share (based on the aggregate Certificate Principal Balance thereof relative to the aggregate Stated Principal Balance of the mortgage loans in loan group II, other than the Discount Fractions of the Discount Mortgage Loans in loan group II) of the aggregate of the collections described in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of the Senior Principal Distribution Amount for loan group II, without application of the Senior Percentage or the Senior Accelerated Distribution Percentage for loan group II; provided, however, that if the aggregate of the amounts set forth in clauses (i), (ii), (iii), (iv) and (v) (net of amounts set forth in clause (vi)) of the definition of Senior Principal Distribution Amount for loan group II is more than the balance of the Available Distribution Amount for loan group II remaining after the Senior Interest Distribution Amount and the Class A-P Principal Distribution Amount for loan group II have been distributed, the amount paid to the Class II-A-4 Certificates and Class II-A-10 Certificates pursuant to this clause (a)(iii)(B)(b)(1) shall be reduced by an amount equal to the Class II-A-4 Certificates and Class II-A-10 Certificates' pro rata share (based on the aggregate Certificate Principal Balance of the Class II-A-4 Certificates and Class II-A-10 Certificates relative to the aggregate Certificate Principal Balance of the Group II Senior Certificates) of such difference;

(2) second, an amount equal to the lesser of (x) 99.99% of the balance of the Senior Principal Distribution Amount for loan group II remaining after distributions, if any, described in clause (a)(iii)(B)(b)(1) above, and (y) \$1,807,482, shall be distributed as follows:

(i) approximately 26.2569009454% of such amount shall be distributed to the Class II-A-3 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(ii) approximately 73.7430990546% of such amount shall be distributed in the following manner and priority:

a. an amount equal to the lesser of (x) 99.99% of the amount described in clause (a)(iii)(B)(b)(2)(ii) above,

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and (y) \$760,255 to the Class II-A-18 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

b. to the Class II-A-11 Certificates and Class II-A-12 Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero; and

c. to the Class II-A-18 Certificates until the Certificate Principal Balance thereof has been reduced to zero;

(3) third, to the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero; and

(4) fourth, concurrently as follows:

(i) approximately 26.256900949454% of such amount shall be distributed to the Class II-A-3 Certificates, until the Certificate Principal Balance thereof has been reduced to zero; and

(ii) approximately 73.7430990546% of such amount shall be distributed as follows:

a. to the Class II-A-18 Certificates, an amount equal to the lesser of (x) 99.99% of the amount described in clause (a)(iii)(B)(b)(4)(ii) above, and (y) the excess of (i) \$760,255 over (ii) the amount paid in clause (a)(iii)(B)(b)(2)(ii)a. above to the Class II-A-18 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

b. to the Class II-A-11 Certificates and the Class II-A-12 Certificates, on a pro rata basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero; and

c. to the Class II-A-18 Certificates, until the Certificate Principal Balance thereof has been reduced to zero;

(5) fifth, to the Class II-A-9 Certificates and Class II-A-14 Certificates, on a pro rata basis in accordance with their respective

Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduce to zero; and

(6) sixth, to the Class II-A-4 Certificates and Class II-A-10 Certificates, on a pro rate basis in accordance with their respective Certificate Principal Balances, until the Certificate Principal Balances thereof have been reduced to zero.

(b) On any distribution date prior to the occurrence of the Credit Support Depletion Date that occurs after the reduction of the aggregate Certificate Principal Balance of the Senior Certificates of any Certificate Group to zero, the outstanding Senior Certificates of the other Certificate Group will be entitled to receive 100% of the mortgagor prepayments on the mortgage loans in the loan group related to the Senior Certificates that have been reduced to zero. Such amounts shall be treated as part of the related Available Distribution Amount and distributed as part of the related Senior Principal Distribution Amount in accordance with the priorities set forth in clause (a)(ii) or (a)(iii) above, as applicable, in reduction of the Certificate Principal Balances thereof. Notwithstanding the foregoing, remaining Senior Certificates will not be entitled to receive mortgagor prepayments on the mortgage loans in the other loan group if the following two conditions are satisfied: (1) the weighted average of the Subordinate Percentages for both loan groups for such distribution date, weighted on the basis of the Stated Principal Balances of the mortgage loans in the related loan group, is at least two times the weighted average of the initial Subordinate Percentages for both loan groups, calculated on that basis and (2) the outstanding principal balance of the mortgage loans in both loan groups delinquent 60 days or more averaged over the last six months, as a percentage of the aggregate outstanding Certificate Principal Balance of the Class M Certificates and Class B Certificates, is less than 50%.

On any distribution date prior to the Credit Support Depletion Date on which the aggregate Certificate Principal Balance of the Senior Certificates of any Certificate Group is greater than the aggregate Stated Principal Balance of the mortgage loans in the related loan group, in each case after giving effect to distributions to be made on such distribution date, (1) 100% of the mortgagor prepayments allocable to the Class M Certificates and Class B Certificates from the mortgage loans in the other loan group will be distributed to such undercollateralized Senior Certificates in accordance with the priorities set forth in clause (a)(ii) or (a)(iii) above, as applicable, in reduction of the Certificate Principal Balances thereof, until the aggregate Certificate Principal Balance of such certificates equals the aggregate Stated Principal Balance of the mortgage loans in the related loan group and (2) an amount equal to one month's interest at a rate of 6.50% per annum on the amount of such difference will be distributed, pro rata, from the Available Distribution Amount for the other loan group otherwise allocable to the Class M Certificates and Class B Certificates, based on such amounts otherwise allocable to the Class M Certificates and Class B Certificates, as follows: first to pay any unpaid interest on such undercollateralized Senior Certificates and then to pay principal on those certificates in the manner described in (1) above.

(c) On or after the occurrence of the Credit Support Depletion Date, all priorities relating to distributions as described in clauses (a) and (b) above relating to principal among the Senior Certificates will be disregarded. Instead, an amount equal to the Aggregate Class A-P Principal Distribution Amount will be distributed to the Class A-P Certificates, and then the applicable Senior Principal Distribution Amount will be distributed to the related outstanding Senior Certificates, other than the Class A-P Certificates, pro rata in accordance with their respective outstanding Certificate Principal Balances.

(d) After reduction of the Certificate Principal Balances of the Senior Certificates, other than the Class A-P Certificates, to zero but prior to the Credit Support Depletion Date, the Senior Certificates, other than the Class A-P Certificates, will be entitled to no further distributions of principal and the related

Available Distribution Amount will be paid solely to the holders of the Class A-P, Variable Strip, Class M and Class B Certificates, in each case as described in this prospectus supplement.

Principal Distributions on the Class M Certificates

Holders of each class of the Class M Certificates will be entitled to receive on each distribution date, to the extent of the portion of the Available Distribution Amount for the related loan group remaining after:

- o the sum of the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount, in each case, for such loan group, is distributed;
- o reimbursement is made to the master servicer for some Advances remaining unreimbursed following the final liquidation of the related mortgage loan to the extent described below under "Advances";
- o the aggregate amount of Accrued Certificate Interest and principal required to be distributed to any class of Class M Certificates having a higher payment priority is distributed; and
- o the aggregate amount of Accrued Certificate Interest required to be distributed to that class of Class M Certificates on that distribution date is distributed, a distribution allocable to principal in the sum of the following:

(i) the product of (A) that class' pro rata share, based on the aggregate Certificate Balance of all classes of Class M Certificates and Class B Certificates then outstanding and (B) the aggregate of the following amounts, to the extent not included in the Senior Principal Distribution Amount for the related loan group:

(1) the principal portion of all scheduled monthly payments on the mortgage loans in the related loan group, other than the related Discount Fraction of the principal portion of those payments with respect to a Discount Mortgage Loan in the related loan group, due during the related Due Period, whether or not received on or prior to the related determination date, less the principal portion of Debt Service Reductions, other than the related Discount Fraction of the principal portion of the Debt Service Reductions with respect to each Discount Mortgage Loan in the related loan group, which together with other Bankruptcy Losses are in excess of the Bankruptcy Amount;

(2) the principal portion of all proceeds of the repurchase of a mortgage loan in the related loan group or, in the case of a substitution, amounts representing a principal adjustment, other than the related Discount Fraction of the principal portion of the proceeds with respect to a Discount Mortgage Loan in the related loan group, as required by the pooling and servicing agreement during the preceding calendar month; and

(3) the principal portion of all other unscheduled collections, including Subsequent Recoveries, received with respect to the related loan group during the preceding calendar month, other than full and partial mortgagor prepayments and any amounts received in connection with a Final Disposition of a mortgage loan described in clause (ii) below, to the extent applied as recoveries of principal, other than the related Discount Fraction of the principal amount of those unscheduled collections, with respect to a Discount Mortgage Loan in the related loan group;

(ii) that class' pro rata share, based on the Certificate Principal Balance of each class of Class M

Certificates and Class B Certificates then outstanding, of all amounts received in connection with the Final Disposition of a mortgage loan in the related loan group, other than the related Discount Fraction of those amounts with respect to a Discount Mortgage Loan in the related loan group, (x) that occurred during the preceding calendar month and (y) that did not result in any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses, to the extent applied as recoveries of principal and to the extent not otherwise payable to the Senior Certificates;

(iii) with respect to mortgage loans in the related loan group, the portion of mortgagor prepayments in full made by the respective mortgagors during the related Prepayment Period and the portion of partial mortgagor prepayments made by the respective mortgagors during the preceding calendar month, other than the Discount Fraction of those mortgagor prepayments with respect to a Discount Mortgage Loan in that loan group, allocable to that class of Class M Certificates as described in the third succeeding paragraph;

(iv) if that class is the most senior class of related certificates then outstanding with a Certificate Principal Balance greater than zero, an amount equal to the Excess Subordinate Principal Amount allocated to the related loan group, as described in the definition of Excess Subordinate Principal Amount, if any; and

(v) any amounts allocable to principal for any previous distribution date calculated pursuant to clauses (i) through (iii) above that remain undistributed to the extent that any of those amounts are not attributable to Realized Losses which were allocated to any class of Class M Certificates with a lower payment priority or the Class B Certificates; minus

(vi) the Capitalization Reimbursement Amounts for the related loan group for such distribution date, other than the related Discount Fraction of any portion of that amount related to each Discount Mortgage Loan in the related loan group, multiplied by a fraction, the numerator of which is the principal distribution amount for such class of Class M Certificates, without giving effect to this clause (vi), and the denominator of which is the sum of the principal distribution amounts for all classes of certificates other than the Class A-P Certificates, payable from the Available Distribution Amount for the related loan group without giving effect to any reductions for the Capitalization Reimbursement Amount.

References in this prospectus supplement to "payment priority" of the Class M Certificates refer to a payment priority among those classes of certificates as follows: first, to the Class M-1 Certificates; second, to the Class M-2 Certificates; and third, to the Class M-3 Certificates.

As to each class of Class M Certificates, on any distribution date, any Accrued Certificate Interest thereon remaining unpaid from any previous distribution date will be distributable to the extent of available funds. Notwithstanding the foregoing, if the Certificate Principal Balances of the Class B Certificates have been reduced to zero, on any distribution date, with respect to the class of Class M Certificates outstanding on that distribution date with a Certificate Principal Balance greater than zero with the lowest payment priority, Accrued Certificate Interest thereon remaining unpaid from any previous distribution date will not be distributable, except in the limited circumstances provided in the pooling and servicing agreement.

All mortgagor prepayments not otherwise distributable to the Senior Certificates will be allocated on a pro rata basis among the class of Class M Certificates with the highest payment priority then outstanding with a Certificate Principal Balance greater than zero and each other class of Class M Certificates and Class B Certificates for which certain loss levels established for that class in the pooling and servicing agreement have

not been exceeded. The related loss level on any distribution date would be satisfied as to any Class M-2, Class M-3 or Class B Certificates, respectively, only if the sum of the current percentage interests in the mortgage pool evidenced by that class and each class, if any, subordinate thereto were at least equal to the sum of the initial percentage interests in the mortgage pool evidenced by that class and each class, if any, subordinate thereto.

As stated above under "-Principal Distributions on the Senior Certificates," each Senior Accelerated Distribution Percentage will be 100% during the first five years after the issuance date, unless the Certificate Principal Balances of the related Senior Certificates, other than the Class A-P Certificates, are reduced to zero before the end of that five-year period, and will thereafter equal 100% whenever the related Senior Percentage exceeds the initial related Senior Percentage. Furthermore, as described in this prospectus supplement, each Senior Accelerated Distribution Percentage will exceed the related Senior Percentage during the sixth through ninth years following the issuance date, and scheduled reductions to each Senior Accelerated Distribution Percentage may be postponed due to the loss and delinquency experience of the mortgage loans in the related loan group. Accordingly, the Class M Certificates will not be entitled to any mortgagor prepayments for at least the first five years after the issuance date, unless the Certificate Principal Balances of the related Senior Certificates (other than the Class A-P Certificates) have been reduced to zero before the end of such period and the mortgagor prepayments from the related loan group are not payable to the holders of the Senior Certificates relating to the other loan group as described in the first paragraph of clause (b) under "-Principal Distributions on the Senior Certificates" above and may receive no mortgagor prepayments or a disproportionately small portion of mortgagor prepayments during certain periods after this five year period. See "-Principal Distributions on the Senior Certificates" in this prospectus supplement.

Allocation of Losses; Subordination

The subordination provided to the Senior Certificates by the Class B Certificates and Class M Certificates and the subordination provided to each class of Class M Certificates by the Class B Certificates and by any class of Class M Certificates subordinate thereto will cover Realized Losses on the mortgage loans that are Defaulted Mortgage Losses, Fraud Losses, Bankruptcy Losses and Special Hazard Losses. Any Realized Losses which are not Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses will be allocated as follows:

- o first, to the Class B Certificates;
- o second, to the Class M-3 Certificates;
- o third, to the Class M-2 Certificates; and
- o fourth, to the Class M-1 Certificates;

in each case until the Certificate Principal Balance of that class of certificates has been reduced to zero; and thereafter, if any Realized Loss is on a Discount Mortgage Loan, to the Class A-P Certificates in an amount equal to the related Discount Fraction of the principal portion of the Realized Loss until the Certificate Principal Balance of the Class A-P Certificates has been reduced to zero, and the remainder of the Realized Losses on Discount Mortgage Loans and the entire amount of Realized Losses on Non-Discount Mortgage Loans, will be allocated on a pro rata basis to the (i) the Group I Senior Certificates and, in the case of the interest portion of such Realized Loss, Variable Strip Certificates, in case of such Realized Losses on group I loans; and (ii) Group II Senior Certificates and, in the case of the interest portion of such Realized Losses, Variable Strip Certificates, in case of such Realized Losses on group II loans; provided, however, that such losses otherwise

allocable to the Class II-A-7 Certificates will be allocated to the Class II-A-10 Certificates until the Certificate Principal Balance of the Class II-A-10 Certificates has been reduced to zero. Investors in the Senior Certificates should be aware that because the Class M Certificates and Class B Certificates represent interests in both loan groups, the Certificate Principal Balance of the Class M Certificates and Class B Certificates could be reduced to zero as a result of a disproportionate amount of Realized Losses on the mortgage loans in the non-related loan group. Therefore, although Realized Losses on the mortgage loans in one loan group may only be allocated to the related Senior Certificates, the allocation to the Class M Certificates and Class B Certificates of Realized Losses on the mortgage loans in the other loan group will reduce the subordination provided to the Senior Certificates by the Class M Certificates and Class B Certificates and increase the likelihood that Realized Losses may be allocated to any class of Senior Certificates.

Any allocation of a Realized Loss, other than a Debt Service Reduction, to a certificate will be made by reducing:

- o its Certificate Principal Balance, in the case of the principal portion of the Realized Loss, in each case until the Certificate Principal Balance of that class has been reduced to zero, provided that no reduction shall reduce the aggregate Certificate Principal Balance of the certificates below the aggregate Stated Principal Balance of the mortgage loans; and
- o the Accrued Certificate Interest thereon, in the case of the interest portion of the Realized Loss, by the amount so allocated as of the distribution date occurring in the month following the calendar month in which the Realized Loss was incurred.

In addition, any allocation of a Realized Loss to a Class M Certificate may also be made by operation of the payment priority to the Senior Certificates described under "Principal Distributions on the Senior Certificates" and any class of Class M Certificates with a higher payment priority.

As used in this prospectus supplement, subordination refers to the provisions discussed above for the sequential allocation of Realized Losses among the various classes, as well as all provisions effecting those allocations including the priorities for distribution of cash flows in the amounts described in this prospectus supplement.

In instances in which a mortgage loan is in default or if default is reasonably foreseeable, and if determined by the master servicer to be in the best interest of the certificateholders, the master servicer or subservicer may permit servicing modifications of the mortgage loan rather than proceeding with foreclosure, as described under "Description of the Certificates—Servicing and Administration of Mortgage Collateral" in the prospectus. However the master servicer's and the subservicer's ability to perform servicing modifications will be subject to some limitations, including but not limited to the following. Advances and other amounts may be added to the outstanding principal balance of a mortgage loan only once during the life of a mortgage loan. Any amounts added to the principal balance of the mortgage loan, or capitalized amounts added to the mortgage loan, will be required to be fully amortized over the remaining term of the mortgage loan. All capitalizations are to be implemented in accordance with Residential Funding's program guide and may be implemented only by subservicers that have been approved by the master servicer for that purpose. The final maturity of any mortgage loan shall not be extended beyond the assumed final distribution date. No servicing modification with respect to a mortgage loan will have the effect of reducing the mortgage rate below one-half of the mortgage rate as in effect on the cut-off date, but not less than the servicing fee rate. Further, the aggregate current principal balance of all mortgage loans subject to modifications can be no more than five percent (5%) of the aggregate principal balance of the mortgage loans as of the cut-off date, but this limit may increase from time to time with the consent of the rating agencies.

Any Advances made on any mortgage loan will be reduced to reflect any related servicing modifications previously made. The mortgage rate and Net Mortgage Rate as to any mortgage loan will be deemed not reduced by any servicing modification, so that the calculation of Accrued Certificate Interest payable on the offered certificates will not be affected by the servicing modification.

Allocations of the principal portion of Debt Service Reductions to each class of Class M Certificates and Class B Certificates will result from the priority of distributions of the Available Distribution Amounts as described in this prospectus supplement, which distributions shall be made first to the Senior Certificates, second to the Class M Certificates in the order of their payment priority and third to the Class B Certificates. An allocation of the interest portion of a Realized Loss as well as the principal portion of Debt Service Reductions will not reduce the level of subordination, as that term is defined in this prospectus supplement, until an amount in respect thereof has been actually disbursed to the Senior Certificateholders or the Class M Certificateholders, as applicable.

The holders of the offered certificates will not be entitled to any additional payments with respect to Realized Losses from amounts otherwise distributable on any classes of certificates subordinate thereto, except in limited circumstances in respect of any Excess Subordinate Principal Amount, or in the case of Class A-P Collection Shortfalls, to the extent of related Eligible Funds. Accordingly, the subordination provided to the Senior Certificates, other than the Class A-P Certificates, by the Class M Certificates and Class B Certificates with respect to Realized Losses allocated on any distribution date will be effected primarily by increasing the related Senior Percentage, or the portion of the related pro rata share of future distributions of principal to which the Class M Certificates are entitled of the remaining mortgage loans. Because the Discount Fraction of each Discount Mortgage Loan will not change over time, the protection from losses provided to the Class A-P Certificates by the Class M Certificates and Class B Certificates is limited to the prior right of the Class A-P Certificates to receive distributions in respect of principal as described in this prospectus supplement. Furthermore, principal losses on the mortgage loans that are not covered by subordination will be allocated to the Class A-P Certificates only to the extent they occur on a Discount Mortgage Loan and only to the extent of the related Discount Fraction of those losses. The allocation of principal losses on the Discount Mortgage Loans may result in those losses being allocated in an amount that is greater or less than would have been the case had those losses been allocated in proportion to the Certificate Principal Balance of the Class A-P Certificates. Thus, the Senior Certificates, other than the Class A-P Certificates, will bear the entire amount of losses on mortgage loans in the related loan group that are not allocated to the Class M Certificates and Class B Certificates, other than the amount allocable to the Class A-P Certificates, which losses will be allocated among the (i) Class I-A Certificates and Class R-I Certificates in the case of a Realized Loss on a mortgage loan in group I, (ii) Class II-A Certificates and Class R-II Certificates, in the case of a Realized Loss on a mortgage loan in loan group II, and (iii) Variable Strip Certificates, in the case of the interest portion of a Realized Loss on a mortgage loan in either loan group, on a pro rata basis with the related Senior Certificates, as described in this prospectus supplement.

Because the Class A-P Certificates are entitled to receive in connection with the Final Disposition of a Discount Mortgage Loan, on any distribution date, an amount equal to all unpaid Class A-P Collection Shortfalls to the extent of Eligible Funds on that distribution date, shortfalls in distributions of principal on any class of Class M Certificates could occur under some circumstances, even if that class is not the most subordinate class of certificates then outstanding with a Certificate Principal Balance greater than zero.

Any Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses, Extraordinary Losses or other losses of a type not covered by subordination on Discount Mortgage Loans will be allocated to the Class A-P Certificates in an amount equal to their related Discount Fraction of the principal portion of such losses. The

Class I-A Percentage or Class II-A Percentage, as applicable, of the remainder of the principal portion of such losses on Discount Mortgage Loans and the Class I-A Percentage or Class II-A Percentage, as applicable, of the entire amount of the principal portion of such losses on Non-Discount Mortgage Loans will be allocated to (i) in the case of a Realized Loss on a group I loan, the Class I-A Certificates and Class R-I Certificates, on a pro rata basis; and (ii) in the case of a Realized Loss on a group II loan, the Class II-A Certificates and Class R-II Certificates, on a pro rata basis. The remainder of the principal portion of such losses on Discount Mortgage Loans and Non-Discount Mortgage Loans will be allocated to the Class M Certificates and Class B Certificates on a pro rata basis. The interest portion of such losses will be allocated to all of the certificates on a pro rata basis based on the Accrued Certificate Interest thereon payable from the related loan group in respect of the related distribution date.

An allocation of a Realized Loss on a "pro rata basis" among two or more classes of certificates means an allocation to each of those classes of certificates on the basis of its then outstanding Certificate Principal Balance prior to giving effect to distributions to be made on that distribution date in the case of an allocation of the principal portion of a Realized Loss, or based on the Accrued Certificate Interest thereon payable from the related loan group, in respect of that distribution date in the case of an allocation of the interest portion of a Realized Loss.

In order to maximize the likelihood of distribution in full of the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount, in each case for each loan group on each distribution date, holders of the related Senior Certificates have a right to distributions of the related Available Distribution Amount that is prior to the rights of the holders of the Class M Certificates and Class B Certificates, to the extent necessary to satisfy the Senior Interest Distribution Amount, Class A-P Principal Distribution Amount and Senior Principal Distribution Amount, in each case, with respect to the each loan group. Similarly, holders of the Class M Certificates have a right to distributions of the Available Distribution Amounts prior to the rights of holders of the Class B Certificates and holders of any class of Class M Certificates with a lower payment priority.

The application of the related Senior Accelerated Distribution Percentage, when it exceeds the related Senior Percentage, to determine the related Senior Principal Distribution Amount will accelerate the amortization of the Senior Certificates, other than the Class A-P Certificates, in the aggregate relative to the actual amortization of the related mortgage loans. The Class A-P Certificates will not receive more than the Discount Fraction of any unscheduled payment relating to a Discount Mortgage Loan. To the extent that the Senior Certificates in the aggregate, other than the Class A-P Certificates, are amortized faster than the mortgage loans in their respective loan groups, in the absence of offsetting Realized Losses allocated to the Class M Certificates and Class B Certificates, the percentage interest evidenced by the Senior Certificates in the related loan group will be decreased, with a corresponding increase in the interest in the trust evidenced by the Class M Certificates and Class B Certificates, thereby increasing, relative to their respective Certificate Principal Balances, the subordination afforded the Senior Certificates by the Class M Certificates and Class B Certificates collectively. In addition, if losses on the mortgage loans in a loan group exceed the amounts described in the definition of Senior Accelerated Distribution Percentage or the conditions described in clause (c) under "Principal Distributions on the Senior Certificates" occur, a greater percentage of full and partial mortgagor prepayments may be allocated to the Senior Certificates in the aggregate, other than the Class A-P Certificates, than would otherwise be the case, thereby accelerating the amortization of the Senior Certificates relative to the Class M Certificates and Class B Certificates.

The priority of payments, including principal prepayments, among the Class M Certificates, as described in this prospectus supplement, also has the effect during some periods, in the absence of losses, of decreasing the percentage interest evidenced by any class of Class M Certificates with a higher payment priority, thereby

increasing, relative to its Certificate Principal Balance, the subordination afforded to that class of the Class M Certificates by the Class B Certificates and any class of Class M Certificates with a lower payment priority.

As of any date of determination following the cut-off date, the Special Hazard Amount shall equal \$5,412,917 less the sum of any amounts allocated through subordination relating to Special Hazard Losses. In addition, the Special Hazard Amount will be further reduced from time to time to an amount, if lower, that is not less than 1% of the outstanding principal balance of the mortgage loans. The Special Hazard Amount was equal to \$4,540,877. after giving effect to distributions on the January 25, 2008 distribution date.

The Fraud Loss Amount was equal to \$9,032,872 after giving effect to distributions on the January 25, 2008 distribution date. The Fraud Loss Amount shall be reduced over the first five years after the issuance date in accordance with the terms of the pooling and servicing agreement. After the first five years after the issuance date, the Fraud Loss Amount will be zero.

The Bankruptcy Amount was equal to \$178,393 after giving effect to distributions on the January 25, 2008 distribution date. As of any date of determination, the Bankruptcy Amount will equal the excess, if any, of (1) the lesser of (a) the Bankruptcy Amount as of the business day next preceding the most recent anniversary of the cut-off date and (b) an amount calculated under the terms of the pooling and servicing agreement, which amount as calculated will provide for a reduction in the Bankruptcy Amount, over (2) the aggregate amount of Bankruptcy Losses allocated solely to the Class M Certificates or Class B Certificates through subordination since that anniversary.

Notwithstanding the foregoing, the provisions relating to subordination will not be applicable in connection with a Bankruptcy Loss so long as the master servicer has notified the trustee in writing that:

- o the master servicer is diligently pursuing any remedies that may exist in connection with the representations and warranties made regarding the related mortgage loan; and
- o either:
 - o the related mortgage loan is not in default with regard to payments due thereunder; or
 - o delinquent payments of principal and interest under the related mortgage loan and any premiums on any applicable standard hazard insurance policy and any related escrow payments relating to that mortgage loan are being advanced on a current basis by the master servicer or a subservicer.

The Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount may be further reduced as described in the prospectus under "Subordination."

Advances

Prior to each distribution date, the master servicer is required to make Advances of payments which were due on the mortgage loans on the Due Date in the related Due Period and not received on the business day next preceding the related determination date.

These Advances are required to be made only to the extent they are deemed by the master servicer to be recoverable from related late collections, Insurance Proceeds, Liquidation Proceeds or amounts otherwise payable to the holders of the Class B Certificates or Class M Certificates. Recoverability is determined in the context

of existing outstanding arrearages, the current loan-to-value ratio and an assessment of the fair market value of the related mortgaged property. The purpose of making these Advances is to maintain a regular cash flow to the certificateholders, rather than to guarantee or insure against losses. The master servicer will not be required to make any Advances with respect to reductions in the amount of the monthly payments on the mortgage loans due to Debt Service Reductions or the application of the Relief Act or similar legislation or regulations. Any failure by the master servicer to make an Advance as required under the pooling and servicing agreement will constitute an event of default thereunder, in which case the trustee, as successor master servicer, will be obligated to make any Advance, in accordance with the terms of the pooling and servicing agreement.

All Advances will be reimbursable to the master servicer on a first priority basis from either (a) late collections, Insurance Proceeds and Liquidation Proceeds from the mortgage loan as to which such unreimbursed Advance was made or (b) as to any Advance that remains unreimbursed in whole or in part following the final liquidation of the related mortgage loan, from any amounts otherwise distributable on any of the Class B Certificates or Class M Certificates; provided, however, that any Advances that were made with respect to delinquencies which ultimately were determined to be Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses or Extraordinary Losses are reimbursable to the master servicer out of any funds in the Custodial Account prior to distributions on any of the certificates and the amount of those losses will be allocated as described in this prospectus supplement.

The effect of these provisions on any class of the Class M Certificates is that, with respect to any Advance which remains unreimbursed following the final liquidation of the related mortgage loan, the entire amount of the reimbursement for that Advance will be borne first by the holders of the Class B Certificates or any class of Class M Certificates having a lower payment priority to the extent that the reimbursement is covered by amounts otherwise distributable to those classes, and then by the holders of that class of Class M Certificates, except as provided above, to the extent of the amounts otherwise distributable to them. In addition, if the Certificate Principal Balances of the Class M Certificates and Class B Certificates have been reduced to zero, any Advances previously made which are deemed by the master servicer to be nonrecoverable from related late collections, Insurance Proceeds and Liquidation Proceeds may be reimbursed to the master servicer out of any funds in the Custodial Account in respect of the related loan group prior to distributions on the Senior Certificates.

The pooling and servicing agreement provides that the master servicer may enter into a facility with any person which provides that such person, or the advancing person, may directly or indirectly fund Advances and/or Servicing Advances, although no such facility will reduce or otherwise affect the master servicer's obligation to fund these Advances and/or Servicing Advances. No facility will require the consent of the certificateholders or the trustee. Any Advances and/or Servicing Advances made by an advancing person would be reimbursed to the advancing person under the same provisions pursuant to which reimbursement would be made to the master servicer if those advances were funded by the master servicer, but on a priority basis in favor of the advancing person as opposed to the master servicer or any successor master servicer, and without being subject to any right of offset that the trustee or the trust might have against the master servicer or any successor master servicer.

Certain Yield and Prepayment Considerations

General

The yield to maturity on each class of offered certificates will be primarily affected by the following factors:

- o the rate and timing of principal payments on the mortgage loans in the related loan group, including prepayments, defaults and liquidations, and repurchases due to breaches of representations or warranties;

- o the allocation of principal payments among the various classes of offered certificates;
- o realized losses and interest shortfalls on the mortgage loans in the related loan group;
- o the pass-through rate on the offered certificates;
- o with respect to the Class II-A-1, Class II-A-5 and Class II-A-7 Certificates, payments, if any, made pursuant to the yield maintenance agreement; and
- o the purchase price paid for the offered certificates.

For additional considerations relating to the yields on the offered certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Prepayment Considerations

The yields to maturity and the aggregate amount of distributions on the Class II-A-15 Certificates will be affected by the rate and timing of principal payments on the mortgage loans in loan group II. The yields may be adversely affected by a higher or lower than anticipated rate of principal payments on the mortgage loans in loan group II. The rate of principal payments on the mortgage loans will in turn be affected by the amortization schedules of the mortgage loans, the rate and timing of mortgagor prepayments on the mortgage loans by the mortgagors, liquidations of defaulted mortgage loans and purchases of mortgage loans due to breaches of some representations and warranties.

The timing of changes in the rate of prepayments, liquidations and purchases of the mortgage loans in the related loan group may significantly affect the yield to an investor, even if the average rate of principal payments experienced over time is consistent with an investor's expectation. In addition, the rate of prepayments of the mortgage loans and the yields to investors on the related certificates may be affected by refinancing programs, which may include general or targeted solicitations, as described under "Maturity and Prepayment Considerations" in the prospectus. Since the rate and timing of principal payments on the mortgage loans will depend on future events and on a variety of factors, as described in this prospectus supplement and in the prospectus under "Yield Considerations" and "Maturity and Prepayment Considerations", no assurance can be given as to the rate or the timing of principal payments on the offered certificates. The yields to maturity and rate and timing of principal payments on the Senior Certificates will only be affected by the rate and timing of payments on the mortgage loans in the related loan group, except under the limited circumstances described in this prospectus supplement.

Approximately 4.5% of the group I loans, 3.3% of the group II loans and 3.6% of all of the mortgage loans, respectively, by aggregate principal balance, provide for payment of a prepayment charge, which may have a substantial effect on the rate of prepayment of those mortgage loans. See "Description of the Mortgage Pool-Mortgage Pool Characteristics" in this prospectus supplement.

Some state laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. It is possible that prepayment charges and late fees may not be collected even on mortgage loans that provide for the payment of these charges. In any case, these amounts will not be available for distribution on the offered certificates. See "Certain Legal Aspects of Mortgage Loans and Contracts-Default Interest and Limitations on Prepayments" in the prospectus.

Prepayments, liquidations and purchases of the mortgage loans will result in distributions to holders of the related certificates, other than the Interest Only Certificates, of principal amounts which would otherwise be distributed over the remaining terms of the mortgage loans. Factors affecting prepayment, including defaults and liquidations, of mortgage loans include changes in mortgagors' housing needs, job transfers, unemployment, mortgagors' net equity in the mortgaged properties, changes in the value of the mortgaged properties, mortgage market interest rates, solicitations and servicing decisions. In addition, if prevailing mortgage rates fell significantly below the mortgage rates on the mortgage loans, the rate of prepayments, including refinancings, would be expected to increase. Conversely, if prevailing mortgage rates rose significantly above the mortgage rates on the mortgage loans, the rate of prepayments on the mortgage loans would be expected to decrease.

The rate of defaults on the mortgage loans will also affect the rate and timing of principal payments on the mortgage loans. In general, defaults on mortgage loans are expected to occur with greater frequency in their early years. As a result of the program criteria and underwriting standards applicable to the mortgage loans, the mortgage loans may experience rates of delinquency, foreclosure, bankruptcy and loss that are higher than those experienced by mortgage loans that satisfy the standards applied by Fannie Mae and Freddie Mac first mortgage loan purchase programs, or by Residential Funding for the purpose of acquiring mortgage loans to collateralize securities issued by Residential Funding Mortgage Securities I, Inc. For example, the rate of default on mortgage loans that are secured by non-owner occupied properties, mortgage loans made to borrowers whose income is not required to be provided or verified, mortgage loans made to borrowers with high debt-to-income ratios, and mortgage loans with high LTV ratios, may be higher than for other types of mortgage loans. See "Description of the Mortgage Pool-The Program" in this prospectus supplement. Furthermore, the rate and timing of prepayments, defaults and liquidations on the mortgage loans will be affected by the general economic condition of the region of the country in which the related mortgaged properties are located. The risk of delinquencies and loss is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. See "Maturity and Prepayment Considerations" in the prospectus.

Most of the mortgage loans contain due-on-sale clauses. The terms of the pooling and servicing agreement generally require the master servicer or any subservicer, as the case may be, to enforce any due-on-sale clause to the extent it has knowledge of the conveyance or the proposed conveyance of the underlying mortgaged property and to the extent permitted by applicable law, except that any enforcement action that would impair or threaten to impair any recovery under any related insurance policy will not be required or permitted.

Allocation of Principal Payments

The yields to maturity on the certificates will be affected by the allocation of principal payments among the certificates. As described under "Description of the Certificates-Principal Distributions on the Senior Certificates" and "-Principal Distributions on the Class M Certificates" in this prospectus supplement, during specified periods all or a disproportionately large percentage of principal prepayments on the mortgage loans will be allocated among the Senior Certificates, other than the Interest Only Certificates and Class A-P Certificates, and during specified periods no principal prepayments or, relative to the related pro rata share, a disproportionately small portion of principal prepayments on the mortgage loans will be distributed to each class of Class M Certificates. In addition to the foregoing, if on any distribution date, the loss level established for the Class M-2 Certificates or Class M-3 Certificates is exceeded and a class of Class M Certificates having a higher payment priority is then outstanding with a Certificate Principal Balance greater than zero, the Class M-2 Certificates or Class M-3 Certificates, as the case may be, will not receive distributions relating to principal prepayments on that distribution date.

Mortgage Loans with Interest Only Periods

Approximately 0.1% and 0.1% of the group II loans and all of the mortgage loans, respectively, have an interest only period for the first five years following the date of origination, approximately 48.1%, 39.1% and 41.3% of the group I loans, the group II loans and all of the mortgage loans, respectively, have an interest only period for the first ten years following the date of origination, and approximately 0.1% and 0.1% of the group II loans and all of the mortgage loans, respectively, have an interest only period for the first fifteen years following the date of origination. During these periods, the payment made by the related borrower will be less than it would be if the mortgage loan amortized. In addition, the mortgage loan balance will not be reduced by the principal portion of scheduled monthly payments during this period. As a result, no principal payments will be made to the related certificates from these mortgage loans during their interest only period except in the case of a prepayment.

After the initial interest only period, the scheduled monthly payment on these mortgage loans will increase, which may result in increased delinquencies by the related borrowers, particularly if interest rates have increased and the borrower is unable to refinance. In addition, losses may be greater on these mortgage loans as a result of the mortgage loan not amortizing during the early years of these mortgage loans. Although the amount of principal included in each scheduled monthly payment for a traditional mortgage loan is relatively small during the first few years after the origination of a mortgage loan, in the aggregate the amount can be significant.

Mortgage loans with an initial interest only period are relatively new in the mortgage marketplace. The performance of these mortgage loans may be significantly different than mortgage loans that fully amortize. In particular, there may be a higher expectation by these borrowers of refinancing their mortgage loans with a new mortgage loan, in particular one with an initial interest only period, which may result in higher prepayment speeds than would otherwise be the case. In addition, the failure to build equity in the related mortgaged property by the related mortgagor may affect the delinquency and prepayment experience of these mortgage loans.

Sequentially Paying Certificates: The Senior Certificates, other than the Principal Only Certificates and Interest Only Certificates, are entitled to receive distributions in accordance with various priorities for payment of principal as described in this prospectus supplement. Distributions of principal on classes having an earlier priority of payment will be affected by the rates of prepayment of the mortgage loans early in the life of the mortgage pool. The timing of commencement of principal distributions and the weighted average lives of certificates with a later priority of payment will be affected by the rates of prepayment of the mortgage loans both before and after the commencement of principal distributions on those classes. Holders of any class of Senior Certificates with a longer weighted average life bear a greater risk of loss than holders of Senior Certificates with a shorter weighted average life because the Certificate Principal Balances of the Class M Certificates and Class B Certificates could be reduced to zero before the Senior Certificates are retired.

Retail Certificates: IN ADDITION TO THE CONSIDERATIONS SET FORTH ABOVE, INVESTORS IN THE RETAIL CERTIFICATES SHOULD BE AWARE THAT SUCH CERTIFICATES MAY NOT BE AN APPROPRIATE INVESTMENT FOR ALL PROSPECTIVE INVESTORS. The Retail Certificates would not be an appropriate investment for any investor requiring a distribution of a particular amount of principal or interest on a specific date or dates or an otherwise predictable stream of cash payments. The timing of such distributions may have a significant effect on an investor's yield on such certificates if the certificate is purchased at a discount or a premium.

Lockout Certificates: Investors in the Lockout Certificates should be aware that, unless the Credit Support Depletion Date has occurred, the Lockout Certificates are not expected to receive any distributions of principal prior to the distribution date occurring in October 2011, and until the distribution date occurring in October 2015 will receive a disproportionately small portion of principal payments, unless the Certificate Principal

Balances of the Senior Certificates related to the group I loans or the Certificate Principal Balances of the Senior Certificates related to the group II loans, in either case other than the related Lockout Certificates, and the Class A-P Certificates have been reduced to zero. Consequently, the weighted average lives of the Lockout Certificates will be longer than would otherwise be the case. The effect on the market value of the Lockout Certificates of changes in market interest rates or market yields for similar securities will be greater than for other classes of Senior Certificates entitled to earlier principal distributions.

Certificates with Subordination Features: After the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the yield to maturity on the class of Class M Certificates with a Certificate Principal Balance greater than zero with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because the entire amount of losses that are covered by subordination will be allocated to that class of Class M Certificates. See "—Class M-2 Certificate and Class M-3 Certificate Yield Considerations" below. After the Credit Support Depletion Date, the yield to maturity of the Senior Support Certificates will be extremely sensitive to losses on the group II loans, and the timing thereof, because most losses that would otherwise be allocable to the Class II-A-7 Certificates will be allocated to the Class II-A-10 Certificates. Furthermore, because principal distributions are paid to some classes of Senior Certificates and Class M Certificates before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having an earlier priority for distribution of principal.

Realized Losses and Interest Shortfalls

The yields to maturity and the aggregate amount of distributions on the offered certificates will be affected by the timing of mortgagor defaults resulting in Realized Losses. The timing of Realized Losses on the mortgage loans and the allocation of Realized Losses to the offered certificates could significantly affect the yield to an investor in the offered certificates. In addition, Realized Losses on the mortgage loans may affect the market value of the offered certificates, even if these losses are not allocated to the offered certificates.

After the Certificate Principal Balances of the Class B Certificates have been reduced to zero, the yield to maturity on the class of Class M Certificates with a Certificate Principal Balance greater than zero with the lowest payment priority will be extremely sensitive to losses on the mortgage loans and the timing of those losses because the entire amount of losses that are covered by subordination will be allocated to that class of Class M Certificates. See "—Class M-2 Certificate and Class M-3 Certificate Yield Considerations" below. Furthermore, because principal distributions are paid to some classes of Senior Certificates and Class M Certificates before other classes, holders of classes having a later priority of payment bear a greater risk of losses than holders of classes having earlier priority for distribution of principal.

Investors in the Senior Certificates should be aware that because the Class M Certificates and Class B Certificates represent interests in both loan groups, the Certificate Principal Balances of the Class M Certificates and Class B Certificates could be reduced to zero as a result of a disproportionate amount of Realized Losses on the mortgage loans in the other loan group. Therefore, although Realized Losses on the mortgage loans in one loan group may only be allocated to the related Senior Certificates, the allocation to the Class M Certificates and Class B Certificates of Realized Losses on the mortgage loans in the other loan group will increase the likelihood that Realized Losses may be allocated to those Senior Certificates.

As described under "Description of the Certificates—Allocation of Losses; Subordination" and "—Advances," amounts otherwise distributable to holders of one or more classes of the Class M Certificates may be made available to protect the holders of the Senior Certificates and holders of any Class M Certificates with a higher payment priority against interruptions in distributions due to some mortgagor delinquencies, to the extent

not covered by Advances. These delinquencies may affect the yields to investors on those classes of the Class M Certificates, and, even if subsequently cured, may affect the timing of the receipt of distributions by the holders of those classes of Class M Certificates. Furthermore, the Class A-P Certificates will share in the principal portion of Realized Losses on the mortgage loans only to the extent that they are incurred with respect to Discount Mortgage Loans and only to the extent of the related Discount Fraction of those losses. Thus, after the Class B Certificates and the Class M Certificates are retired or in the case of Excess Special Hazard Losses, Excess Fraud Losses, Excess Bankruptcy Losses and Extraordinary Losses, the related Senior Certificates, other than the Class A-P Certificates, may be affected to a greater extent by losses on Non-Discount Mortgage Loans than losses on Discount Mortgage Loans. In addition, a higher than expected rate of delinquencies or losses will also affect the rate of principal payments on one or more classes of the Class M Certificates if it delays the scheduled reduction of the related Senior Accelerated Distribution Percentage or affects the allocation of prepayments among the Class M Certificates and the Class B Certificates.

The amount of interest otherwise payable to holders of the offered certificates will be reduced by any interest shortfalls with respect to the related loan group or groups to the extent not covered by subordination or the master servicer, including Prepayment Interest Shortfalls and, in the case of each class of the Class M Certificates, the interest portions of Realized Losses allocated solely to that class of certificates. These shortfalls will not be offset by a reduction in the servicing fees payable to the master servicer or otherwise, except as described in this prospectus supplement with respect to Prepayment Interest Shortfalls. See "Yield Considerations" in the prospectus and "Description of the Certificates-Interest Distributions" in this prospectus supplement for a discussion of the effect of principal prepayments on the mortgage loans on the yields to maturity of the offered certificates and possible shortfalls in the collection of interest.

The yields to investors in the offered certificates will be affected by Prepayment Interest Shortfalls allocable thereto on any distribution date to the extent that those shortfalls exceed the amount offset by the master servicer. See "Description of the Certificates-Interest Distributions" in this prospectus supplement.

The recording of mortgages in the name of MERS is a relatively new practice in the mortgage lending industry. While the depositor expects that the master servicer or applicable subservicer will be able to commence foreclosure proceedings on the mortgaged properties, when necessary and appropriate, public recording officers and others in the mortgage industry, however, may have limited, if any, experience with lenders seeking to foreclose mortgages, assignments of which are registered with MERS. Accordingly, delays and additional costs in commencing, prosecuting and completing foreclosure proceedings, defending litigation commenced by third parties and conducting foreclosure sales of the mortgaged properties could result. Those delays and additional costs could in turn delay the distribution of liquidation proceeds to the certificateholders and increase the amount of Realized Losses on the mortgage loans. In addition, if, as a result of MERS discontinuing or becoming unable to continue operations in connection with the MERS® System, it becomes necessary to remove any mortgage loan from registration on the MERS® System and to arrange for the assignment of the related mortgages to the trustee, then any related expenses shall be reimbursable by the trust to the master servicer, which will reduce the amount available to pay principal of and interest on the class or classes of certificates with Certificate Principal Balances greater than zero with the lowest payment priorities. For additional information regarding the recording of mortgages in the name of MERS see "Description of the Mortgage Pool-Mortgage Pool Characteristics" in this prospectus supplement and "Description of the Certificates-Assignment of Mortgage Loans" in the prospectus.

Pass-Through Rates

The yield to maturity on the Class II-A-15 Certificates will be affected by its pass-through rate. The pass-through rate on the Class II-A-15 Certificates is adjustable based on LIBOR. However, if market interest

rates or market yields for securities similar to the certificates were to rise faster than LIBOR, or if the pass-through rate on the Class II-A-15 Certificates is capped at the maximum pass-through rate for that class, the market value of the certificates may decline.

Purchase Price

In addition, the yield to maturity on each class of the certificates will depend on, among other things, the price paid by the holders of the certificates. The extent to which the yield to maturity of a certificate is sensitive to prepayments will depend, in part, upon the degree to which it is purchased at a discount or premium. In general, if a class of certificates is purchased at a premium and principal distributions thereon occur at a rate faster than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. Conversely, if a class of certificates is purchased at a discount and principal distributions thereon occur at a rate slower than assumed at the time of purchase, the investor's actual yield to maturity will be lower than anticipated at the time of purchase. For additional considerations relating to the yields on the offered certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Assumed Final Distribution Date

The assumed final distribution date is September 25, 2036, which is the distribution date immediately following the latest scheduled maturity date for any mortgage loan. No event of default, change in the priorities for distribution among the various classes or other provisions under the pooling and servicing agreement will arise or become applicable solely by reason of the failure to retire the entire Certificate Principal Balance of any class of certificates on or before its assumed final distribution date.

Weighted Average Life

Weighted average life refers to the average amount of time that will elapse from the date of issuance of a security to the date of distribution to the investor of each dollar distributed in reduction of principal of the security. The weighted average life of the offered certificates from the closing date will be influenced by, among other things, the rate at which principal of the mortgage loans in the related loan group is paid, which may be in the form of scheduled amortization, prepayments or liquidations.

Prepayments on mortgage loans are commonly measured relative to a prepayment standard or model. The model used in this prospectus supplement, CPR, represents a constant rate of prepayment each month relative to the then outstanding principal balance of a pool of mortgage loans. A 10% CPR assumes a constant prepayment rate of 10% per annum of the then outstanding principal balance of the mortgage loans. CPR does not purport to be a historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the mortgage loans in this mortgage pool.

The table below captioned "Percent of Certificate Principal Balance Outstanding at the Following Percentages of CPR" has been prepared on the basis of the assumptions as listed in this paragraph regarding the weighted average characteristics of the mortgage loans that are included in the trust as described in Annex I in this prospectus supplement and their performance. The table assumes, among other things, that: (i) as of the reference date, the mortgage loans have the following characteristics:

Assumed Mortgage Loan Characteristics

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Group I Loans

	Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans Non-Interest Only	Discount Mortgage Loans 10-Yr Interest Only	Non-Discount Mortgage Loans 10-Yr Interest Only
Aggregate principal balance.....	\$4,499,356.86	\$48,226,739.47	\$4,038,906.22	\$46,226,702.32
Weighted average mortgage rate.....	6.7372134284%	7.4202%	6.8386309667%	7.3915%
Weighted average servicing fee rate.	0.3869247256%	0.3314%	0.4153715691%	0.3433%
Weighted average original term to maturity (months)..	360	358	360	360
Weighted average remaining term to maturity (months)..	342	338	342	342

Group II Loans

	Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans Non-Interest Only	Non-Discount Mortgage Loans 5-Yr Interest Only	Discount Mortgage Loans 10-Yr Interest Only	Non-Discount Mortgage Loans 10-Yr Interest Only	Disc Mortgag 15 Intere
Aggregate principal balance.....	\$34,232,025.86	\$162,025,416.52	\$78,626.17	\$20,812,508.97	\$106,215,807.20	\$256,
Weighted average mortgage rate.....	6.6016792844%	7.4309%	8.2500%	6.5945485147%	7.3481%	6.7500
Weighted average servicing fee rate	0.2897802663%	0.3331%	0.3300%	0.2941113849%	0.3309%	0.2800
Weighted average original term to maturity (months)..	359	360	360	359	360	3
Weighted average remaining term to maturity (months)..	339	340	343	341	342	3

(ii) the scheduled monthly payment for each mortgage loan has been based on its outstanding balance, mortgage rate and remaining term to maturity (after taking into account the interest only period), so that the mortgage loan will amortize in amounts sufficient for its repayment over its remaining term to maturity (after taking into account the interest only period); (iii) each of the 5-year, 10-year and 15-year interest only mortgage loans has an original interest only period of 60 months, 120 months and 180 months, respectively; (iv) none of the unaffiliated sellers, Residential Funding or the depositor will repurchase any mortgage loan, as described under

"The Trusts—Representations with Respect to Mortgage Collateral" and "The Trusts—Repurchases of Mortgage Collateral" in the prospectus, and the master servicer does not exercise any option to purchase the mortgage loans and thereby cause a termination of the trust; (v) there are no delinquencies or Realized Losses on the mortgage loans, and principal payments on the mortgage loans in each loan group will be timely received together with prepayments, if any, at the respective constant percentages of CPR set forth in the table; (vi) there is no Prepayment Interest Shortfall or any other interest shortfall in any month; (vii) payments on the certificates will be received on the 25th day of each month, commencing in February 2008; (viii) payments on the mortgage loans earn no reinvestment return; (ix) there are no additional ongoing trust expenses payable out of the trust; and (x) the certificates will be purchased on February 8, 2008. Clauses (i) through (x) above are collectively referred to as the structuring assumptions.

The actual characteristics and performance of the mortgage loans will differ from the assumptions used in constructing the table below, which is hypothetical in nature and is provided only to give a general sense of how the principal cash flows might behave under varying prepayment scenarios. For example, it is very unlikely that the mortgage loans will prepay at a constant level of CPR until maturity or that all of the mortgage loans will prepay at the same level of CPR. Moreover, the diverse remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the tables at the various constant percentages of CPR specified, even if the weighted average remaining term to stated maturity and weighted average mortgage rate of the mortgage loans are as assumed. Any difference between the assumptions and the actual characteristics and performance of the related mortgage loans, or actual prepayment or loss experience of the related mortgage loans, will affect the percentages of Certificate Principal Balance outstanding over time and the weighted average lives of the classes of certificates.

In accordance with the foregoing discussion and assumptions, the following table indicates the weighted average life of the offered certificates from the closing date and sets forth the percentages of the Certificate Principal Balance of the offered certificates as of the closing date that would be outstanding after each of the distribution dates at the prepayment assumption shown.

Percent of Certificate Principal Balance Outstanding at the Following Percentages of the CPR

Class II-A-15

Distribution Date	6%	8%	10%	15%	20%
Initial Percentage.....	100%	100%	100%	100%	100%
January 2009.....	93	91	88	83	78
January 2010.....	86	82	78	69	60
January 2011.....	80	74	69	56	45
January 2012.....	74	67	61	46	34
January 2013.....	68	61	53	38	26
January 2014.....	63	55	47	31	20
January 2015.....	59	50	42	26	15
January 2016.....	54	45	37	22	12
January 2017.....	50	41	33	18	9
January 2018.....	46	37	29	15	7
January 2019.....	42	33	25	12	6

January 2020.....	38	29	22	10	4
January 2021.....	35	26	19	8	3
January 2022.....	32	23	17	7	3
January 2023.....	29	20	14	6	2
January 2024.....	26	18	12	5	2
January 2025.....	23	16	10	4	1
January 2026.....	20	13	9	3	1
January 2027.....	18	12	7	2	1
January 2028.....	15	10	6	2	*
January 2029.....	13	8	5	1	*
January 2030.....	11	7	4	1	*
January 2031.....	9	5	3	1	*
January 2032.....	7	4	2	1	*
January 2033.....	5	3	2	*	*
January 2034.....	4	2	1	*	*
January 2035.....	2	1	1	*	*
January 2036.....	1	*	*	*	*
January 2037.....	0	0	0	0	0
Weighted Average Life (in years)**	10.5	8.8	7.5	5.2	3.8

* Indicates a number that is greater than zero but less than 0.5%.

** The weighted average life of the Class II-A-15 Certificates is determined by (i) multiplying the amount of each net distribution of Certificate Principal Balance by the number of years from February 8, 2008 to the related distribution date, (ii) adding the results, and (iii) dividing the sum by the aggregate of the net distributions described in (i) above.

This table has been prepared based on the structuring assumptions (including the assumptions regarding the characteristics and performance of the mortgage loans which differ from the actual characteristics and performance thereof) and should be read in conjunction therewith.

Class II-A-15 Certificates Yield Considerations

The yields to investors on the Class II-A-15 Certificates will be sensitive to fluctuations in the level of LIBOR. The pass-through rates on the Class II-A-15 Certificates will vary with LIBOR. The pass-through rates on the Class II-A-15 Certificates are subject to maximum and minimum pass-through rates, and are therefore limited despite changes in LIBOR in some circumstances. Changes in the level of LIBOR may not correlate with changes in prevailing mortgage interest rates or changes in other indices. It is possible that lower prevailing mortgage interest rates, which might be expected to result in faster prepayments, could occur concurrently with an increased level of LIBOR. Investors in the Class II-A-15 Certificates should also fully consider the effect on the yields on those certificates of changes in the level of LIBOR.

To illustrate the significance of changes in the level of LIBOR and prepayments on the yields to maturity on the Class II-A-15 Certificates, the following table indicates the approximate pre-tax yields to maturity on a corporate bond equivalent basis under the different constant percentages of the prepayment assumption and varying levels of LIBOR indicated. Because the rate of distribution of principal on the certificates will be related to the actual amortization, including prepayments, of the mortgage loans, which will include mortgage loans that have remaining terms to maturity shorter or longer than assumed and mortgage rates higher or lower than assumed, the pre-tax yields to maturity on the Class II-A-15 Certificates are likely to differ from those shown in the

following table, even if all the mortgage loans prepay at the constant percentages of the prepayment assumption and the level of LIBOR is as specified, and the weighted average remaining term to maturity and the weighted average mortgage rate of the mortgage loans are as assumed. Any differences between the assumptions and the actual characteristics and performance of the mortgage loans and of the certificates may result in yields being different from those shown in the table. Discrepancies between assumed and actual characteristics and performance underscore the hypothetical nature of the table, which is provided only to give a general sense of the sensitivity of yields in varying prepayment scenarios and different levels of LIBOR.

In addition, it is highly unlikely that the mortgage loans will prepay at a constant percentage of the prepayment assumption until maturity, that all of the mortgage loans will prepay at the same rate, or that the level of LIBOR will remain constant. The timing of changes in the rate of prepayments may significantly affect the actual yield to maturity to an investor, even if the average rate of principal prepayments is consistent with an investor's expectation. In general, the earlier the payment of principal of the mortgage loans, the greater the effect on an investor's yield to maturity. As a result, the effect on an investor's yield of principal prepayments occurring at a rate higher or lower than the rate anticipated by the investor during the period immediately following the issuance of the certificates will not be equally offset by a subsequent like reduction or increase in the rate of principal prepayments.

The table below is based on the structuring assumptions, including the assumptions regarding the characteristics and performance of the mortgage loans and the certificates, which may differ from their actual characteristics and performance, and assuming further that:

- o on each LIBOR rate adjustment date, LIBOR will be at the level shown;
- o the aggregate purchase price of the Class II-A-15 Certificates is approximately \$15,740,876, including accrued interest (this price assumed an initial coupon of 3.87625%);
- o no payments are made under the yield maintenance agreement; and
- o the January 25, 2008 distribution date pass-through rate on the Class II-A-15 Certificates is described on page S-9 of this prospectus supplement.

There can be no assurance that the mortgage loans will have the assumed characteristics, will prepay at any of the rates shown in the table or at any other particular rate, that the pre-tax yields to maturity on the Class II-A-15 Certificates will correspond to any of the pre-tax yields to maturity shown in this prospectus supplement, that the level of LIBOR will correspond to the levels shown in the table or that the aggregate purchase price of the Class II-A-15 Certificates will be as assumed. In addition to any other factors an investor may deem material, each investor must make its own decision as to the appropriate prepayment assumption to be used and the appropriate levels of LIBOR to be assumed in deciding whether or not to purchase the Class II-A-15 Certificates.

**Sensitivity of Pre-Tax Yield to Maturity of the
Class II-A-15 Certificates to Prepayments and LIBOR**

Percentage of CPR

LIBOR	6%	8%	10%	15%	20%
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2.87625%	3.92%	4.00%	4.10%	4.36%	4.67%
3.12625%	4.18%	4.27%	4.36%	4.62%	4.93%
3.37625%	4.44%	4.53%	4.62%	4.89%	5.19%
3.62625%	4.70%	4.79%	4.89%	5.15%	5.45%
3.87625%	4.97%	5.05%	5.15%	5.41%	5.72%

Each pre-tax yield to maturity listed in the preceding table was calculated by determining the monthly discount rate which, when applied to the assumed stream of cash flows to be paid on the Class II-A-15 Certificates, would cause the discounted present value of the assumed stream of cash flows to equal the assumed purchase price for the certificates. Accrued interest is included in the assumed purchase price and is used in computing the corporate bond equivalent yields shown. These yields do not take into account the different interest rates at which investors may be able to reinvest funds received by them as distributions on the Class II-A-15 Certificates, and thus do not reflect the return on any investment in the Class II-A-15 Certificates when any reinvestment rates other than the discount rates are considered.

Notwithstanding the assumed prepayment rates reflected in the preceding table, it is highly unlikely that the mortgage loans will be prepaid according to one particular pattern. For this reason, and because the timing of cash flows is critical to determining yields, the pre-tax yields to maturity on the Class II-A-15 Certificates are likely to differ from those shown in the table, even if all of the mortgage loans prepay at the indicated constant percentages of the prepayment assumption over any given time period or over the entire life of the certificates.

There can be no assurance that the mortgage loans will prepay at any particular rate or that the yield on the Class II-A-15 Certificates will conform to the yields described in this prospectus supplement. Moreover, the various remaining terms to maturity and mortgage rates of the mortgage loans could produce slower or faster principal distributions than indicated in the preceding table at the various constant percentages of the prepayment assumption, even if the weighted average remaining term to maturity and weighted average mortgage rate of the mortgage loans are as assumed. Investors are urged to make their investment decisions based on their determinations as to anticipated rates of prepayment under a variety of scenarios.

For additional considerations relating to the yields on the certificates, see "Yield Considerations" and "Maturity and Prepayment Considerations" in the prospectus.

Pooling and Servicing Agreement

General

The certificates were issued under a series supplement, dated as of September 1, 2006, to the standard terms of pooling and servicing agreement, dated as of March 1, 2006, together referred to as the pooling and servicing agreement, among the depositor, the master servicer, and Deutsche Bank Trust Company Americas, as trustee. Reference is made to the prospectus for important information in addition to that described herein regarding the terms and conditions of the pooling and servicing agreement and the offered certificates. The trustee, or any of its affiliates, in its individual or any other capacity, may become the owner or pledgee of certificates with the same rights as it would have if it were not trustee.

The offered certificates are transferable and exchangeable at the corporate trust office of the trustee, which serves as certificate registrar and paying agent. The depositor will provide a prospective or actual

certificateholder without charge, on written request, a copy, without exhibits, of the pooling and servicing agreement. Requests should be addressed to the President, Residential Accredited Loans, Inc., One Meridian Crossings, Suite 100, Minneapolis, Minnesota 55423.

In addition to the circumstances described in the prospectus, the depositor may terminate the trustee for cause under specified circumstances. See "The Pooling and Servicing Agreement—The Trustee" in the prospectus.

Custodial Arrangements

The trustee has been directed to appoint Wells Fargo Bank, N.A., to serve as custodian of the mortgage loans. The custodian is not an affiliate of the depositor, the master servicer or the sponsor. No servicer will have custodial responsibility for the mortgage notes. Residential Funding was required to deliver only the mortgage notes to the custodian. The mortgage notes (and any contents of a mortgage loan file delivered to the custodian) will be maintained in vaults located at the custodian's premises in Minnesota. Only the custodian has access to these vaults. A shelving and filing system segregates the files relating to the mortgage loans from other assets serviced by the sponsor.

Wells Fargo Bank is acting as custodian of the mortgage loan files pursuant to the custodial agreement. In that capacity, Wells Fargo Bank is responsible to hold and safeguard the mortgage notes and other contents of the mortgage files on behalf of the trustee and the certificateholders. Wells Fargo Bank maintains each mortgage loan file in a separate file folder marked with a unique bar code to assure loan-level file integrity and to assist in inventory management. Files are segregated by transaction or investor. Wells Fargo Bank has been engaged in the mortgage document custody business for more than 25 years. Wells Fargo Bank maintains document custody facilities in Minneapolis, Minnesota and in two regional offices located in Irvine, California, and Salt Lake City, Utah. As of December 31, 2007, Wells Fargo Bank maintains mortgage custody vaults in each of those locations with an aggregate capacity of over ten million files.

The Master Servicer and Subservicers

Master Servicer. The master servicer, an affiliate of the depositor, will be responsible for master servicing the mortgage loans. Master servicing responsibilities include:

- o receiving funds from subservicers,
- o reconciling servicing activity with respect to the mortgage loans,
- o calculating remittance amounts to certificateholders,
- o sending remittances to the trustee for distributions to certificateholders,
- o investor and tax reporting,
- o coordinating loan repurchases,
- o oversight of all servicing activity, including subservicers,
- o following up with subservicers with respect to mortgage loans that are delinquent or for which servicing decisions may need to be made,
- o approval of loss mitigation strategies,
- o management and liquidation of mortgaged properties acquired by foreclosure or deed in lieu of foreclosure,
- o providing certain notices and other responsibilities as detailed in the pooling and servicing agreement.

The master servicer may, from time to time, outsource certain of its servicing functions, such as foreclosure management, although any such outsourcing will not relieve the master servicer of any of its responsibilities or liabilities under the pooling and servicing agreement.

For a general description of the master servicer and its activities, see "Sponsor and Master Servicer" in this prospectus supplement. See "The Pooling and Servicing Agreement – Rights Upon Event of Default" in the prospectus and "– Certain Other Matters Regarding Servicing" for a discussion of material removal, replacement, resignation and transfer provisions relating to the master servicer.

Subservicer Responsibilities. Subservicers are generally responsible for the following duties:

- o communicating with borrowers;
- o sending monthly remittance statements to borrowers;
- o collecting payments from borrowers;
- o recommending a loss mitigation strategy for borrowers who have defaulted on their loans (i.e. repayment plan, modification, foreclosure, etc.);
- o accurate and timely accounting, reporting and remittance of the principal and interest portions of monthly installment payments to the master servicer, together with any other sums paid by borrowers that are required to be remitted;
- o accurate and timely accounting and administration of escrow and impound accounts, if applicable;
- o accurate and timely reporting of negative amortization amounts, if any;
- o paying escrows for borrowers, if applicable;
- o calculating and reporting payoffs and liquidations;
- o maintaining an individual file for each loan; and
- o maintaining primary mortgage insurance commitments or certificates if required, and filing any primary mortgage insurance claims.

GMAC Mortgage, LLC. GMAC Mortgage, LLC ("GMACM") subservices approximately 72.2%, 70.8% and 71.1% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively. GMACM is a Delaware limited liability company and a wholly-owned subsidiary of GMAC Residential Holding Company, LLC, which is a wholly owned subsidiary of Residential Capital, LLC ("ResCap"). ResCap is a Delaware limited liability company and a wholly-owned subsidiary of GMAC Mortgage Group, LLC, which is a wholly-owned subsidiary of GMAC LLC. On August 24, 2007, Fitch Ratings reduced GMACM's residential primary subservicer rating and residential primary servicer rating for Alt-A product from RPS1 to RPS1- and placed the servicer ratings on Rating Watch Negative.

ResCap, which owns indirectly all of the equity of both Homecomings Financial, LLC ("Homecomings") and GMACM, has restructured the operations of Homecomings and GMACM. As a result of such restructuring, on September 24, 2007, Homecomings transferred its servicing platform and certain employees responsible for the servicing function to its affiliate GMACM. Subsequently, on December 12, 2007, Fitch withdrew its residential servicer ratings for both GMACM, indicated above, and Homecomings and assigned a residential primary subservicer rating and residential primary servicer rating for Alt-A product of RPS2+ to ResCap. This rating takes into consideration the servicing capabilities of GMACM and reflects the financial rating of ResCap.

Subsequent to the transfer of the servicing platform and employees from Homecomings to GMACM, in addition to the mortgage loans owned by the issuing entity which were previously serviced by GMACM, GMACM will subservice the mortgage loans owned by the issuing entity which were previously serviced by Homecomings, and Homecomings will no longer subservice any of the mortgage loans. In addition GMACM will be servicing all of the GMACM and Homecomings servicing portfolios, which will consist of the aggregate of the amounts set forth below under the headings "GMAC Mortgage, LLC Primary Servicing Portfolio" and "Homecomings Financial, LLC Primary Servicing Portfolio."

GMACM began acquiring, originating and servicing residential mortgage loans in 1985 through its acquisition of Colonial Mortgage Service Company, which was formed in 1926, and the loan administration, servicing operations and portfolio of Norwest Mortgage, which entered the residential mortgage loan business in 1906. These businesses formed the original basis of what is now GMACM.

GMACM maintains its executive and principal offices at 1100 Virginia Drive, Fort Washington, Pennsylvania 19034. Its telephone number is (215) 734-5000.

In addition, GMACM purchases mortgage loans originated by GMAC Bank, which is wholly-owned by IB Finance Holding Company, LLC, a subsidiary of ResCap and GMAC LLC, and which is an affiliate of GMACM. Formerly known as GMAC Automotive Bank, GMAC Bank, a Utah industrial bank, was organized in 2001. As of November 22, 2006, GMAC Bank became the successor to substantially all of the assets and liabilities of GMAC Bank, a federal savings bank.

GMACM generally retains the servicing rights with respect to loans it sells or securitizes, and also occasionally purchases mortgage servicing rights from other servicers or acts as a subservicer of mortgage loans (and does not hold the corresponding mortgage servicing right asset).

As of the nine months ended September 30, 2007, GMACM acted as primary servicer and owned the corresponding servicing rights on approximately 2,2912,593 of residential mortgage loans having an aggregate unpaid principal balance of approximately \$290 billion, and GMACM acted as subservicer (and did not own the corresponding servicing rights) on approximately 290,232 loans having an aggregate unpaid principal balance of over \$60.4 billion.

The following tables set forth the dollar amount of mortgage loans serviced by GMACM C for the periods indicated, and the number of such loans for the same period. GMACM was the servicer of a residential mortgage loan portfolio of approximately \$150.4 billion, \$12.5 billion, \$21.2 billion and \$6.7 billion during the year ended December 31, 2002 backed by prime conforming mortgage loans, prime non-conforming mortgage loans, government mortgage loans and second-lien mortgage loans, respectively. GMACM was the servicer of a residential mortgage loan portfolio of approximately \$217.0 billion, \$31.3 billion, \$19.0 billion and \$23.2 billion during the nine months ended September 30, 2007 backed by prime conforming mortgage loans, prime non-conforming mortgage loans, government mortgage loans and second-lien mortgage loans, respectively. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

GMAC MORTGAGE, LLC PRIMARY SERVICING PORTFOLIO
(\$ IN MILLIONS)

	Year Ended December 31,					Mon Sept
	2002	2003	2004	2005	2006	
Prime conforming mortgage loans						
No. of Loans.....	1,418,843	1,308,284	1,323,249	1,392,870	1,455,919	1,
Dollar Amount of Loans.....	\$150,421	\$153,601	\$165,521	\$186,364	\$203,894	\$
Percentage Change						

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from Prior Year.....	N/A	2.11%	7.76%	12.59%	9.41%
Prime non-conforming mortgage loans					
No. of Loans.....	36,225	34,041	53,119	69,488	67,462
Dollar Amount of Loans.....	\$12,543	\$13,937	\$23,604	\$32,385	\$32,220
Percentage Change					
from Prior Year.....	N/A	11.12%	69.36%	37.20%	(0.51)%
Government mortgage loans					
No. of Loans.....	230,085	191,023	191,844	181,679	181,563
Dollar Amount of Loans.....	\$21,174	\$17,594	\$18,328	\$18,098	\$18,843
Percentage Change					
from Prior Year.....	N/A	16.91)%	4.17%	(1.25)%	4.12%
Second-lien mortgage loans					
No. of Loans.....	261,416	282,128	350,334	392,261	514,085
Dollar Amount of Loans.....	\$6,666	\$7,023	\$10,374	\$13,034	\$20,998
Percentage Change					
from Prior Year.....	N/A	5.36%	47.71%	25.64%	61.10%
Total mortgage loans serviced					
No. of Loans.....	1,946,569	1,815,476	1,918,546	2,036,298	2,219,029
Dollar Amount of Loans.....	\$190,804	\$192,155	\$217,827	\$249,881	\$275,955
Percentage Change					
from Prior Year.....	N/A	0.71%	13.36%	14.72%	10.43%

HOMECOMINGS FINANCIAL, LLC PRIMARY SERVICING PORTFOLIO

The following table sets forth the aggregate principal balance of mortgage loans serviced by Homecomings for the past five years and for the nine months ended September 30, 2007. The percentages shown under "Percentage Change from Prior Year" represent the ratio of (a) the difference between the current and prior year volume over (b) the prior year volume.

First Lien Mortgage Loans

	Year Ended December 31,					Nine Months Ended September 30
Volume by Principal Balance	2002	2003	2004	2005	2006	2007
Prime Mortgages(1)	\$27,343,774,000	\$29,954,139,212	\$31,943,811,060	\$44,570,851,126	\$ 67,401,832,594	\$ 71,858,074,
Non-Prime Mortgages(2)	\$27,384,763,000	\$39,586,900,679	\$44,918,413,591	\$52,102,835,214	\$ 49,470,359,806	\$ 40,347,477,
Total	\$54,728,537,000	\$69,541,039,891	\$76,862,224,651	\$96,673,686,340	\$116,872,192,400	\$112,205,552,
Prime Mortgages(1)	49.96%	43.07%	41.56%	46.10%	57.67%	64.
Non-Prime Mortgages(2)	50.04%	56.93%	58.44%	53.90%	42.33%	35.
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	7.09%	9.55%	6.64%	39.53%	51.22%	

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Non-Prime Mortgages(2)	60.71%	44.56%	13.47%	15.99%	(5.05)%
Total	28.55%	27.07%	10.53%	25.78%	20.89%

Junior Lien Mortgage Loans

Volume by Principal Balance	Year Ended December 31,					Nine Months Ended September 30
	2002	2003	2004	2005	2006	2007
Prime Mortgages(1)	\$7,627,424,000	\$7,402,626,296	\$7,569,300,685	\$7,442,264,087	\$11,418,858,741	\$10,519,372,
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	\$7,627,424,000	\$7,402,626,296	\$7,569,300,685	\$7,442,264,087	\$11,418,858,741	\$10,519,372,
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%	100.
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.
Percentage Change from Prior Year(3)						
Prime Mortgages(1)	(4.94)%	(2.95)%	2.25%	(1.68)%	53.43%	
Non-Prime Mortgages(2)	-	-	-	-	-	-
Total	(4.94)%	(2.95)%	2.25%	(1.68)%	53.43%	

- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
- (3) Represents year to year growth or decline as a percentage of the prior year's volume.

First Lien Mortgage Loans

Volume by Number of Loans	Year Ended December 31,					Nine Month Ended September 3
	2002	2003	2004	2005	2006	2007
Prime Mortgages(1)	125,209	143,645	150,297	187,773	252,493	260,205
Non-Prime Mortgages(2)	257,077	341,190	373,473	394,776	361,125	298,742
Total	382,286	484,835	523,770	582,549	613,618	558,947
Prime Mortgages(1)	32.75%	29.63%	28.70%	32.23%	41.15%	46.55%
Non-Prime Mortgages(2)	67.25%	70.37%	71.30%	67.77%	58.85%	53.45%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Percentage Change from						

Prior Year(3)					
Prime Mortgages(1)	(6.30)%	14.72%	4.63%	24.93%	34.47%
Non-Prime Mortgages(2)	52.85%	32.72%	9.46%	5.70%	(8.52)%
Total	26.66%	26.83%	8.03%	11.22%	5.33%

Junior Lien Mortgage Loans

	Year Ended December 31,						Nine Months Ended September 30
Volume by Number of Loans	2002	2003	2004	2005	2006	2007	
Prime Mortgages(1)	217,031	211,585	210,778	199,600	266,900	243,314	
Non-Prime Mortgages(2)	-	-	-	-	-	-	
Total	217,031	211,585	210,778	199,600	266,900	243,314	
Prime Mortgages(1)	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Non-Prime Mortgages(2)	-	-	-	-	-	-	
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Percentage Change from Prior Year(3)							
Prime Mortgages(1)	(5.20)%	(2.51)%	(0.38)%	(5.30)%	33.72%		
Non-Prime Mortgages(2)	-	-	-	-	-	-	
Total	(5.20)%	(2.51)%	(0.38)%	(5.30)%	33.72%		

- (1) Product originated under the Jumbo, Alt-A, High Loan to Value First Lien programs and Closed End Home Equity Loan and Home Equity Revolving Credit Line Loan Junior Lien programs.
- (2) Product originated under the Subprime and Negotiated Conduit Asset programs. Subprime Mortgage Loans secured by junior liens are included under First Lien Mortgage Loans-Non-Prime Mortgages because these types of loans are securitized together in the same mortgage pools.
- (3) Represents year to year growth or decline as a percentage of the prior year's volume.

Billing and Payment Procedures. As servicer, GMACM collects and remits mortgage loan payments, responds to borrower inquiries, accounts for principal and interest, holds custodial and escrow funds for payment of property taxes and insurance premiums, counsels or otherwise works with delinquent borrowers, supervises foreclosures and property dispositions and generally administers the loans. GMACM sends monthly invoices or annual coupon books to borrowers to prompt the collection of the outstanding payments. Borrowers may elect for monthly payments to be deducted automatically from bank accounts on the same day every month or may take advantage of on demand electronic payments made over the internet or via phone. GMACM may, from time to time, outsource certain of its servicing functions, such as contacting delinquent borrowers, property tax administration and hazard insurance administration, although any such outsourcing will not relieve GMACM of any of its responsibilities or liabilities as a servicer.

Additional Subservicers

SunTrust Mortgage, Inc., a Virginia corporation, subservices approximately 14.5%, 13.4% and 13.7% by principal amount of the group I loans, the group II loans and all of the mortgage loans, respectively, as of the reference date

Servicing and Other Compensation and Payment of Expenses

The servicing fees for each mortgage loan are payable out of the interest payments on that mortgage loan. The servicing fees relating to each mortgage loan will be at least 0.28% per annum and not more than 1.36% per annum of the outstanding principal balance of that mortgage loan, with a weighted average servicing fee of approximately 0.3415% per annum, in the case of the group I loans, approximately 0.3252% per annum, in the case of the group II loans, and approximately 0.3291% per annum, in the case of all mortgage loans, in each case as of the reference date. The servicing fees consist of (a) servicing fees payable to the master servicer in respect of its master servicing activities and (b) subservicing and other related compensation payable to the subservicer, including any payment due to prepayment charges on the related mortgage loans and such compensation paid to the master servicer as the direct servicer of a mortgage loan for which there is no subservicer and lender-paid mortgage insurance premiums with respect to approximately 0.7% of the mortgage loans by principal balance as of the reference date, which are paid by the related subservicer to the insurers.

The primary compensation to be paid to the master servicer for its master servicing activities will be its servicing fee equal to at least 0.03% per annum and not more than 0.08% per annum of the outstanding principal balance of each mortgage loan, with a weighted average of approximately 0.0758% per annum, in the case of the group I loans, approximately 0.0714% per annum, in the case of the group II loans, and approximately 0.0724% per annum, in the case of all mortgage loans, in each case as of the reference date. As described in the prospectus, a subservicer is entitled to servicing compensation in a minimum amount equal to 0.25% per annum of the outstanding principal balance of each mortgage loan serviced by it. The master servicer is obligated to pay some ongoing expenses associated with the trust and incurred by the master servicer in connection with its responsibilities under the pooling and servicing agreement. The master servicing fee rate may be changed if a successor master servicer is appointed, but it will not exceed the rate currently paid to the master servicer. See "The Pooling and Servicing Agreement—Servicing Compensation and Payment of Expenses" in the prospectus for information regarding other possible compensation to the master servicer and subservicers and for information regarding expenses payable by the master servicer.

The following table sets forth the fees and expenses that are payable out of payments on the mortgage loans, prior to payments of interest and principal to the certificateholders:

Description	Amount	Receiving Party
Master Servicer Fee	at a minimum rate of 0.03% and not more than 0.08% per annum of the principal balance of each mortgage loan, depending on the type of mortgage loan	Master Servicer
Subservicer Fee	at a minimum rate of 0.25% per annum of the principal balance of each mortgage loan serviced by a subservicer (including lender-paid mortgage insurance premiums payable by the subservicer)	Subservicers

In addition, the master servicer or any applicable subservicer may recover from payments on the mortgage loans or withdraw from the Custodial Account the amount of any Advances and Servicing Advances previously made, interest and investment income, foreclosure profits, indemnification payments payable under the pooling and servicing agreement, and certain other servicing expenses, including foreclosure expenses.

Reports to Certificateholders

On each distribution date, a distribution date statement will be made available to each certificateholder setting forth certain information with respect to the composition of the payment being made, the Certificate Principal Balance or Notional Amount of an individual certificate following the payment and certain other information relating to the certificates and the mortgage loans. The trustee will make the distribution date statement and, at its option, any additional files containing the same information in an alternative format, available each month to certificateholders and other parties to the pooling and servicing agreement via the trustee's internet website, at www.tss.db.com/invr. For purposes of any electronic version of this prospectus supplement, the preceding uniform resource locator, or URL, is an inactive textual reference only. The depositor has taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus supplement was created. This URL can be accessed in an internet browser at "https://" followed by the URL. The issuing entity is no longer required to file reports with respect to the Certificates under the Securities Exchange Act of 1934, although information with respect to the Class II-A-15 Certificates and the related mortgage pool will be included in the RALI Series 2008-QR1 Trust's reports required to be filed with the Commission under the Securities Exchange Act of 1934. See also "Pooling and Servicing Agreement Reports to Certificateholders" in the prospectus for a more detailed description of certificateholder reports.

Voting Rights

There are actions specified in the prospectus that may be taken by holders of certificates evidencing a specified percentage of all undivided interests in the trust and may be taken by holders of certificates entitled in the aggregate to that percentage of the voting rights. 90% of all voting rights will be allocated among all holders of the certificates, other than the Interest Only Certificates and Residual Certificates, in proportion to their then outstanding Certificate Principal Balances, 1.0% of all voting rights will be allocated among the holders of each Class of Interest Only Certificates and 0.5% and 0.5% of all voting rights will be allocated among the holders of the Class R-I Certificates and Class R-II Certificates, respectively, in each case in proportion to the percentage interests evidenced by their respective certificates. Furthermore, the trustee for the RALI Series 2008-QR1 Trust will exercise, for the benefit of the holders of the Class II Certificates of the RALI Series 2008-QR1 Trust, approximately 50.91% of the voting rights of the Class II-A-15 Certificates. The pooling and servicing agreement may be amended without the consent of the holders of the Residual Certificates in specified circumstances.

Termination

The circumstances under which the obligations created by the pooling and servicing agreement will terminate relating to the offered certificates are described under "The Pooling and Servicing Agreement—Termination; Retirement of Certificates" in the prospectus. The master servicer will have the option, on any distribution date on which the aggregate Stated Principal Balance of the mortgage loans is less than 10% of the aggregate principal balance of the mortgage loans as of the cut-off date, either to purchase all remaining mortgage loans and other assets of the trust related thereto, thereby effecting early retirement of the offered certificates or to purchase, in whole but not in part, the certificates. Any such purchase of mortgage loans and other assets of

the trust shall be made at a price equal to the sum of (a) 100% of the unpaid principal balance of each mortgage loan or the fair market value of the related underlying mortgaged properties with respect to defaulted mortgage loans as to which title to such mortgaged properties has been acquired if such fair market value is less than such unpaid principal balance, net of any unreimbursed Advance attributable to principal, as of the date of repurchase plus (b) accrued interest thereon at the Net Mortgage Rate to, but not including, the first day of the month in which the repurchase price is distributed. The optional termination price paid by the master servicer will also include certain amounts owed by Residential Funding as seller of the mortgage loans, under the terms of the agreement pursuant to which Residential Funding sold the mortgage loans to the depositor, that remain unpaid on the date of the optional termination.

Distributions on the certificates relating to any optional termination will be paid, first, to the Senior Certificates, second, to the Class M Certificates in the order of their payment priority and, third, to the Class B Certificates. The proceeds of any such distribution may not be sufficient to distribute the full amount to each class of related certificates if the purchase price is based in part on the fair market value of the underlying mortgaged property and the fair market value is less than 100% of the unpaid principal balance of the related mortgage loan. Any such purchase of certificates will be made at a price equal to 100% of their Certificate Principal Balance plus, except with respect to the Class A-P Certificates, the sum of the Accrued Certificate Interest thereon, or with respect to the related Interest Only Certificates, on their Notional Amounts, for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate and any previously unpaid Accrued Certificate Interest. Promptly after the purchase of such certificates, the master servicer shall terminate the trust in accordance with the terms of the pooling and servicing agreement.

Upon presentation and surrender of the offered certificates in connection with the termination of the trust or a purchase of certificates under the circumstances described in the two preceding paragraphs, the holders of the offered certificates will be entitled to receive an amount equal to the Certificate Principal Balance of that class plus Accrued Certificate Interest thereon for the immediately preceding Interest Accrual Period at the then-applicable pass-through rate, or, with respect to the Interest Only Certificates, interest for the immediately preceding Interest Accrual Period on their Notional Amounts, plus any previously unpaid Accrued Certificate Interest. However, any Prepayment Interest Shortfalls previously allocated to the certificates will not be reimbursed. In addition, distributions to the holders of the most subordinate class of certificates then outstanding with a Certificate Principal Balance greater than zero will be reduced, as described in the preceding paragraph, in the case of the termination of the trust resulting from a purchase of all the assets of the trust.

The Trustee

Deutsche Bank Trust Company Americas, or DBTCA, is the trustee. DBTCA is a New York banking corporation. DBTCA has acted as trustee on numerous residential mortgage-backed securities transactions. While the structure of the transactions referred to in the preceding sentence may differ among these transactions, DBTCA is experienced in administering transactions of this kind. DBTCA has no pending legal proceedings that would materially affect its ability to perform its duties as trustee on behalf of the holders of the certificates.

DBTCA and its affiliates have provided trustee and custodial services on mortgaged-backed transactions since 1991 and has acted as trustee on over 2,000 mortgage-backed transactions. In 2005, Deutsche Bank and its affiliates acted as trustee in over 350 combined new asset-backed and mortgage-backed transactions involving the aggregate issuance of over 300 billion dollars in securities.

DBTCA is providing the foregoing information at the issuing entity's and depositor's request in order to assist the issuing entity and depositor with the preparation of their disclosure documents to be filed with the SEC pursuant to Regulation AB. Otherwise, DBTCA has not participated in the preparation of such disclosure

documents and assumes no responsibility for their contents.

Unless an event of default has occurred and is continuing under the pooling and servicing agreement, the trustee will perform only such duties as are specifically set forth in the pooling and servicing agreement. If an event of default occurs and is continuing under the pooling and servicing agreement, the trustee is required to exercise such of the rights and powers vested in it by the pooling and servicing agreement, such as either acting as the master servicer or appointing a successor master servicer, and use the same degree of care and skill in their exercise as a prudent investor would exercise or use under the circumstances in the conduct of such investor's own affairs. Subject to certain qualifications specified in the pooling and servicing agreement, the trustee will be liable for its own negligent action, its own negligent failure to act and its own willful misconduct for actions.

The trustee's duties and responsibilities under the pooling and servicing agreement include collecting funds from the master servicer to distribute to certificateholders at the direction of the master servicer, providing certificateholders and applicable rating agencies with monthly distribution statements and notices of the occurrence of a default under the pooling and servicing agreement, removing the master servicer as a result of any such default, appointing a successor master servicer, and effecting any optional termination of the trust.

The master servicer will pay to the trustee reasonable compensation for its services and reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the pooling and servicing agreement, except any such expense as may arise from the trustee's negligence or bad faith. The master servicer has also agreed to indemnify the trustee for any losses and expenses incurred without negligence or willful misconduct on the trustee's part arising out of the acceptance and administration of the trust.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the pooling and servicing agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

Any costs associated with removing and replacing a trustee will be paid by the master servicer.

Legal Proceedings

There are no material pending legal or other proceedings involving the mortgage loans or Residential Funding Company, LLC, as sponsor and master servicer, Residential Accredited Loans, Inc. as depositor, RALI Series 2006 QS11 Trust as the issuing entity, GMACM, as subservicer, or other parties described in Item 1117 of Regulation AB that, individually or in the aggregate, would have a material adverse impact on investors in these certificates.

Residential Funding and GMACM are currently parties to various legal proceedings arising from time to time in the ordinary course of their businesses, some of which purport to be class actions. Based on information currently available, it is the opinion of Residential Funding and GMACM that the eventual outcome of any currently pending legal proceeding, individually or in the aggregate, will not have a material adverse effect on their ability to perform their obligations in relation to the mortgage loans. No assurance, however, can be given that the final outcome of these legal proceedings, if unfavorable, either individually or in the aggregate,

would not have a material adverse impact on Residential Funding or GMACM. Any such unfavorable outcome could adversely affect the ability of Residential Funding Company, LLC or GMACM to perform its servicing duties with respect to the mortgage loans and potentially lead to the replacement of Residential Funding or GMACM with a successor servicer.

Among the legal proceedings to which Residential Funding is a party is a class action lawsuit that was filed against a lender (Mortgage Capital Resources Corporation), Residential Funding and other parties in state court in Kansas City, Missouri. Plaintiffs asserted violations of the Missouri Second Mortgage Loan Act ("SMLA"), Mo.R.S. Section 408.233, based on the lender's charging or contracting for payment of allegedly unlawful closing costs and fees. The relief sought included a refund of all allegedly illegal fees, the refund of interest paid, and the discounted present value of interest to be paid in the future on active mortgage loans. The plaintiffs also sought prejudgment interest and punitive damages.

Residential Funding is an assignee of some of the mortgage loans in question. The plaintiffs contended that Residential Funding is strictly liable for the lender's alleged SMLA violations pursuant to the assignee provisions of the Home Ownership and Equity Protection Act of 1994 ("HOEPA"), 15 U.S.C. Section 1641(d)(1). Residential Funding terminated its relationship with the lender in early May 2000.

In connection with that proceeding, on January 4, 2008, a verdict was returned that Residential Funding pay \$4.33 million in actual damages and \$92 million in punitive damages. RFC intends to appeal and vigorously contest the punitive damage award. However, even if the punitive damage award is not reduced upon appeal, Residential Funding's management believes that any liability with respect to this proceeding would not have a material adverse effect on investors in the offered certificates.

Material Federal Income Tax Consequences

Upon the issuance of the certificates, Orrick, Herrington & Sutcliffe LLP, counsel to the depositor, rendered an opinion to the effect that, assuming compliance with all provisions of the pooling and servicing agreement, for federal income tax purposes, the trust, exclusive of the yield maintenance agreements, will qualify as two REMICs under the Internal Revenue Code, which shall be referred to in this prospectus supplement as REMIC I and REMIC II.

For federal income tax purposes:

- o the Class R-I Certificates represent ownership of the sole class of "residual interests" in REMIC I;
- o the Class II-A-15 Certificates represent ownership of "regular interests" in REMIC II and are generally treated as debt instruments of REMIC II; and
- o the Class R-II Certificates represent ownership of the sole class of "residual interests" in REMIC II.

See "Material Federal Income Tax Consequences-REMICs" in the prospectus.

For federal income tax purposes, the Class II-A-15 Certificates will not be treated as having been issued with original issue discount. The applicable prepayment assumption that is used in determining the rate of accrual of original issue discount, market discount and premium, if any, for federal income tax purposes is described in the pooling and servicing agreement. No representation is made that the mortgage loans will prepay

at that rate or at any other rate. See "Material Federal Income Tax Consequences-General" and "-REMICs-Taxation of Owners of REMIC Regular Certificates-Original Issue Discount" in the prospectus.

The holders of the offered certificates will be required to include in income interest on their certificates in accordance with the accrual method of accounting.

The Internal Revenue Service, or IRS, has issued original issue discount regulations under sections 1271 to 1275 of the Internal Revenue Code that address the treatment of debt instruments issued with original issue discount. The OID regulations suggest that original issue discount with respect to securities similar to the Variable Strip Certificates that represent multiple uncertificated REMIC regular interests, in which ownership interests are issued simultaneously to the same buyer, should be computed on an aggregate method. In the absence of further guidance from the IRS, original issue discount with respect to the uncertificated REMIC regular interests represented by the Variable Strip Certificates will be reported to the IRS and the certificateholders on an aggregate method based on a single overall constant yield and the prepayment assumption stated above, treating all uncertificated REMIC regular interests as a single debt instrument as described in the OID regulations.

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

In some circumstances the OID regulations permit the holder of a debt instrument to recognize original issue discount under a method that differs from that used by the issuer. Accordingly, it is possible that the holder of a certificate may be able to select a method for recognizing original issue discount that differs from that used by the master servicer in preparing reports to the certificateholders and the IRS.

The offered certificates may be treated for federal income tax purposes as having been purchased at a premium. Whether any holder of the offered certificates will be treated as holding a certificate with amortizable bond premium will depend on the certificateholder's purchase price and the distributions remaining to be made on the certificate at the time of its acquisition by the certificateholder. The use of a zero prepayment assumption may be required in calculating the amortization of premium. Holders of the offered certificates are encouraged to consult their tax advisors regarding the possibility of making an election to amortize such premium, if any. See "Material Federal Income Tax Consequences-REMICs-Taxation of Owners of REMIC Regular Certificates" and "-Premium" in the prospectus.

The IRS proposed regulations on August 24, 2004 concerning the accrual of interest income by the holders of REMIC regular interests. The proposed regulations would create a special rule for accruing OID on REMIC regular interests providing for a delay between record and payment dates, such that the period over which OID accrues coincides with the period over which the holder's right to interest payment accrues under the governing contract provisions rather than over the period between distribution dates. If the proposed regulations are adopted in the same form as proposed, taxpayers would be required to accrue interest from the issue date to the first record date, but would not be required to accrue interest after the last record date. The proposed regulations are limited to REMIC regular interests with delayed payment for periods of fewer than 32 days. The proposed regulations are proposed to apply to any REMIC regular interest issued after the date the final regulations are published in the Federal Register. The proposed regulations provide automatic consent for the holder of a REMIC regular interest to change its method of accounting for OID under the final regulations. The change is proposed to be made on a cut-off basis and, thus, does not affect REMIC regular interests issued before the date the final regulations are published in the Federal Register.

The IRS issued a notice of proposed rulemaking on the timing of income and deductions attributable to interest-only regular interests in a REMIC on August 24, 2004. In this notice, the IRS and Treasury requested comments on whether to adopt special rules for taxing regular interests in a REMIC that are entitled only to a specified portion of the interest in respect of one or more mortgage loans held by the REMIC, or REMIC IOs, high-yield REMIC regular interests, and apparent negative-yield instruments. The IRS and Treasury also requested comments on different methods for taxing the foregoing instruments, including the possible recognition of negative amounts of OID, the formulation of special guidelines for the application of Code Section 166 to REMIC IOs and similar instruments, and the adoption of a new alternative method applicable to REMIC IOs and similar instruments. It is uncertain whether the IRS actually will propose any regulations as a consequence of the solicitation of comments and when any resulting new rules would be effective.

The offered certificates are treated as assets described in Section 7701(a)(19)(C) of the Internal Revenue Code and "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code generally in the same proportion that the assets of the REMIC underlying the certificates would be so treated. In addition, interest on the offered certificates is treated as "interest on obligations secured by mortgages on real property" under Section 856(c)(3)(B) of the Internal Revenue Code generally to the extent that the offered certificates are treated as "real estate assets" under Section 856(c)(4)(A) of the Internal Revenue Code. Moreover, the offered certificates will be "qualified mortgages" within the meaning of Section 860G(a)(3) of the Internal Revenue Code if transferred to another REMIC on its startup day in exchange for a regular or residual interest in that REMIC. However, prospective investors should note that, notwithstanding that treatment, any repurchase of a certificate pursuant to the right of the master servicer to repurchase the offered certificates may adversely affect any REMIC that holds the offered certificates if the repurchase is made under circumstances giving rise to a prohibited transaction tax under the Internal Revenue Code. See "Pooling and Servicing Agreement—Termination" in this prospectus supplement and "Material Federal Income Tax Consequences—REMICs—Characterization of Investments in REMIC Certificates" in the prospectus.

If penalties were asserted against purchasers of the offered certificates in respect of their treatment of the offered certificates for tax purposes, the summary of tax considerations contained, and the opinions stated, herein and in the prospectus may not meet the conditions necessary for purchasers' reliance on that summary and those opinions to exculpate them from the asserted penalties.

For further information regarding federal income tax consequences of investing in the offered certificates, see "Material Federal Income Tax Consequences—REMICs" in the prospectus.

Method of Distribution

Approximately 50.91% of the Class II-A-15 Certificates are being offered only in connection with a resecuritization offering by the Residential Accredit Loans, Inc. Series 2008-QR1 Trust. The offered portion of the Class II-A-15 Certificates will be transferred to the trustee of the RALI Series 2008-QR1 Certificates and will be deposited into the RALI Series 2008-QR1 Trust by the depositor.

Additional Information

The primary source of information available to investors concerning the offered certificates will be the monthly statements discussed in the prospectus under "Description of the Certificates—Reports to Certificateholders" and in this prospectus supplement under "Pooling and Servicing Agreement—Reports to Certificateholders," which will include information as to the outstanding principal balance or notional amount of the offered certificates. There can be no assurance that any additional information regarding the offered

certificates will be available through any other source. In addition, the depositor is not aware of any source through which price information about the offered certificates will be available on an ongoing basis. The limited nature of this information regarding the offered certificates may adversely affect the liquidity of the offered certificates, even if a secondary market for the offered certificates becomes available.

Use of Proceeds

The depositor will transfer the offered certificates to the trustee of the RALI Series 2008-QR1 Trust in exchange for a portion of the RALI Series 2008-QR1 Certificates, which the depositor will sell to the underwriter of the RALI Series 2008-QR1 issuance in consideration for the offered certificates.

Legal Opinions

Certain legal matters relating to the certificates have been passed upon for the depositor by Orrick, Herrington & Sutcliffe LLP, New York, New York and for the underwriter by Thatcher Proffitt & Wood llp, New York, New York.

Ratings

The Class II-A-15 Certificates were rated "AAA" by Fitch Ratings, or Fitch, "AAA" by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or Standard & Poor's, and "Aaa" by Moody's Investors Service, Inc., or Moody's, as of February 6, 2008.

The ratings assigned by Fitch to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of all distributions to which they are entitled under the transaction structure. Fitch's ratings reflect its analysis of the riskiness of the underlying mortgage loans and the structure of the transaction as described in the operative documents. Fitch's ratings do not address the effect on the certificates' yield attributable to prepayments or recoveries on the underlying mortgage loans.

The ratings assigned by Standard & Poor's to mortgage pass-through certificates address the likelihood of the receipt by certificateholders of payments required under the pooling and servicing agreement. Standard & Poor's ratings take into consideration the credit quality of the mortgage pool, structural and legal aspects associated with the certificates, and the extent to which the payment stream in the mortgage pool is adequate to make payments required under the certificates. Standard & Poor's rating on the certificates does not, however, constitute a statement regarding frequency of prepayments on the mortgages. See "Certain Yield and Prepayment Considerations" herein.

The ratings assigned by Moody's to the offered certificates address the likelihood of the receipt by the holders of the offered certificates of all distributions to which they are entitled under the pooling and servicing agreement. Moody's ratings reflect its analysis of the riskiness of the mortgage loans and the structure of the transaction as described in the pooling and servicing agreement. Moody's ratings do not address the effect on the certificates' yield attributable to prepayments or recoveries on the mortgage loans.

The depositor has not requested a rating on the offered certificates by any rating agency other than Fitch, Standard & Poor's and Moody's. However, there can be no assurance as to whether any other rating agency will rate the offered certificates, or, if it does, what rating would be assigned by any other rating agency. A rating on the certificates by another rating agency, if assigned at all, may be lower than the ratings assigned to the offered certificates by Fitch, Standard & Poor's and Moody's.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating. In the event that the ratings initially assigned to the offered certificates are subsequently lowered for any reason, no person or entity is obligated to provide any additional support or credit enhancement with respect to the offered certificates.

The fees paid by the depositor to the rating agencies at closing included a fee for ongoing surveillance by the rating agencies for so long as any certificates are outstanding. However, the rating agencies are under no obligation to the depositor to continue to monitor or provide a rating on the certificates.

Legal Investment

The Class II-A-15 Certificates will constitute "mortgage related securities" for purposes of SMMEA so long as they are rated in at least the second highest rating category by one of the rating agencies, and, as such, are legal investments for some entities to the extent provided in SMMEA. SMMEA provides, however, that states could override its provisions on legal investment and restrict or condition investment in mortgage related securities by taking statutory action on or prior to October 3, 1991. Some states have enacted legislation which overrides the preemption provisions of SMMEA.

The depositor makes no representations as to the proper characterization of any class of the offered certificates for legal investment or other purposes, or as to the ability of particular investors to purchase any class of the offered certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of offered certificates. Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their legal advisors in determining whether and to what extent any class of the offered certificates constitutes a legal investment or is subject to investment, capital or other restrictions.

See "Legal Investment Matters" in the prospectus.

ERISA Considerations

A fiduciary of any ERISA plan, any insurance company, whether through its general or separate accounts, or any other person investing ERISA plan assets of any ERISA plan, as defined under "ERISA Considerations-ERISA Plan Asset Regulations" in the prospectus, should carefully review with its legal advisors whether the purchase or holding of offered certificates could give rise to a transaction prohibited or not otherwise permissible under ERISA or Section 4975 of the Internal Revenue Code. The purchase or holding of the offered certificates, by or on behalf of, or with ERISA plan assets of, an ERISA plan may qualify for exemptive relief under the RFC exemption, as described under "ERISA Considerations-Prohibited Transaction Exemption" in the prospectus provided those certificates are rated at least "BBB-" (or its equivalent) by Standard & Poor's, Fitch, Moody's, DBRS Limited or DBRS, Inc. at the time of purchase. The RFC exemption contains a number of other conditions which must be met for the RFC exemption to apply, including the requirement that any ERISA plan must be an "accredited investor" as defined in Rule 501(a)(1) of Regulation D of the Securities and Exchange Commission under the Securities Act. The depositor expects that the specific conditions of the RFC exemption should be satisfied with respect to the offered certificates so that the RFC exemption should provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools and contract pools, provided that the general conditions of the RFC exemption are satisfied.

As discussed in greater detail above under "Description of the Mortgage Pool-Sharia Mortgage Loans", the trust will include certain residential financing transactions, referred to as Sharia Mortgage Loans, that are structured so as to be permissible under Islamic law utilizing declining balance co-ownership structures. The DOL has not specifically considered the eligibility or treatment of Sharia Mortgage Loans under the RFC exemption, including whether they would be treated in the same manner as other single family residential mortgages. However, since the remedies in the event of default and certain other provisions of the Sharia Mortgage Loans held by the trust are similar to the remedial and other provisions in the residential mortgage loans contemplated by the DOL at the time the RFC exemption was granted, the depositor believes that the Sharia Mortgage Loans should be treated as other single family residential mortgages under the RFC exemption.

Any fiduciary or other investor of ERISA plan assets that proposes to acquire or hold the offered certificates on behalf of or with ERISA plan assets of any ERISA plan should consult with its counsel with respect to: (i) whether the specific and general conditions and the other requirements in the RFC exemption would be satisfied, or whether any other prohibited transaction exemption would apply, and (ii) the potential applicability of the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code to the proposed investment. See "ERISA Considerations" in the prospectus.

The sale of any of the offered certificates to an ERISA plan is in no respect a representation by the depositor or the underwriter that such an investment meets all relevant legal requirements relating to investments by ERISA plans generally or any particular ERISA plan, or that such an investment is appropriate for ERISA plans generally or any particular ERISA plan.

ANNEX I
MORTGAGE LOAN STATISTICAL INFORMATION

Loan Group I*

Credit Score Distribution of the Group I Loans

Credit Score Range	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Loan-to-Value Ratio
499 or less.....	5	\$758,678	0.75%	\$151,736	82.63%
500 - 519.....	3	994,295	0.98	331,432	80.00
520 - 539.....	6	1,191,845	1.18	198,641	76.94
540 - 559.....	8	2,629,594	2.59	328,699	75.49
560 - 579.....	7	1,300,173	1.28	185,739	83.55
580 - 599.....	8	921,148	0.91	115,144	77.92

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600 - 619.....	18	3,263,559	3.22	181,309	76.17
620 - 639.....	32	7,569,708	7.47	236,553	75.40
640 - 659.....	33	7,742,148	7.64	234,611	78.87
660 - 679.....	46	13,460,732	13.28	292,625	75.40
680 - 699.....	47	12,641,662	12.47	268,972	74.10
700 - 719.....	54	12,866,699	12.69	238,272	75.47
720 - 739.....	24	6,706,215	6.62	279,426	66.88
740 - 759.....	49	9,813,760	9.68	200,281	73.48
760 - 779.....	36	9,620,195	9.49	267,228	73.66
780 - 799.....	20	6,534,259	6.45	326,713	73.14
800 or greater.....	14	3,341,721	3.30	238,694	76.50
Total, Average or Weighted					
Average.....	410	\$101,356,391	100.00%	\$247,211	74.76%

As of the reference date, the minimum and maximum credit scores of the group I loans were 453 and 817, respectively, and the weighted average credit score of the group I loans was approximately 694. The credit scores for most of the mortgagors as reflected in the table above have been updated since the date of origination of the group I loans.

* Unless otherwise specified, the information appearing under the column headings: Number of Group I Loans, Principal Balance, Percent of Group I Loans and Average Principal Balance is as of the reference date, after deducting payments of principal due during the month of the reference date, and the information appearing under the column heading: Weighted Average Loan-to-Value Ratio is based on the original loan-to-value ratios of the group I loans, as weighted by the principal balances of the group I loans as of the reference date. The credit scores for most of the mortgagors as reflected in this Annex I have been updated since the date of origination of the group I loans.

Occupancy Types of the Group I Loans

Occupancy Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Loan-to Rat
Primary Residence.....	256	\$67,596,175	66.69%	\$264,048	693	75.3
Second/Vacation.....	15	5,486,568	5.41	365,771	704	71.7
Non-Owner Occupied.....	139	28,273,649	27.90	203,408	693	74.0
Total, Average or Weighted Average	410	\$101,356,391	100.00%	\$247,211	694	74.7

Loan Purpose of the Group I Loans

Loan Purpose	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weight Loan
Purchase.....	219	\$48,215,163	47.57%	\$220,161	695	
Rate/Term Refinance.....	62	14,271,134	14.08	230,180	688	
Equity Refinance.....	129	38,870,093	38.35	301,319	694	
Total, Average or Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694	

Mortgaged Property Types of the Group I Loans

Property Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Wei Lo
Single-Family Detached.....	234	\$59,713,493	58.91%	\$255,186	694	
Planned Unit Developments (detached).....	68	18,389,062	18.14	270,427	701	
Two-to-Four Family units.....	56	11,481,127	11.33	205,020	676	
Condo Low-Rise (less than 5 stories).....	31	4,882,348	4.82	157,495	733	
Condo High-Rise (9 stories or more).....	6	2,501,190	2.47	416,865	710	
Townhouse.....	5	2,284,360	2.25	456,872	657	
Planned Unit Developments (attached).....	8	1,709,873	1.69	213,734	669	
Condo Mid-Rise (5 to 8 stories).....	1	297,401	0.29	297,401	623	
Cooperative Units.....	1	97,536	0.10	97,536	653	
Total, Average or Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694	

Geographic Distribution of the Group I Loans

State	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Avera Loan-to-Valu Ratio
Alabama.....	8	\$1,341,135	1.32%	\$167,642	650	79.55%
Arkansas.....	3	389,080	0.38	129,693	693	80.00
Arizona.....	5	2,142,863	2.11	428,573	680	74.43
California.....	34	14,548,836	14.35	427,907	700	74.23
Colorado.....	10	2,504,467	2.47	250,447	727	74.64
Connecticut.....	7	1,248,008	1.23	178,287	662	81.74
District of Columbia.....	8	2,856,298	2.82	357,037	675	71.61
Florida.....	52	16,720,964	16.50	321,557	695	73.83
Georgia.....	19	3,292,506	3.25	173,290	718	80.05

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Iowa.....	2	196,739	0.19	98,370	635	80.00
Idaho.....	3	370,444	0.37	123,481	712	56.97
Illinois.....	13	3,144,069	3.10	241,851	664	79.35
Indiana.....	4	423,663	0.42	105,916	685	78.72
Kansas.....	2	211,438	0.21	105,719	740	88.70
Kentucky.....	4	814,190	0.80	203,548	711	83.64
Louisiana.....	6	743,063	0.73	123,844	680	77.45
Massachusetts.....	8	2,666,110	2.63	333,264	703	76.55
Maryland.....	12	2,626,997	2.59	218,916	722	71.03
Maine.....	1	172,362	0.17	172,362	673	70.00
Michigan.....	12	1,552,599	1.53	129,383	650	78.06
Minnesota.....	5	768,996	0.76	153,799	648	81.10
Missouri.....	5	468,319	0.46	93,664	673	72.81
North Carolina.....	15	3,457,749	3.41	230,517	676	70.34
North Dakota.....	1	355,148	0.35	355,148	688	90.00
Nebraska.....	1	85,800	0.08	85,800	675	65.00
New Hampshire.....	2	1,301,367	1.28	650,683	588	68.54
New Jersey.....	19	6,893,000	6.80	362,789	689	71.68
Nevada.....	3	644,967	0.64	214,989	743	76.87
New York.....	7	2,259,597	2.23	322,800	686	70.45
Ohio.....	10	1,173,688	1.16	117,369	695	75.94
Oklahoma.....	2	242,478	0.24	121,239	622	78.05
Oregon.....	19	3,612,976	3.56	190,157	717	77.37
Pennsylvania.....	10	1,547,609	1.53	154,761	720	78.73
South Carolina.....	10	1,763,786	1.74	176,379	698	68.42
Tennessee.....	4	465,926	0.46	116,481	694	82.16
Texas.....	43	6,335,251	6.25	147,331	711	77.51
Utah.....	7	2,165,584	2.14	309,369	670	77.98
Virginia.....	15	5,644,330	5.57	376,289	690	71.68
Vermont.....	2	309,428	0.31	154,714	698	55.14
Washington.....	11	2,496,161	2.46	226,924	733	77.82
Wisconsin.....	5	839,091	0.83	167,818	674	80.78
Wyoming.....	1	559,311	0.55	559,311	708	70.00
Total, Average or Weighted						
Average.....	410	\$101,356,391	100.00%	\$247,211	694	74.76%

As of the reference date, no more than 1.8% of the group I loans were secured by mortgaged properties located in any one zip code area in Virginia and no more than 1.5% of the group I loans were secured by mortgaged properties located in any one zip code area outside Virginia.

Documentation Types of the Group I Loans

Documentation Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Aver Loan-to-Val Ratio
Full/Alternate						

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Documentation.....	104	\$19,800,195	19.54%	\$190,386	696	79.64%
Reduced Documentation.....	186	51,588,446	50.90	277,357	692	75.17
No Stated Income.....	56	16,883,132	16.66	301,484	688	70.50
No Income/No Asset Verification.....	64	13,084,618	12.91	204,447	708	71.25
Total, Average or Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694	74.76%

As of the reference date, no more than 15.9% of such reduced, no stated income, and no income/no asset verification loan documentation group I loans were secured by mortgaged properties located in California.

As of the reference date, approximately 0.4% of the group I loans were underwritten pursuant to a streamlined refinancing documentation program, which permits mortgage loans to be refinanced with only limited verification or updating of underwriting information obtained at the time that the refinanced mortgage loan was underwritten. See "The Trusts—Underwriting Policies—General Standards" in the prospectus.

Mortgage Rates of the Group I Loans

Mortgage Rates (%)	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Aver Loan-to-Valu Ratio
6.500 - 6.624.....	3	\$1,474,539	1.45%	\$491,513	741	80.00%
6.625 - 6.749.....	3	1,173,242	1.16	391,081	737	57.27
6.750 - 6.874.....	11	4,626,880	4.56	420,625	710	73.46
6.875 - 6.999.....	12	8,564,011	8.45	713,668	722	70.20
7.000 - 7.124.....	34	10,446,954	10.31	307,263	705	69.50
7.125 - 7.249.....	24	6,115,722	6.03	254,822	692	75.71
7.250 - 7.374.....	51	14,075,153	13.89	275,983	700	70.34
7.375 - 7.499.....	45	10,313,086	10.18	229,180	697	75.00
7.500 - 7.624.....	91	18,281,596	18.04	200,897	693	76.70
7.625 - 7.749.....	38	9,662,608	9.53	254,279	664	80.43
7.750 - 7.874.....	26	5,096,728	5.03	196,028	690	78.29
7.875 - 7.999.....	38	6,372,443	6.29	167,696	652	78.99
8.000 - 8.124.....	13	1,911,738	1.89	147,057	696	80.18
8.125 - 8.249.....	9	1,995,457	1.97	221,717	696	80.75
8.250 - 8.374.....	4	382,362	0.38	95,590	629	78.64
8.375 - 8.499.....	6	644,391	0.64	107,398	621	82.81
8.500 - 8.624.....	1	86,477	0.09	86,477	680	95.00
8.750 - 8.874.....	1	133,006	0.13	133,006	703	80.00
Total, Average or Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694	74.76%

As of the reference date, the weighted average mortgage rate of the group I loans was approximately 7.3479% per annum.

Net Mortgage Rates of the Discount Group I Loans

Net Mortgage Rate (%)	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Val Ratio
5.840.....	1	\$122,565	0.12%	\$122,565	803	95.00%
6.220.....	3	1,474,539	1.45	491,513	741	80.00
6.270.....	1	575,530	0.57	575,530	719	95.00
6.345.....	3	1,173,242	1.16	391,081	737	57.27
6.435.....	1	565,508	0.56	565,508	800	90.00
6.470.....	11	4,626,880	4.56	420,625	710	73.46
Total, Average or Weighted Average.....	20	\$8,538,263	8.42%	\$426,913	727	75.22%

As of the reference date, the weighted average of the Discount Fractions of the Discount Mortgage Loans in loan group I was approximately 1.772208126%.

Original Principal Balances of the Group I Loans

Original Mortgage Loan Balance (\$)	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
100,000 or less.....	57	\$5,255,994	5.19%	\$92,210	675	73.30%
100,001 to 200,000.....	190	25,616,766	25.27	134,825	688	76.53
200,001 to 300,000.....	70	17,487,706	17.25	249,824	704	75.70
300,001 to 400,000.....	18	5,956,613	5.88	330,923	692	75.95
400,001 to 500,000.....	23	10,348,628	10.21	449,940	711	76.11
500,001 to 600,000.....	26	14,047,985	13.86	540,307	688	77.25
600,001 to 700,000.....	6	3,815,900	3.76	635,983	697	61.53
700,001 to 800,000.....	6	4,561,153	4.50	760,192	669	72.48
800,001 to 900,000.....	6	5,081,444	5.01	846,907	703	73.33
900,001 to 1,000,000.....	5	4,748,705	4.69	949,741	679	71.69
1,200,001 to 1,300,000.....	1	1,225,842	1.21	1,225,842	696	75.00
1,400,001 to 1,500,000.....	1	1,446,654	1.43	1,446,654	781	70.00
1,700,001 to 1,800,000.....	1	1,763,000	1.74	1,763,000	689	63.00
Total, Average or Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694	74.76%

Original Loan-to-Value Ratios of the Group I Loans

Original Loan-to-Value Ratio (%)	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score
00.01 - 50.00.....	17	\$3,485,472	3.44%	\$205,028	730
50.01 - 55.00.....	8	2,254,425	2.22	281,803	722
55.01 - 60.00.....	17	4,256,073	4.20	250,357	724
60.01 - 65.00.....	25	9,581,558	9.45	383,262	688
65.01 - 70.00.....	26	8,995,584	8.88	345,984	718
70.01 - 75.00.....	37	11,620,056	11.46	314,056	696
75.01 - 80.00.....	242	54,300,797	53.57	224,383	685
80.01 - 85.00.....	8	1,258,852	1.24	157,356	643
85.01 - 90.00.....	18	2,902,868	2.86	161,270	682
90.01 - 95.00.....	10	2,069,840	2.04	206,984	708
95.01 - 100.00.....	2	630,865	0.62	315,432	763
Total, Average or Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694

The weighted average original loan-to-value ratio of the group I loans, based on the principal balances of the group I loans as of the reference date, was approximately 74.76%.

Amortization Types of the Group I Loans

Amortization Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Av Loan-to-Va Ratio
Fully Amortizing.....	260	\$52,615,156	51.91%	\$202,366	696	75.06%
Interest Only Period - 10 Years.....	150	48,741,235	48.09	324,942	691	74.44
Total, Average or Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694	74.76%

Property Valuation Types of the Group I Loans

Property Valuation Type	Number of Group I Loans	Principal Balance	Percent of Group I Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Averag Loan-to-Value Ratio
Automated Valuation Model	5	\$628,171	0.62%	\$125,634	648	75.64%
Appraisal.....	405	100,728,220	99.38	248,712	694	74.75
Total, Average or						

Weighted Average.....	410	\$101,356,391	100.00%	\$247,211	694	74.76%
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Loan Group II*

Credit Score Distribution of the Group II Loans

Credit Score Range	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Avera Loan-to-Value Ratio
499 or less.....	44	\$6,475,875	2.01%	\$147,179	80.95%
500 - 519.....	18	4,008,420	1.24	222,690	76.35
520 - 539.....	35	6,337,445	1.96	181,070	80.03
540 - 559.....	23	3,720,034	1.15	161,741	79.19
560 - 579.....	38	7,449,403	2.31	196,037	74.91
580 - 599.....	62	10,647,532	3.30	171,734	77.00
600 - 619.....	63	9,850,497	3.05	156,357	76.90
620 - 639.....	101	16,730,191	5.18	165,645	76.50
640 - 659.....	152	29,748,024	9.22	195,711	76.35
660 - 679.....	204	36,738,162	11.38	180,089	75.66
680 - 699.....	211	35,175,476	10.90	166,708	74.63
700 - 719.....	206	37,876,633	11.73	183,867	75.23
720 - 739.....	172	32,470,479	10.06	188,782	76.30
740 - 759.....	135	23,760,901	7.36	176,007	74.80
760 - 779.....	148	27,929,786	8.65	188,715	71.52
780 - 799.....	108	22,324,319	6.92	206,707	71.76
800 or greater.....	74	11,564,710	3.58	156,280	67.60
Total, Average or Weighted Average	1,794	\$322,807,886	100.00%	\$179,938	75.00%

As of the reference date, the minimum and maximum credit scores of the group II loans were 425 and 826, respectively, and the weighted average credit score of the group II loans was approximately 690. The credit scores for all of the mortgagors as reflected in the table above have been updated since the date of origination of the group II loans.

* Unless otherwise specified, the information appearing under the column headings: Number of Group II Loans, Principal Balance, Percent of Group II Loans and Average Principal Balance is as of the reference date, after deducting payments of principal due during the month of the reference date, and the information appearing under the column heading: Weighted Average Loan-to-Value Ratio is based on the original loan-to-value ratios of the group II loans, as weighted by the principal balances of

the group II loans as of the reference date. The credit scores for most of the mortgagors as reflected in this Annex I have been updated since the date of origination of the group II loans.

Occupancy Types of the Group II Loans

Occupancy Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to- Ratio
Primary Residence.....	1,127	\$227,654,606	70.52%	\$202,001	689	75.
Second/Vacation.....	44	8,138,304	2.52	184,961	725	69.
Non-Owner Occupied.....	623	87,014,976	26.96	139,671	689	75.
Total, Average or Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	75.

Loan Purpose of the Group II Loans

Loan Purpose	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Loan
Purchase.....	1,033	\$168,904,516	52.32%	\$163,509	690	7
Rate/Term Refinance.....	266	46,784,867	14.49	175,883	674	
Equity Refinance.....	495	107,118,504	33.18	216,401	696	
Total, Average or Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	7

Mortgaged Property Types of the Group II Loans

Property Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score
Single-Family Detached.....	1,040	\$185,420,122	57.44%	\$178,289	687
Planned Unit Developments (detached).....	302	71,851,326	22.26	237,918	694
Two-to-Four Family Units.....	248	37,075,659	11.49	149,499	686
Condo Low-Rise (less than 5 stories).....	113	15,067,094	4.67	133,337	692
Planned Unit Developments (attached).....	56	7,287,717	2.26	130,138	708
Townhouse.....	26	3,722,599	1.15	143,177	692
Condo High-Rise (9 stories or more).....	3	1,231,197	0.38	410,399	738
Condo Mid-Rise (5 to 8 stories).....	4	344,678	0.11	86,170	734
Condotel (1 to 4 stories).....	1	650,000	0.20	650,000	782

Cooperative Units.....	1	157,495	0.05	157,495	793
Total, Average or					
Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690

Geographic Distribution of the Group II Loans

State	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Ave Loan-to-Va Ratio
Alaska.....	6	\$1,416,403	0.44%	\$236,067	738	79.58%
Alabama.....	26	3,024,001	0.94	116,308	677	83.30
Arkansas.....	14	1,404,042	0.43	100,289	679	79.97
Arizona.....	49	13,444,076	4.16	274,369	709	74.11
California.....	148	57,318,199	17.76	387,285	707	72.03
Colorado.....	62	11,144,177	3.45	179,745	704	75.61
Connecticut.....	23	5,383,752	1.67	234,076	685	73.55
District of Columbia.....	4	1,777,396	0.55	444,349	673	69.07
Delaware.....	4	919,436	0.28	229,859	720	77.42
Florida.....	187	34,968,596	10.83	186,998	674	72.38
Georgia.....	71	11,060,337	3.43	155,779	698	77.93
Hawaii.....	5	1,460,424	0.45	292,085	744	61.07
Iowa.....	5	696,564	0.22	139,313	742	84.27
Idaho.....	16	3,107,026	0.96	194,189	650	68.33
Illinois.....	49	7,391,303	2.29	150,843	682	75.83
Indiana.....	32	3,624,048	1.12	113,252	676	79.40
Kansas.....	5	491,145	0.15	98,229	700	76.59
Kentucky.....	19	2,175,864	0.67	114,519	692	76.67
Louisiana.....	31	3,350,693	1.04	108,087	665	79.54
Massachusetts.....	28	6,803,864	2.11	242,995	684	67.14
Maryland.....	39	7,340,203	2.27	188,210	656	77.60
Maine.....	4	650,273	0.20	162,568	619	80.00
Michigan.....	52	6,750,925	2.09	129,825	674	76.10
Minnesota.....	27	5,767,448	1.79	213,609	679	76.33
Missouri.....	29	3,553,396	1.10	122,531	651	76.10
Mississippi.....	18	1,720,983	0.53	95,610	653	76.59
Montana.....	2	188,726	0.06	94,363	684	76.04
North Carolina.....	53	6,995,029	2.17	131,982	700	76.34
North Dakota.....	3	305,450	0.09	101,817	746	77.85
Nebraska.....	11	1,706,226	0.53	155,111	665	77.63
New Hampshire.....	4	740,626	0.23	185,156	730	64.57
New Jersey.....	42	9,771,481	3.03	232,654	652	75.00
New Mexico.....	9	807,608	0.25	89,734	700	79.53
Nevada.....	19	4,454,364	1.38	234,440	717	74.22
New York.....	57	10,684,694	3.31	187,451	681	73.16

Ohio.....	57	6,006,880	1.86	105,384	696	76.64
Oklahoma.....	15	1,953,603	0.61	130,240	704	80.12
Oregon.....	46	8,904,192	2.76	193,569	712	76.45
Pennsylvania.....	69	9,030,244	2.80	130,873	687	79.54
Rhode Island.....	6	1,543,279	0.48	257,213	689	71.74
South Carolina.....	24	2,922,287	0.91	121,762	679	81.39
South Dakota.....	3	301,737	0.09	100,579	636	80.00
Tennessee.....	28	3,384,503	1.05	120,875	662	77.95
Texas.....	229	25,335,021	7.85	110,633	694	77.34
Utah.....	30	4,796,204	1.49	159,873	685	79.46
Virginia.....	67	15,341,346	4.75	228,975	684	76.47
Vermont.....	2	354,512	0.11	177,256	760	83.69
Washington.....	42	8,238,773	2.55	196,161	704	76.57
Wisconsin.....	19	1,843,631	0.57	97,033	661	76.96
Wyoming.....	4	452,896	0.14	113,224	717	83.90
Total, Average or Weighted						
Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	75.00%

As of the reference date, no more than 0.5% of the group II loans were secured by mortgaged properties located in any one zip code area in California and no more than 0.5% of the group II loans were secured by mortgaged properties located in any one zip code area outside California.

Documentation Types of the Group II Loans

Documentation Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Va Ratio
Full/Alternate Documentation	588	\$82,664,497	25.61%	\$140,586	690	79.30%
Reduced Documentation.....	706	143,955,783	44.59	203,903	685	75.16
No Stated Income.....	215	46,180,424	14.31	214,793	685	73.58
No Income/No Asset Verification.....	285	50,007,183	15.49	175,464	706	68.73
Total, Average or Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	75.00%

As of the reference date, no more than 20.9% of such reduced, no stated income, and no income/no asset verification loan documentation group II loans were secured by mortgaged properties located in California.

As of the reference date, approximately 1.0% of the group II loans were underwritten pursuant to a streamlined refinancing documentation program, which permits mortgage loans to be refinanced with only limited verification or updating of underwriting information obtained at the time that the refinanced mortgage loan was underwritten. See "The Trusts—Underwriting Policies—General Standards" in the prospectus.

Mortgage Rates of the Group II Loans

Mortgage Rates (%)	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to-V Ratio
5.625 - 5.749.....	2	\$402,183	0.12%	\$201,092	777	84.1
6.000 - 6.124.....	4	1,384,385	0.43	346,096	739	72.2
6.125 - 6.249.....	6	2,268,904	0.70	378,151	703	77.8
6.250 - 6.374.....	8	2,026,216	0.63	253,277	687	75.9
6.375 - 6.499.....	10	2,483,564	0.77	248,356	737	66.1
6.500 - 6.624.....	36	9,240,707	2.86	256,686	726	70.9
6.625 - 6.749.....	39	12,159,293	3.77	311,777	711	71.5
6.750 - 6.874.....	104	25,265,243	7.83	242,935	713	73.3
6.875 - 6.999.....	181	40,605,908	12.58	224,342	707	70.2
7.000 - 7.124.....	98	19,795,764	6.13	201,998	696	73.0
7.125 - 7.249.....	100	22,029,572	6.82	220,296	689	73.3
7.250 - 7.374.....	161	33,203,061	10.29	206,230	691	74.4
7.375 - 7.499.....	164	34,287,658	10.62	209,071	680	75.6
7.500 - 7.624.....	244	44,454,796	13.77	182,192	677	76.7
7.625 - 7.749.....	120	17,498,068	5.42	145,817	675	78.6
7.750 - 7.874.....	124	18,149,342	5.62	146,366	676	79.4
7.875 - 7.999.....	141	15,404,473	4.77	109,252	662	78.8
8.000 - 8.124.....	66	6,759,697	2.09	102,420	656	78.0
8.125 - 8.249.....	47	4,689,415	1.45	99,775	683	80.5
8.250 - 8.374.....	57	4,557,218	1.41	79,951	664	82.7
8.375 - 8.499.....	71	5,220,066	1.62	73,522	659	81.4
8.500 - 8.624.....	7	587,293	0.18	83,899	691	77.6
8.750 - 8.874.....	2	187,702	0.06	93,851	710	75.9
8.875 - 8.999.....	1	53,416	0.02	53,416	585	36.0
9.000 - 9.124.....	1	93,944	0.03	93,944	755	95.0
Total, Average or Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	75.0

As of the reference date, the weighted average mortgage rate of the group II loans was approximately 7.2576% per annum.

Net Mortgage Rates of the Discount Group II Loans

Net Mortgage Rate (%)	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weig Aver Loan-to Rat
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5.345.....	2	\$402,183	0.12%	\$201,092	777	84
5.690.....	1	263,483	0.08	263,483	487	90
5.720.....	4	1,384,385	0.43	346,096	739	72
5.845.....	6	2,268,904	0.70	378,151	703	77
5.970.....	8	2,026,216	0.63	253,277	687	75
6.080.....	1	329,993	0.10	329,993	689	100
6.095.....	10	2,483,564	0.77	248,356	737	66
6.116.....	1	83,527	0.03	83,527	754	95
6.220.....	35	8,977,224	2.78	256,492	733	70
6.345.....	39	12,159,293	3.77	311,777	711	71
6.469.....	1	107,595	0.03	107,595	806	90
6.470.....	103	25,149,318	7.79	244,168	713	73
Total, Average or Weighted						
Average.....	211	\$55,635,683	17.23%	\$263,676	716	72

As of the reference date, the weighted average of the Discount Fractions of the Discount Mortgage Loans in loan group II was approximately 2.945102613%.

Original Principal Balances of the Group II Loans

Original Mortgage Loan Balance (\$)	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Valu Ratio
100,000 or less.....	585	\$45,197,861	14.00%	\$77,261	681	75.21%
100,001 to 200,000.....	720	98,275,986	30.44	136,494	690	75.00
200,001 to 300,000.....	211	50,481,384	15.64	239,248	697	75.71
300,001 to 400,000.....	66	22,353,858	6.92	338,695	691	76.97
400,001 to 500,000.....	127	56,944,434	17.64	448,381	679	74.59
500,001 to 600,000.....	57	31,115,675	9.64	545,889	702	76.13
600,001 to 700,000.....	19	11,976,448	3.71	630,339	694	71.18
700,001 to 800,000.....	9	6,462,240	2.00	718,027	699	66.11
Total, Average or						
Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	75.00%

Original Loan-to-Value Ratios of the Group II Loans

Original Loan-to-Value Ratio (%)	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score
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00.01 - 50.00.....	110	\$15,932,564	4.94%	\$144,841	737
50.01 - 55.00.....	27	6,674,542	2.07	247,205	721
55.01 - 60.00.....	74	15,052,001	4.66	203,405	708
60.01 - 65.00.....	80	16,675,197	5.17	208,440	687
65.01 - 70.00.....	102	20,819,514	6.45	204,113	692
70.01 - 75.00.....	164	31,196,285	9.66	190,221	692
75.01 - 80.00.....	1,057	194,728,095	60.32	184,227	685
80.01 - 85.00.....	27	3,485,726	1.08	129,101	667
85.01 - 90.00.....	99	11,281,046	3.49	113,950	660
90.01 - 95.00.....	47	5,960,133	1.85	126,811	676
95.01 - 100.00.....	7	1,002,781	0.31	143,254	692
Total, Average or Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690

The weighted average original loan-to-value ratio of the group II loans, based on the principal balances of the group II loans as of the reference date, was approximately 75.00%.

Amortization Types of the Group II Loans

Amortization Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Loan-to-Va
Fully Amortizing.....	1,280	\$195,905,466	60.69%	\$153,051	692	74.1
Interest Only Period -5 Years.....	1	78,626	0.02	78,626	621	80.0
Interest Only Period - 10 Years.....	511	126,343,844	39.14	247,248	686	76.2
Interest Only Period - 15 Years.....	2	479,950	0.15	239,975	750	80.0
Total, Average or Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	75.0

Property Valuation Types of the Group II Loans

Property Valuation Type	Number of Group II Loans	Principal Balance	Percent of Group II Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Averag Loan-to-Value Ratio
Automated Valuation Model	44	\$6,639,565	2.06%	\$150,899	645	78.62%
Appraisal.....	1,750	316,168,322	97.94	180,668	691	74.92
Total, Average or Weighted Average.....	1,794	\$322,807,886	100.00%	\$179,938	690	75.00%

All Mortgage Loans*

Credit Score Distribution of the Mortgage Loans

Credit Score Range	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Loan-to-Value Ratio
499 or less.....	49	\$7,234,553	1.71%	\$147,644	81.12%
500 - 519.....	21	5,002,715	1.18	238,225	77.07
520 - 539.....	41	7,529,290	1.78	183,641	79.54
540 - 559.....	31	6,349,628	1.50	204,827	77.66
560 - 579.....	45	8,749,575	2.06	194,435	76.19
580 - 599.....	70	11,568,680	2.73	165,267	77.07
600 - 619.....	81	13,114,056	3.09	161,902	76.72
620 - 639.....	133	24,299,899	5.73	182,706	76.16
640 - 659.....	185	37,490,173	8.84	202,650	76.87
660 - 679.....	250	50,198,894	11.83	200,796	75.59
680 - 699.....	258	47,817,138	11.27	185,338	74.49
700 - 719.....	260	50,743,332	11.96	195,167	75.29
720 - 739.....	196	39,176,694	9.24	199,881	74.69
740 - 759.....	184	33,574,662	7.92	182,471	74.41
760 - 779.....	184	37,549,981	8.85	204,076	72.07
780 - 799.....	128	28,858,578	6.80	225,458	72.07
800 or greater.....	88	14,906,430	3.51	169,391	69.60
Total Average or Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	74.94%

As of the reference date, the minimum and maximum credit scores of the mortgage loans were 425 and 826, respectively, and the weighted average credit score of the mortgage loans were approximately 691. The credit scores for all of the mortgagors as reflected in the table above have been updated since the date of origination of the mortgage loans.

* Unless otherwise specified, the information appearing under the column headings: Number of Mortgage Loans, Principal Balance, Percent of Mortgage Loans and Average Principal Balance is as of the reference date, after deducting payments of principal due during the month of the reference date, and the information appearing under the column heading: Weighted Average Loan-to-Value Ratio is based on the original loan-to-value ratios of the Mortgage Loans, as weighted by the principal balances of the Mortgage loans as of the reference date. The credit scores for most of the mortgagors as reflected in this Annex I have been updated since the date of origination of the Mortgage Loans.

Occupancy Types of the Mortgage Loans

Occupancy Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Av Loan-to-V Ratio
Primary Residence.....	1,383	\$295,250,780	69.61%	\$213,486	690	75.14%
Second/Vacation.....	59	13,624,872	3.21	230,930	717	70.21
Non-Owner Occupied.....	762	115,288,625	27.18	151,297	690	74.99
Total, Average or Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691	74.94%

Loan Purpose of the Mortgage Loans

Loan Purpose	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weig Aver Loan-to Rat
Purchase.....	1,252	\$217,119,679	51.19%	\$173,418	691	78.
Rate/Term Refinance.....	328	61,056,001	14.39	186,146	677	73.
Equity Refinance.....	624	145,988,597	34.42	233,956	695	70.
Total, Average or Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691	74.

Mortgaged Property Types of the Mortgage Loans

Property Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Scor
Single-Family Detached.....	1,274	\$245,133,615	57.79%	\$192,413	688
Planned Unit Developments (detached).....	370	90,240,389	21.27	243,893	696
Two-to-Four family units.....	304	48,556,785	11.45	159,726	684
Condo Low-Rise (less than 5 stories).....	144	19,949,442	4.70	138,538	702
Planned Unit Developments (attached).....	64	8,997,589	2.12	140,587	700
Townhouse.....	31	6,006,959	1.42	193,773	679
Condo High-Rise (9 stories or more).....	9	3,732,387	0.88	414,710	719
Condo Mid-Rise (5 to 8 stories).....	5	642,079	0.15	128,416	683
Condotel (1 to 4 stories).....	1	650,000	0.15	650,000	782
Cooperative Units.....	2	255,031	0.06	127,515	739
Total, Average or Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691

Geographic Distribution of the Mortgage Loans

State	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Ave Loan-to-Val Ratio
Alaska.....	6	\$1,416,403	0.33%	\$236,067	738	79.58%
Alabama.....	34	4,365,137	1.03	128,386	669	82.15
Arkansas.....	17	1,793,122	0.42	105,478	682	79.97
Arizona.....	54	15,586,939	3.67	288,647	705	74.15
California.....	182	71,867,035	16.94	394,874	705	72.47
Colorado.....	72	13,648,644	3.22	189,564	708	75.44
Connecticut.....	30	6,631,760	1.56	221,059	680	75.09
District of Columbia.....	12	4,633,693	1.09	386,141	674	70.64
Delaware.....	4	919,436	0.22	229,859	720	77.42
Florida.....	239	51,689,560	12.19	216,274	680	72.85
Georgia.....	90	14,352,844	3.38	159,476	702	78.41
Hawaii.....	5	1,460,424	0.34	292,085	744	61.07
Iowa.....	7	893,303	0.21	127,615	718	83.33
Idaho.....	19	3,477,470	0.82	183,025	656	67.12
Illinois.....	62	10,535,372	2.48	169,925	677	76.88
Indiana.....	36	4,047,711	0.95	112,436	677	79.33
Kansas.....	7	702,583	0.17	100,369	712	80.23
Kentucky.....	23	2,990,054	0.70	130,002	697	78.57
Louisiana.....	37	4,093,756	0.97	110,642	668	79.16
Massachusetts.....	36	9,469,975	2.23	263,055	690	69.79
Maryland.....	51	9,967,200	2.35	195,435	673	75.87
Maine.....	5	822,635	0.19	164,527	630	77.90
Michigan.....	64	8,303,524	1.96	129,743	669	76.47
Minnesota.....	32	6,536,443	1.54	204,264	675	76.89
Missouri.....	34	4,021,714	0.95	118,286	654	75.71
Mississippi.....	18	1,720,983	0.41	95,610	653	76.59
Montana.....	2	188,726	0.04	94,363	684	76.04
North Carolina.....	68	10,452,778	2.46	153,717	692	74.35
North Dakota.....	4	660,598	0.16	165,150	715	84.38
Nebraska.....	12	1,792,026	0.42	149,336	666	77.02
New Hampshire.....	6	2,041,992	0.48	340,332	640	67.10
New Jersey.....	61	16,664,482	3.93	273,188	667	73.63
New Mexico.....	9	807,608	0.19	89,734	700	79.53
Nevada.....	22	5,099,331	1.20	231,788	721	74.56
New York.....	64	12,944,291	3.05	202,255	682	72.69
Ohio.....	67	7,180,568	1.69	107,173	696	76.53
Oklahoma.....	17	2,196,081	0.52	129,181	695	79.89
Oregon.....	65	12,517,168	2.95	192,572	713	76.71
Pennsylvania.....	79	10,577,853	2.49	133,897	691	79.42
Rhode Island.....	6	1,543,279	0.36	257,213	689	71.74
South Carolina.....	34	4,686,073	1.10	137,826	686	76.51
South Dakota.....	3	301,737	0.07	100,579	636	80.00
Tennessee.....	32	3,850,428	0.91	120,326	666	78.46

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Texas.....	272	31,670,272	7.47	116,435	697	77.37
Utah.....	37	6,961,789	1.64	188,156	681	79.00
Virginia.....	82	20,985,676	4.95	255,923	686	75.18
Vermont.....	4	663,940	0.16	165,985	731	70.39
Washington.....	53	10,734,933	2.53	202,546	711	76.86
Wisconsin.....	24	2,682,722	0.63	111,780	665	78.16
Wyoming.....	5	1,012,207	0.24	202,441	712	76.22
Total, Average or						
Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691	74.94%

As of the reference date, no more than 0.5% of the mortgage loans were secured by mortgaged properties located in any one zip code area in Virginia and no more than 0.4% of the mortgage loans were secured by mortgaged properties located in any one zip code area outside Virginia.

Documentation Types of the Mortgage Loans

Documentation Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	We
Full/Alternate Documentation.....	692	\$102,464,692	24.16%	\$148,070	691	
Reduced Documentation.....	892	195,544,229	46.10	219,220	687	
No Stated Income.....	271	63,063,556	14.87	232,707	686	
No Income/No Asset Verification.....	349	63,091,800	14.87	180,779	706	
Total, Average or						
Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691	

As of the reference date, no more than 19.6% of such reduced, no stated income, and no income/no asset verification loan documentation mortgage loans were secured by mortgaged properties located in California.

As of the reference date, approximately 0.9% of the mortgage loans were underwritten pursuant to a streamlined refinancing documentation program, which permits mortgage loans to be refinanced with only limited verification or updating of underwriting information obtained at the time that the refinanced mortgage loan was underwritten. See "The Trusts—Underwriting Policies—General Standards" in the prospectus.

Mortgage Rates of the Mortgage Loans

Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to- Rati
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5.625 - 5.749.....	2	\$402,183	0.09%	\$201,092	777	84.1
6.000 - 6.124.....	4	1,384,385	0.33	346,096	739	72.2
6.125 - 6.249.....	6	2,268,904	0.53	378,151	703	77.8
6.250 - 6.374.....	8	2,026,216	0.48	253,277	687	75.9
6.375 - 6.499.....	10	2,483,564	0.59	248,356	737	66.1
6.500 - 6.624.....	39	10,715,246	2.53	274,750	728	72.2
6.625 - 6.749.....	42	13,332,535	3.14	317,441	713	70.2
6.750 - 6.874.....	115	29,892,123	7.05	259,932	713	73.3
6.875 - 6.999.....	193	49,169,919	11.59	254,766	710	70.2
7.000 - 7.124.....	132	30,242,718	7.13	229,112	699	71.8
7.125 - 7.249.....	124	28,145,294	6.64	226,978	690	73.8
7.250 - 7.374.....	212	47,278,214	11.15	223,010	694	73.2
7.375 - 7.499.....	209	44,600,743	10.51	213,401	684	75.4
7.500 - 7.624.....	335	62,736,392	14.79	187,273	681	76.7
7.625 - 7.749.....	158	27,160,675	6.40	171,903	671	79.3
7.750 - 7.874.....	150	23,246,070	5.48	154,974	679	79.2
7.875 - 7.999.....	179	21,776,916	5.13	121,659	659	78.8
8.000 - 8.124.....	79	8,671,435	2.04	109,765	664	78.5
8.125 - 8.249.....	56	6,684,871	1.58	119,373	687	80.5
8.250 - 8.374.....	61	4,939,580	1.16	80,977	661	82.4
8.375 - 8.499.....	77	5,864,457	1.38	76,162	655	81.5
8.500 - 8.624.....	8	673,770	0.16	84,221	690	79.8
8.750 - 8.874.....	3	320,707	0.08	106,902	707	77.6
8.875 - 8.999.....	1	53,416	0.01	53,416	585	36.0
9.000 - 9.124.....	1	93,944	0.02	93,944	755	95.0
Total, Average or Weighted						
Average.....	2,204	\$424,164,277	100.00%	\$192,452	691	74.9

As of the reference date, the weighted average mortgage rate of the mortgage loans was approximately 7.2792% per annum.

Net Mortgage Rates of the Discount Mortgage Loans

Net Mortgage Rates (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to- Rati
5.345.....	2	\$402,183	0.09%	\$201,092	777	84.1
5.690.....	1	263,483	0.06	263,483	487	90.0
5.720.....	4	1,384,385	0.33	346,096	739	72.2
5.840.....	1	122,565	0.03	122,565	803	95.0
5.845.....	6	2,268,904	0.53	378,151	703	77.8
5.970.....	8	2,026,216	0.48	253,277	687	75.9
6.080.....	1	329,993	0.08	329,993	689	100.0
6.095.....	10	2,483,564	0.59	248,356	737	66.1
6.116.....	1	83,527	0.02	83,527	754	95.0

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6.220.....	38	10,451,763	2.46	275,046	734	71.7
6.270.....	1	575,530	0.14	575,530	719	95.0
6.345.....	42	13,332,535	3.14	317,441	713	70.2
6.435.....	1	565,508	0.13	565,508	800	90.0
6.469.....	1	107,595	0.03	107,595	806	90.0
6.470.....	114	29,776,197	7.02	261,195	713	73.3
Total, Average or						
Weighted Average.....	231	\$64,173,946	15.13%	\$277,809	717	73.0

As of the reference date, the weighted average of the Discount Fractions of the Discount Mortgage Loans was approximately 2.789050471%.

Original Principal Balances of the Mortgage Loans

Original Mortgage Loan Balance (\$)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted A Loan-to- Rati
100,000 or less.....	642	\$50,453,855	11.89%	\$78,589	681	75.0
100,001 to 200,000.....	910	123,892,752	29.21	136,146	689	75.3
200,001 to 300,000.....	281	67,969,090	16.02	241,883	699	75.7
300,001 to 400,000.....	84	28,310,471	6.67	337,029	691	76.7
400,001 to 500,000.....	150	67,293,062	15.86	448,620	684	74.8
500,001 to 600,000.....	83	45,163,660	10.65	544,140	698	76.4
600,001 to 700,000.....	25	15,792,348	3.72	631,694	695	68.8
700,001 to 800,000.....	15	11,023,393	2.60	734,893	687	68.7
800,001 to 900,000.....	6	5,081,444	1.20	846,907	703	73.3
900,001 to 1,000,000.....	5	4,748,705	1.12	949,741	679	71.6
1,200,001 to 1,300,000.....	1	1,225,842	0.29	1,225,842	696	75.0
1,400,001 to 1,500,000.....	1	1,446,654	0.34	1,446,654	781	70.0
1,700,001 to 1,800,000.....	1	1,763,000	0.42	1,763,000	689	63.0
Total, Average or						
Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691	74.9

Original Loan-to-Value Ratios of the Mortgage Loans

Original Loan-to-Value Ratio (%)	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score
00.01 - 50.00.....	127	\$19,418,036	4.58%	\$152,898	736
50.01 - 55.00.....	35	8,928,968	2.11	255,113	721
55.01 - 60.00.....	91	19,308,075	4.55	212,177	711
60.01 - 65.00.....	105	26,256,756	6.19	250,064	687

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65.01 - 70.00.....	128	29,815,098	7.03	232,930	700
70.01 - 75.00.....	201	42,816,341	10.09	213,017	693
75.01 - 80.00.....	1,299	249,028,893	58.71	191,708	685
80.01 - 85.00.....	35	4,744,577	1.12	135,559	661
85.01 - 90.00.....	117	14,183,915	3.34	121,230	665
90.01 - 95.00.....	57	8,029,973	1.89	140,877	684
95.01 - 100.00.....	9	1,633,646	0.39	181,516	719
Total, Average or					
Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691

The weighted average original loan-to-value ratio of the mortgage loans, based on the principal balances of the mortgage loans as of the reference date, was approximately 74.94%.

Amortization Types of the Mortgage Loans

Amortization Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Loan-to-Va
Fully Amortizing.....	1,540	\$248,520,622	58.59%	\$161,377	693	74.36
Interest Only Period -5 Years.....	1	78,626	0.02	78,626	621	80.00
Interest Only Period - 10 Years.....	661	175,085,080	41.28	264,879	687	75.75
Interest Only Period - 15 Years.....	2	479,950	0.11	239,975	750	80.00
Total, Average or						
Weighted Average....	2,204	\$424,164,277	100.00%	\$192,452	691	74.94

Property Valuation Types of the Mortgage Loans

Property Valuation Type	Number of Mortgage Loans	Principal Balance	Percent of Mortgage Loans	Average Principal Balance	Weighted Average Credit Score	Weighted Average Loan-to-Value Ratio
Automated Valuation Model	49	\$7,267,736	1.71%	\$148,321	646	78.36%
Appraisal.....	2,155	416,896,541	98.29	193,455	691	74.88
Total, Average or						
Weighted Average.....	2,204	\$424,164,277	100.00%	\$192,452	691	74.94%

Global Clearance, Settlement and Tax Documentation Procedures

Except in certain limited circumstances, the globally offered Residential Accredit Loans, Inc., Mortgage Asset-Backed Pass-Through Certificates, Series 2006-QS12, which are referred to as the global securities, will be available only in book-entry form. Investors in the global securities may hold interests in these global securities through any of DTC, Clearstream or Euroclear. Initial settlement and all secondary trades will settle in same-day funds.

Secondary market trading between investors holding interests in global securities through Clearstream and Euroclear will be conducted in accordance with their normal rules and operating procedures and in accordance with conventional eurobond practice. Secondary market trading between investors holding interests in global securities through DTC will be conducted according to the rules and procedures applicable to U.S. corporate debt obligations.

Secondary cross-market trading between investors holding interests in global securities through Clearstream or Euroclear and investors holding interests in global securities through DTC participants will be effected on a delivery against-payment basis through the respective depositories of Clearstream and Euroclear, in such capacity, and other DTC participants.

Although DTC, Euroclear and Clearstream are expected to follow the procedures described below in order to facilitate transfers of interests in the global securities among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform those procedures, and those procedures may be discontinued at any time. Neither the depositor, the master servicer nor the trustee will have any responsibility for the performance by DTC, Euroclear and Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their obligations.

Non-U.S. holders of global securities will be subject to U.S. withholding taxes unless those holders meet certain requirements and deliver appropriate U.S. tax documents to the securities clearing organizations or their participants.

Initial Settlement

The global securities will be registered in the name of Cede & Co. as nominee of DTC. Investors' interests in the global securities will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. Clearstream and Euroclear will hold positions on behalf of their participants through their respective depositories, which in turn will hold such positions in accounts as DTC participants.

Investors electing to hold interests in global securities through DTC participants, rather than through Clearstream or Euroclear accounts, will be subject to the settlement practices applicable to similar issues of pass-through certificates. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

Investors electing to hold interests in global securities through Clearstream or Euroclear accounts will follow the settlement procedures applicable to conventional eurobonds, except that there will be no temporary global security and no "lock-up" or restricted period. Interests in global securities will be credited to the securities custody accounts on the settlement date against payment in same-day funds.

Secondary Market Trading

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Transfers between DTC Participants. Secondary market trading between DTC participants will be settled using the DTC procedures applicable to similar issues of pass-through certificates in same-day funds.

Transfers between Clearstream and/or Euroclear Participants. Secondary market trading between Clearstream participants or Euroclear participants and/or investors holding interests in global securities through them will be settled using the procedures applicable to conventional eurobonds in same-day funds.

Transfers between DTC Seller and Clearstream or Euroclear Purchaser. When interests in global securities are to be transferred on behalf of a seller from the account of a DTC participant to the account of a Clearstream participant or a Euroclear participant for a purchaser, the purchaser will send instructions to Clearstream or Euroclear through a Clearstream participant or Euroclear participant at least one business day prior to settlement. Clearstream or the Euroclear operator will instruct its respective depository to receive an interest in the global securities against payment. Payment will include interest accrued on the global securities from and including the last distribution date to but excluding the settlement date. Payment will then be made by the respective depository to the DTC participant's account against delivery of an interest in the global securities. After this settlement has been completed, the interest will be credited to the respective clearing system, and by the clearing system, in accordance with its usual procedures, to the Clearstream participant's or Euroclear participant's account. The credit of this interest will appear on the next business day and the cash debit will be back-valued to, and the interest on the global securities will accrue from, the value date, which would be the preceding day when settlement occurred in New York. If settlement is not completed through DTC on the intended value date, i.e., the trade fails, the Clearstream or Euroclear cash debit will be valued instead as of the actual settlement date.

Clearstream participants and Euroclear participants will need to make available to the respective clearing system the funds necessary to process same-day funds settlement. The most direct means of doing so is to pre-position funds for settlement from cash on hand, in which case the Clearstream participants or Euroclear participants will take on credit exposure to Clearstream or the Euroclear operator until interests in the global securities are credited to their accounts one day later.

As an alternative, if Clearstream or the Euroclear operator has extended a line of credit to them, Clearstream participants or Euroclear participants can elect not to pre-position funds and allow that credit line to be drawn upon. Under this procedure, Clearstream participants or Euroclear participants receiving interests in global securities for purchasers would incur overdraft charges for one day, to the extent they cleared the overdraft when interests in the global securities were credited to their accounts. However, interest on the global securities would accrue from the value date. Therefore, the investment income on the interest in the global securities earned during that one-day period would tend to offset the amount of these overdraft charges, although this result will depend on each Clearstream participant's or Euroclear participant's particular cost of funds.

Since the settlement through DTC will take place during New York business hours, DTC participants are subject to DTC procedures for transferring interests in global securities to the respective depository of Clearstream or Euroclear for the benefit of Clearstream participants or Euroclear participants. The sale proceeds will be available to the DTC seller on the settlement date. Thus, to the seller settling the sale

through a DTC participant, a cross-market transaction will settle no differently than a sale to a purchaser settling through a DTC participant.

Finally, intra-day traders that use Clearstream participants or Euroclear participants to purchase interests in global securities from DTC participants or sellers settling through them for delivery to Clearstream participants or Euroclear participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be available to eliminate this potential condition:

borrowing interests in global securities through Clearstream or Euroclear for one day, until the purchase side of the infra-day trade is reflected in the relevant Clearstream or Euroclear accounts, in accordance with the clearing system's customary procedures;

borrowing interests in global securities in the United States from a DTC participant no later than one day prior to settlement, which would give sufficient time for such interests to be reflected in the relevant Clearstream or Euroclear accounts in order to settle the sale side of the trade; or

staggering the value dates for the buy and sell sides of the trade so that the value date for the purchase from the DTC participant is at least one day prior to the value date for the sale to the Clearstream participant or Euroclear participant.

Transfers between Clearstream or Euroclear Seller and DTC Purchaser. Due to time zone differences in their favor, Clearstream participants and Euroclear participants may employ their customary procedures for transactions in which interests in global securities are to be transferred by the respective clearing system, through the respective depository, to a DTC participant. The seller will send instructions to Clearstream or the Euroclear operator through a Clearstream participant or Euroclear participant at least one business day prior to settlement. Clearstream or Euroclear will instruct its respective depository, to credit an interest in the global securities to the DTC participant's account against payment. Payment will include interest accrued on the global securities from and including the last distribution date to but excluding the settlement date. The payment will then be reflected in the account of the Clearstream participant or Euroclear participant the following business day, and receipt of the cash proceeds in the Clearstream participant's or Euroclear participant's account would be back-valued to the value date, which would be the preceding day, when settlement occurred through DTC in New York. If settlement is not completed on the intended value date, i.e., the trade fails, receipt of the cash proceeds in the Clearstream participant's or Euroclear participant's account would instead be valued as of the actual settlement date.

Certain U.S. Federal Income Tax Documentation Requirements

A beneficial owner who is an individual or corporation holding the global security on its own behalf of global securities holding securities through Clearstream or Euroclear, or through DTC if the holder has an address outside the U.S., will be subject to the 30% U.S. withholding tax that typically applies to payments of interest, including original issue discount, on registered debt issued by U.S. persons, unless:

each clearing system, bank or other institution that holds customers' securities in the ordinary course of its trade or business in the chain of intermediaries between the beneficial owner or a foreign corporation or foreign trust and the U.S. entity required to withhold tax complies with applicable certification requirements; and

the beneficial owner takes one of the following steps to obtain an exemption or reduced tax rate:

Exemption for Non-U.S. Persons-Form W-8BEN. Beneficial holders of global securities that are Non-U.S. persons generally can obtain a complete exemption from the withholding tax by filing a signed Form W-8BEN, or Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding. If the information shown on Form W-8BEN changes, a new Form W-8BEN must be filed within 30 days of the change.

Exemption for Non-U.S. persons with effectively connected income-Form W-8ECI. A Non-U.S. person, including a non-U.S. corporation or bank with a U.S. branch, for which the interest income is effectively connected with its conduct of a trade or business in the United States, can obtain an exemption from the withholding tax by filing Form W-8ECI, or Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States.

Exemption or reduced rate for Non-U.S. persons resident in treaty countries-Form W-8BEN. Non-U.S. persons residing in a country that has a tax treaty with the United States can obtain an exemption or reduced tax rate, depending on the treaty terms, by filing Form W-8BEN. Form W-8BEN may be filed by Bond Holders or their agent.

Exemption for U.S. Persons-Form W-9. U.S. persons can obtain a complete exemption from the withholding tax by filing Form W-9, or Payer's Request for Taxpayer Identification Number and Certification.

U.S. Federal Income Tax Reporting Procedure. The holder of a global security or, in the case of a Form W-8BEN or Form W-8ECI filer, his agent, files by submitting the appropriate form to the person through whom it holds the security-the clearing agency, in the case of persons holding directly on the books of the clearing agency. Form W-8BEN and Form W-8ECI generally are effective until the third succeeding calendar year from the date the form is signed. However, the W-8BEN and W-8ECI with a taxpayer identification number will remain effective until a change in circumstances makes any information on the form incorrect, provided that the withholding agent reports at least annually to the beneficial owner on Form 1042-S. The term "U.S. person" means:

a citizen or resident of the United States;

a corporation, partnership or other entity treated as a corporation or a partnership for United States federal income tax purposes, organized in or under the laws of the United States or any state thereof, including for this purpose the District of Columbia, unless, in the case of a partnership, future Treasury regulations provide otherwise;

an estate that 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 is able to exercise primary supervision of the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust.

Certain trusts not described in the final bullet of the preceding sentence in existence on August 20, 1996 that elect to be treated as a United States Person will also be a U.S. person. The term "Non-U.S. person" means any person who is not a U.S. person. This summary does not deal with all aspects of U.S. federal income tax withholding that may be relevant to foreign holders of the global securities. Investors are advised to consult their own tax advisors for specific tax advice concerning their holding and disposing of the global securities.

Residential Accredit Loans, Inc.

\$16,372,873

Mortgage Asset-Backed Pass-Through Certificates

Series 2006-QS12

Prospectus Supplement

Credit Suisse

Underwriter

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the prospectus. We have not authorized anyone to provide you with different information.

We are not offering the certificates offered hereby in any state where the offer is not permitted.

Dealers will be required to deliver a prospectus supplement and prospectus when acting as underwriters of the certificates offered hereby and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the offered certificates, whether or not participating in this offering, may be required to

deliver a prospectus supplement and prospectus for ninety days following the date of this prospectus supplement. Such delivery obligation generally may be satisfied through the filing of the prospectus supplement and prospectus with the Securities and Exchange Commission.

ANNEX C

AVAILABLE COMBINATIONS OF EXCHANGEABLE CERTIFICATES

Exchangeable Certificates may be exchanged for the related Exchanged Certificates shown in this Annex C. In any exchange, the Percentage Interest of the Exchanged Certificates to be received or delivered in such exchange will equal the Percentage Interest of the Exchangeable Certificates so exchanged.

If, as a result of a proposed exchange, a certificateholder would hold an Exchanged Certificate of a class in an amount less than the applicable minimum denomination for the class, the certificateholder will be unable to effect the proposed exchange. See "Description of the Certificates-General" in this prospectus supplement.

Classes of Exchangeable Certificates			Class of Exchanged Certificates		
to be Exchanged			to be Received		
Classes of Exchangeable Certificates to be Exchanged	Maximum Original Certificate Principal Balance	Initial Pass-Through Rate	Class of Exchanged Certificates to be Received	Maximum Original Certificate Principal Balance	Initial Pass-Through Rate
Class II-A-1	\$14,737,000	3.87625%	Class II-A-3	\$16,372,873	3.87625%
Class II-A-2	\$1,635,873	3.87625%			

At all times, the Class II-A-1, Class II-A-2, and Class II-A-3 Certificates, in the aggregate, will receive interest a per annum rate equal to LIBOR plus 0.50%, with a maximum rate of 7.00% per annum and a minimum rate of 0.50% p annum, and, on the closing date, will have an initial aggregate certificate principal balance of \$16,372,873.

Prospectus

Mortgage Asset-Backed and Manufactured Housing Contract Pass-Through Certificates

Residential Accredit Loans, Inc.

Depositor

Residential Funding Company, LLC

Sponsor

The depositor may periodically form separate trusts to issue certificates in series, secured by assets of that trust.

Offered Certificates The certificates in a series will represent interests in a trust and will be paid only from the assets of that trust. The certificates will not represent interests in or obligations of Residential Accredit Loans, Inc., Residential Funding Company, LLC or any of their affiliates. Each series may include multiple classes of certificates with differing payment terms and priorities. Credit enhancement will be provided for all offered certificates.

Mortgage Collateral Each trust will consist primarily of:

- mortgage loans or manufactured housing conditional sales contracts or installment loan agreements secured by first liens on one- to four-family residential properties; or
- mortgage securities and whole or partial participations in mortgage loans.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these certificates or determined that this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

April 9, 2007

**Important notice about information presented in this
prospectus and the accompanying prospectus supplement**

We provide information to you about the certificates in two separate documents that provide progressively more detail:

- this prospectus, which provides general information, some of which may not apply to your series of certificates; and
- the accompanying prospectus supplement, which describes the specific terms of your series of certificates.

You should rely only on the information provided in this prospectus and the accompanying prospectus supplement, including the information incorporated by reference. See “Additional Information,” “Reports to Certificateholders” and “Incorporation of Certain Information by Reference” in this Prospectus. You can request information incorporated by reference from Residential Accredit Loans, Inc. by calling us at (952) 857-7000 or writing to us at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. We have not authorized anyone to provide you with different information. We are not offering the certificates in any state where the offer is not permitted.

Some capitalized terms used in this prospectus are defined in the Glossary attached to this prospectus.

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INTRODUCTION

The pass-through certificates offered may be sold from time to time in series. Each series of certificates will represent in the aggregate the entire beneficial ownership interest, excluding any interest retained by the depositor or any other entity specified in the accompanying prospectus supplement, in a trust consisting primarily of a segregated pool of mortgage loans or manufactured housing conditional sales contracts and installment loan agreements, acquired by the depositor from one or more affiliated or unaffiliated institutions. Each series of certificates will be issued under a pooling and servicing agreement among the depositor, the trustee and master servicer or servicer as specified in the accompanying prospectus supplement, or a trust agreement between the depositor and trustee as specified in the accompanying prospectus supplement.

THE TRUSTS

General

The mortgage loans, contracts and other assets described in this prospectus under “The Trusts—The Mortgage Loans” and “—The Contracts” and in the accompanying prospectus supplement will be held in a trust for the benefit of the holders of the related series of certificates and any uncertificated interest, if any, as described in this section and in the accompanying prospectus supplement. These assets will be evidenced by promissory notes, or mortgage notes, that are secured by the following:

- mortgages;
- deeds of trust;
- manufactured housing conditional sales contracts and installment loan agreements;
- other similar security instruments creating a first lien on one- to four-family residential properties; or
- whole or partial participations in the mortgage loans or contracts, which may include mortgage pass-through certificates, known as mortgage securities, including Agency Securities, evidencing interests in mortgage loans or contracts.

As used in this prospectus, contracts may include:

- manufactured housing conditional sales contracts; and
- installment loan agreements.

Mortgage collateral may include:

- mortgage loans; and
- contracts.

As specified in the accompanying prospectus supplement, the mortgaged properties will primarily include any combination of the following:

- attached or detached one-family dwelling units;
- two- to four-family dwelling units;
- condominiums;
- units in condotels;
- townhouses;
- row houses;
- individual units in planned-unit developments;
- modular pre-cut/panelized housing;
- Cooperatives;
- manufactured homes; and
- the fee, leasehold or other interests in the underlying real property.

The mortgaged properties may be located in any of the fifty states, the District of Columbia or the Commonwealth of Puerto Rico and may include vacation, second and non-owner-occupied homes.

The prospectus supplement with respect to a series will describe the specific manner in which certificates of that series issued under a particular pooling and servicing agreement or trust agreement will evidence specified beneficial ownership interests in a separate trust created under that pooling and servicing agreement or trust agreement. A trust will consist of, to the extent provided in the related pooling and servicing agreement or trust agreement:

- mortgage loans or contracts and the related mortgage documents or interests in them, including any mortgage securities, underlying a particular series of certificates as from time to time are subject to the pooling and servicing agreement or trust agreement, exclusive of, if specified in the accompanying prospectus supplement, any interest retained by the depositor or any of its affiliates with respect to

each mortgage loan;

- assets including all payments and collections derived from the mortgage loans, contracts or mortgage securities due after the related cut-off date, as from time to time are identified as deposited in the Custodial Account and in the related Certificate Account;
- property acquired by foreclosure of the mortgage loans or contracts or deed in lieu of foreclosure and portions of the related proceeds from the disposition of any related Additional Collateral or Pledged Assets;
- hazard insurance policies and primary insurance policies, if any, and portions of the related proceeds; and
- any combination, as and to the extent specified in the accompanying prospectus supplement, of a letter of credit, purchase obligation, mortgage pool insurance policy, mortgage insurance policy, special hazard insurance policy, reserve fund, bankruptcy bond, certificate insurance policy, surety bond or other similar types of credit enhancement as described under “Description of Credit Enhancement.”

The accompanying prospectus supplement will describe the material terms and conditions of certificates of interest or participations in mortgage loans to the extent they are included in the related trust.

Each mortgage loan or contract will be selected by the depositor for inclusion in a mortgage pool from among those purchased by the depositor from any of the following sources:

- either directly or through its affiliates, including Residential Funding Company, LLC;
- sellers who are affiliates of the depositor including Homecomings Financial, LLC and GMAC Mortgage, LLC; or
- savings banks, savings and loan associations, commercial banks, credit unions, insurance companies or similar institutions that are supervised and/or examined by a federal or state authority, lenders approved by the United States Department of Housing and Urban Development, known as HUD, mortgage bankers, investment banking firms, the Federal Deposit Insurance Corporation, known as the FDIC, and other mortgage loan originators or sellers not affiliated with the depositor, all as described in the accompanying prospectus supplement.

The mortgage collateral sellers may include state or local government housing finance agencies. If a mortgage pool is composed of mortgage loans or contracts acquired by the depositor directly from sellers other than Residential Funding Company, LLC, the accompanying prospectus supplement will specify the extent of mortgage loans or contracts so acquired. The characteristics of the mortgage loans or contracts are as described in the accompanying prospectus supplement.

The mortgage loans or contracts may also be delivered to the depositor in a Designated Seller Transaction. A “Designated Seller Transaction” is a transaction in which the mortgage loans are provided to the depositor by an unaffiliated seller, as more fully described in the prospectus supplement. Certificates issued in Designated Seller Transactions may be sold in whole or in part to any seller identified in the accompanying prospectus supplement in exchange for the related mortgage loans, or may be offered under any of the other methods described in

this prospectus under “Methods of Distribution.” The accompanying prospectus supplement for a Designated Seller Transaction will include information, provided by the related seller about the seller, the mortgage loans and the underwriting standards applicable to the mortgage loans. All representations and warranties with respect to the mortgage loans sold in a Designated Seller Transaction will be made only by the applicable unaffiliated seller, referred to herein as the Designated Seller. The depositor will take reasonable steps to ensure that the mortgage loans in a Designated Seller Transaction satisfy the eligibility criteria for securitization transactions registered on Form S-3 with the Securities and Exchange Commission. The depositor will limit Designated Seller Transactions to creditworthy unaffiliated sellers. In addition, the depositor will obtain from Designated Sellers representations and warranties regarding specific characteristics of the mortgage loans, together with an obligation to repurchase any mortgage loans that do not satisfy such representations and warranties. Furthermore, the depositor will obtain from the Designated Sellers the obligation to indemnify the depositor against any liabilities resulting from a breach of such representations and warranties.

If specified in the accompanying prospectus supplement, the trust underlying a series of certificates may include mortgage securities, including Agency Securities. The mortgage securities may have been issued previously by the depositor or an affiliate thereof, a financial institution or other entity engaged in the business of mortgage lending or a limited purpose corporation organized for the purpose of, among other things, acquiring and depositing mortgage loans into trusts, and selling beneficial interests in such trusts. As specified in the accompanying prospectus supplement, the mortgage securities will primarily be similar to certificates offered hereunder in their collateral and their cash flows. The primary collateral for both the mortgage securities and the related certificates will be the same pool of mortgage loans. Payments on the mortgage securities will be passed through to holders of the related certificates. The Agency Securities may have been guaranteed and/or issued by the Governmental National Mortgage Association, known as Ginnie Mae, or issued by the Federal Home Loan Mortgage Corporation, known as Freddie Mac, or the Federal National Mortgage Association, known as Fannie Mae. As to any series of certificates, the accompanying prospectus supplement will include a description of the mortgage securities and any related credit enhancement, and the mortgage loans underlying those mortgage securities will be described together with any other mortgage loans included in the mortgage pool relating to that series. As to any series of certificates, as used in this prospectus a mortgage pool includes the related mortgage loans underlying any mortgage securities.

For any series of certificates backed by mortgage securities, the entity that administers the mortgage securities may be referred to as the administrator, if stated in the accompanying prospectus supplement. References in this prospectus to Advances to be made and other actions to be taken by the master servicer in connection with the mortgage loans may include Advances made and other actions taken under the terms of the mortgage securities. Each certificate will evidence an interest in only the related mortgage pool and corresponding trust, and not in any other mortgage pool or trust.

The accompanying prospectus supplement will provide material information concerning the types and characteristics of the mortgage loans and contracts included in the related trust as of the cut-off date. A Current Report on Form 8-K will be available on request to holders of the related series of certificates and will be filed, together with the related pooling and servicing agreement, with the Securities and Exchange Commission within fifteen days after the initial issuance of the certificates. If mortgage loans or contracts are added to or deleted from the trust after the date of the accompanying prospectus supplement, that addition or deletion will be noted in the Form 8-K. Additions or deletions of this type, if any, will be made prior to the closing date.

The Mortgage Loans

General

If stated in the accompanying prospectus supplement, all or a portion of the mortgage loans that underlie a series of certificates may have been purchased by the depositor under the Expanded Criteria Program.

The mortgage loans may be secured by mortgages or deeds of trust, deeds to secure debt or other similar security instruments creating a first lien on or other interests in the related mortgaged properties. The mortgage loans may be loans that have been consolidated and/or have had various terms changed, loans that have been converted from adjustable-rate mortgage loans to fixed-rate mortgage loans, or construction loans which have been converted to permanent mortgage loans. In addition, a mortgaged property may be subject to secondary financing at the time of origination of the mortgage loan or at any time thereafter.

The depositor will cause the mortgage loans constituting each mortgage pool, or mortgage securities evidencing interests therein, to be assigned to the trustee named in the accompanying prospectus supplement, for the benefit of the holders of all of the certificates of a series. The assignment of the mortgage loans to the trustee will be without recourse. See “Description of the Certificates—Assignment of Mortgage Loans.”

Interest Rate Characteristics

The accompanying prospectus supplement will describe the type of interest rates of the mortgage loans, which will include adjustable-rate mortgage loans, or ARM loans, fixed-rate mortgage loans and Convertible Mortgage Loans.

ARM Loans. ARM loans will provide for a fixed initial mortgage rate until the first date on which the mortgage rate is to be adjusted. After this date, the mortgage rate may adjust periodically, subject to any applicable limitations, based on changes in the relevant index, to a rate equal to the index plus the Gross Margin. The initial mortgage rate on an ARM loan may be lower than the sum of the then-applicable index and the Gross Margin for the ARM loan. The index or indices for a particular pool will be specified in the accompanying prospectus supplement and may include one of the following indexes:

- the weekly average yield on U.S. Treasury securities adjusted to a constant maturity of six months, one year or other terms to maturity;
- the weekly auction average investment yield of U.S. Treasury bills of various maturities;
- the daily bank prime loan rate as quoted by financial industry news sources;
- the cost of funds of member institutions of any of the regional Federal Home Loan Banks;
- the interbank offered rates for U.S. dollar deposits in the London market, each calculated as of a date prior to each scheduled interest rate adjustment date that will be specified in the accompanying prospectus supplement; or
- the weekly average of secondary market interest rates on six-month negotiable certificates of deposit.

ARM loans have features that provide different investment considerations than fixed-rate mortgage loans. Adjustable mortgage rates can

cause payment increases that may exceed some mortgagors' capacity to cover such payments. An ARM loan may provide that its mortgage rate may not be adjusted to a rate above the applicable maximum mortgage rate or below the applicable minimum mortgage rate, if any, for the ARM loan. In addition, some of the ARM loans may provide for limitations on the maximum amount by which their mortgage rates may adjust for any single adjustment period. Some ARM loans provide for limitations on the amount of scheduled payments of principal and interest.

Other ARM loans may permit the borrower to select from various payment options on each payment date. Those options may include a payment of accrued interest only, a minimum payment based on an amortization schedule that may not be sufficient to cover accrued interest on the ARM loan thus producing negative amortization, a monthly payment that would fully amortize the ARM loan over its remaining term to maturity at the current interest rate, and a monthly payment that would fully amortize the ARM loan over a shorter period at the current interest rate.

Convertible Mortgage Loans. On any conversion of a Convertible Mortgage Loan, either the depositor will be obligated to repurchase or Residential Funding Company, LLC, the applicable servicer or a third party will be obligated to purchase the converted mortgage loan. Alternatively, if specified in the accompanying prospectus supplement, the depositor, Residential Funding Company, LLC or another party may agree to act as remarketing agent with respect to the converted mortgage loans and, in such capacity, to use its best efforts to arrange for the sale of converted mortgage loans under specified conditions. If any party obligated to purchase any converted mortgage loan fails to do so, or if any remarketing agent fails either to arrange for the sale of the converted mortgage loan or to exercise any election to purchase the converted mortgage loan for its own account, the related mortgage pool will thereafter include both fixed-rate and adjustable-rate mortgage loans.

Amortization Provisions

The accompanying prospectus supplement will also describe the applicable amortization provisions of the mortgage loans. The mortgage loans may include:

- loans with equal monthly payments;
- GPM Loans, which have monthly payments that increase in amount over time, until they are fully amortizing;
- Interest Only Loans;
- simple interest loans;
- mortgage loans that experience negative amortization;
- bi-weekly or semi-monthly payment loans; and
- Balloon Loans.

Interest Only Loans. Interest Only Loans generally require that a borrower make monthly payments of accrued interest, but not principal, for a predetermined period following origination (commonly referred to as an "interest-only period"). After the interest-only period, the borrower's monthly payment generally will be recalculated to cover both interest and principal so that the Interest Only Loan will be paid in full by its final payment date. As a result, when the monthly payment increases, the borrower may not be able to pay the increased amount and may default or refinance the Interest Only Loan to avoid the higher payment. Because no scheduled principal payments are required to be made during the interest-only period, the related offered certificates will receive smaller scheduled principal distributions during that period than they would have received if the borrower were required to make monthly payments of interest and principal from origination. In addition, because a borrower

is not required to make scheduled principal payments during the interest-only period, the principal balance of an Interest Only Loan may be higher than the principal balance of a similar mortgage loan that requires payment of principal and interest throughout the entire term of the mortgage loan, and a higher principal balance may result in a greater loss upon the liquidation of an Interest Only Loan due to a default.

Simple Interest Mortgage Loans. A simple interest mortgage loan provides the amortization of the amount financed under the mortgage loan over a series of equal monthly payments, except, in the case of a Balloon Loan, the final payment. Each monthly payment consists of an installment of interest which is calculated on the basis of the outstanding principal balance of the mortgage loan multiplied by the stated mortgage loan rate and further multiplied by a fraction, with the numerator equal to the number of days in the period elapsed since the preceding payment of interest was made and the denominator equal to the number of days in the annual period for which interest accrues on the mortgage loan. As payments are received under a simple interest mortgage loan, the amount received is applied first to interest accrued to the date of payment and then the remaining amount is applied to pay any unpaid fees and then to reduce the unpaid principal balance. Accordingly, if a mortgagor pays a fixed monthly installment on a simple interest mortgage loan before its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be less than it would have been had the payment been made as scheduled, and the portion of the payment applied to reduce the unpaid principal balance will be correspondingly greater. On the other hand, if a mortgagor pays a fixed monthly installment after its scheduled due date, the portion of the payment allocable to interest for the period since the preceding payment was made will be greater than it would have been had the payment been made as scheduled, and the remaining portion, if any, of the payment applied to reduce the unpaid principal balance will be correspondingly less. If each scheduled payment under a simple interest mortgage loan is made on or prior to its scheduled due date, the principal balance of the mortgage loan will amortize more quickly than scheduled. However, if the mortgagor consistently makes scheduled payments after the scheduled due date, the mortgage loan will amortize more slowly than scheduled. If a simple interest mortgage loan is prepaid, the mortgagor is required to pay interest only to the date of prepayment. The variable allocations among principal and interest of a simple interest mortgage loan may affect the distributions of principal and interest on the certificates, as described in the accompanying prospectus supplement.

Negatively Amortizing ARM Loans. Certain ARM loans may be subject to negative amortization from time to time prior to their maturity. Negative amortization may result from either the adjustment of the mortgage rate on a more frequent basis than the adjustment of the scheduled payment or the application of a cap on the size of the scheduled payment. In the first case, negative amortization results if an increase in the mortgage rate occurs prior to an adjustment of the scheduled payment on the related mortgage loan and such increase causes accrued monthly interest on the mortgage loan to exceed the scheduled payment. In the second case, negative amortization results if an increase in the mortgage rate causes accrued monthly interest on a mortgage loan to exceed the limit on the size of the scheduled payment on the mortgage loan. In addition, ARM loans with payment options described above may produce negative amortization if the borrower chooses an option that does not cover the accrued interest on the ARM loan. If the scheduled payment is not sufficient to pay the accrued monthly interest on a negative amortization ARM loan, the amount of accrued monthly interest that exceeds the scheduled payment on the mortgage loans is added to the principal balance of the ARM loan and is to be repaid from future scheduled payments. Negatively amortizing ARM loans do not provide for the extension of their original stated maturity to accommodate changes in their mortgage rate. The accompanying prospectus supplement will specify whether the ARM loans underlying a series allow for negative amortization.

Bi-Weekly or Semi-Monthly Mortgage Loans. Certain mortgage loans may provide for payments by the borrowers every other week or twice each month during the term of the mortgage loan, rather than monthly payments.

Balloon Loans. Balloon Loans generally require a monthly payment of a pre-determined amount that will not fully amortize the loan until the maturity date, at which time the Balloon Amount will be due and payable. For Balloon Loans, payment of the Balloon Amount, which, based on the amortization schedule of those mortgage loans, is expected to be a substantial amount, will typically depend on the mortgagor's ability to obtain refinancing of the mortgage loan or to sell the mortgaged property prior to the maturity of the Balloon Loan. The ability to obtain refinancing will depend on a number of factors prevailing at the time refinancing or sale is required, including, without limitation, real estate values, the mortgagor's financial situation, the level of available mortgage loan interest rates, the mortgagor's equity in the related mortgaged property, tax laws, prevailing general economic conditions and the terms of any related first lien mortgage loan. Neither the depositor, the master servicer nor any of their affiliates will be obligated to refinance or repurchase any mortgage loan or to sell the mortgaged property.

Collateral Characteristics

The accompanying prospectus supplement will also describe the type of collateral securing the mortgage loans. In addition to mortgage loans secured only by fee simple or leasehold interests on residential properties, each trust may include:

- Pledged Asset Mortgage Loans; and
- Additional Collateral Loans.

Pledged Asset Mortgage Loans. Each Pledged Asset will be held by a custodian for the benefit of the trustee for the trust in which the related Pledged Asset Mortgage Loan is held, and will be invested in investment obligations permitted by the rating agencies rating the related series of certificates. The amount of the Pledged Assets will be determined by the seller in accordance with its underwriting standards, but generally will not be more than an amount that, if applied to reduce the original principal balance of the mortgage loan, would reduce that principal balance to less than 70% of the appraised value of the mortgaged property.

If, following a default by the mortgagor and the liquidation of the related mortgaged property, there remains a loss on the related mortgage loan, the custodian will be instructed to pay to the master servicer or the subservicer on behalf of the trustee the amount of that loss, up to the pledged amount for the mortgage loan. If the mortgagor becomes a debtor in a bankruptcy proceeding, there is a significant risk that the Pledged Assets will not be available to be paid to the certificateholders, since the bankruptcy court may prevent the custodian from making these payments. At the mortgagor's request, and in accordance with some conditions, the Pledged Assets may be applied as a partial prepayment of the mortgage loan. The Pledged Assets will be released from the pledge if the outstanding principal balance of the mortgage loan has been reduced by the amount of the Pledged Assets.

Additional Collateral Loans. The Additional Collateral Requirement will generally terminate when the loan-to-value ratio, or LTV ratio, of the mortgage loan is reduced to a predetermined level, which generally will not be more than 80%, as a result of a reduction in the loan amount caused by principal payments by the mortgagor under the mortgage loan or an increase in the appraised value of the related mortgaged property.

The seller of the Additional Collateral Loan or the related subservicer, as applicable, will be required, in accordance with the master servicer's servicing guidelines or its normal servicing procedures, to attempt to realize on any Additional Collateral if the related Additional Collateral Loan is liquidated upon default. The right to receive proceeds from the realization of Additional Collateral upon any liquidation would be assigned to the related trustee. No assurance can be given as to the amount of proceeds, if any, that might be realized from such Additional

Collateral and thereafter remitted to the trustee.

The prospectus supplement relating to any mortgage pool that includes a material amount of Additional Collateral Loans will describe the insurance company that will issue a limited purpose surety bond insuring any deficiency in the amounts realized by the Additional Collateral Loan seller from the liquidation of Additional Collateral, up to the amount of the Additional Collateral Requirement. This surety bond will be issued by an insurance company whose claims-paying ability is rated in the highest long-term rating category by each rating agency rating the applicable series of certificates or a similarly rated financial institution. For additional considerations concerning the Additional Collateral Loans, see “Certain Legal Aspects of Mortgage Loans—The Mortgage Loans—Anti-Deficiency Legislation and Other Limitations on Lenders.”

Other Attributes

Each trust may also include mortgage loans with the attributes described below, which will be described further in the accompanying prospectus supplement as applicable.

Cooperative Loans. Cooperative Loans are evidenced by promissory notes secured by a first lien on the shares issued by Cooperatives and on the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific units within a Cooperative. As used in this prospectus, mortgage loans may include Cooperative Loans; mortgaged properties may include shares in the related Cooperative and the related proprietary leases or occupancy agreements securing Cooperative Notes; mortgage notes may include Cooperative Notes; and mortgages may include security agreements with respect to Cooperative Notes.

Prepayment Charges on the Mortgage Loans. In some cases, mortgage loans may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty. The prospectus supplement will disclose whether a material portion of the mortgage loans provide for payment of a prepayment charge if the mortgagor prepays within a specified time period. This charge may affect the rate of prepayment. The master servicer or another entity identified in the accompanying prospectus supplement will generally be entitled to all prepayment charges and late payment charges received on the mortgage loans and those amounts will not be available for payment on the certificates unless the prospectus supplement discloses that those charges will be available for payment. However, some states’ laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. See “Certain Legal Aspects of Mortgage Loans and Contracts^{3/4}Default Interest and Limitations on Prepayments.”

“Equity Refinance” and “Rate and Term Refinance” Mortgage Loans. Some of the mortgage loans may be “equity refinance” mortgage loans, as to which a portion of the proceeds are used to refinance an existing mortgage loan, and the remaining proceeds may be retained by the mortgagor or used for purposes unrelated to the mortgaged property. Alternatively, the mortgage loans may be “rate and term refinance” mortgage loans, as to which substantially all of the proceeds, net of related costs incurred by the mortgagor, are used to refinance an existing mortgage loan or loans, primarily in order to change the interest rate or other terms of the existing mortgage loan. All of these types of loans are nevertheless secured by mortgaged properties.

Buy-Down Mortgage Loans. In the case of Buy-Down Mortgage Loans, the monthly payments made by the mortgagor during the Buy-Down Period will be less than the scheduled monthly payments on the mortgage loan, the resulting difference to be made up from:

- Buy-Down Funds contributed by the seller of the mortgaged property or another source and placed in the Buy-Down Account;
- if the Buy-Down Funds are contributed on a present value basis, investment earnings on the Buy-Down Funds; or
- additional Buy-Down Funds to be contributed over time by the mortgagor's employer or another source.

All Buy-Down Funds will be available to fund scheduled principal and interest payments on the related mortgage loans. See "Description of the Certificates—Payments on Mortgage Collateral—Buy-Down Mortgage Loans."

The Mortgaged Properties

The mortgaged properties may consist of attached or detached individual dwellings, Cooperative dwellings, individual or adjacent condominiums, units in condotels, townhouses, duplexes, row houses, modular pre-cut/paneled housing, manufactured homes, individual units or two-to four-unit dwellings in planned unit developments, two- to four-family dwellings and other attached dwelling units. A condotel generally provides the services of commercial hotels for residential occupants of units owned by the borrowers as vacation or investment property. Each mortgaged property, other than a Cooperative dwelling, will be located on land owned in fee simple by the mortgagor or, if specified in the accompanying prospectus supplement, land leased by the mortgagor. Attached dwellings may include structures where each mortgagor owns the land on which the unit is built with the remaining adjacent land owned in common, or dwelling units subject to a proprietary lease or occupancy agreement in an apartment building owned by a Cooperative. The proprietary lease or occupancy agreement securing a Cooperative Loan is subordinate, in most cases, to any blanket mortgage on the related cooperative apartment building or on the underlying land. Additionally, in the case of a Cooperative Loan, the proprietary lease or occupancy agreement may be terminated and the cooperative shares may be cancelled by the Cooperative if the tenant-stockholder fails to pay maintenance or other obligations or charges owed by the tenant-stockholder. See "Certain Legal Aspects of Mortgage Loans and Contracts."

The mortgaged properties may be owner-occupied or non-owner-occupied and may include vacation homes, second homes and investment properties. The percentage of mortgage loans that are owner-occupied will be disclosed in the accompanying prospectus supplement. The basis for any statement that a given percentage of the mortgage loans are secured by mortgage properties that are owner-occupied will be one or more of the following:

- the making of a representation by the mortgagor at origination of a mortgage loan that the mortgagor intends to use the mortgaged property as a primary residence;
- a representation by the originator of the mortgage loan, which may be based solely on the above clause; or
- the fact that the mailing address for the mortgagor is the same as the address of the mortgaged property.

Any representation and warranty in the related pooling and servicing agreement regarding owner-occupancy may be based solely on that information. Mortgage loans secured by investment properties, including two- to four-unit dwellings, may also be secured by an assignment of leases and rents and operating or other cash flow guarantees relating to the mortgage loans.

Loan-to-Value Ratio

In the case of most purchase money mortgage loans, the LTV ratio is the ratio, expressed as a percentage, of the principal amount of the mortgage loan at origination to the lesser of (1) the appraised value determined in an appraisal obtained at origination of the mortgage loan and (2) the sales price for the related mortgaged property, except that in the case of certain employee or preferred customer loans, the denominator of such ratio may be the sales price. In some cases, in lieu of an appraisal, a valuation of the mortgaged property will be obtained from a service that provides an automated valuation. An automated valuation evaluates, through the use of computer models, various types of publicly available information, such as recent sales prices for similar homes within the same geographic area and within the same price range.

In the case of certain other mortgage loans, including purchase money, refinance, or converted mortgage loans, the LTV ratio at origination is defined in most cases as the ratio, expressed as a percentage, of the principal amount of the mortgage loan to either the appraised value determined in an appraisal obtained at the time of refinancing, modification or conversion or, if no such appraisal has been obtained, the value of the related mortgaged property, which value generally will be supported by either:

- a representation by the related mortgage collateral seller, as described below, as to such value;
- a broker's price opinion, automated valuation, drive-by appraisal or other certification of value;
- an appraisal obtained within twelve months prior to such refinancing, modification or conversion or, under the streamlined refinancing program described herein, an appraisal obtained within 24 months prior to such refinancing;
- the sales price, if the mortgaged property was purchased within the previous twelve months; or
- with respect to a contract made in connection with the mortgagor's purchase of a manufactured home, generally the sales price of the manufactured home or the amount determined by a professional appraiser.

In the case of some mortgage loans seasoned for over twelve months, the LTV ratio may be determined at the time of purchase from the related seller based on the ratio of the current loan amount to the current value of the mortgaged property. Appraised values may be determined by either:

- a statistical analysis;
- a broker's price opinion;
- an automated valuation, drive-by appraisal or other certification of value; or
- an appraisal obtained within 120 days of the purchase date, in which case the LTV ratio may be significantly lower than the ratio determined at origination.

The denominator of the applicable ratio described in the preceding three paragraphs is the appraised value. To the extent that the appraised value of the related mortgaged property has declined, the actual LTV ratio as to such mortgage loan will be higher than the LTV ratio set forth for that mortgage loan in the accompanying prospectus supplement. In connection with a representation by the related seller as to the value of the mortgaged property, the seller in most cases will represent and warrant that either (i) the current value of the related mortgaged property at the time of refinancing, modification or conversion was not less than the appraised value of the related property at the time of the origination of the original mortgage loan or (ii) the current LTV ratio of the mortgage loan generally meets the depositor's underwriting guidelines. There can be no assurance that the substance of that representation and warranty will be true.

Some of the mortgage loans that are subject to negative amortization will have LTV ratios that will increase after origination as a result of their negative amortization. In the case of some seasoned mortgage loans, the values used in calculating LTV ratios may no longer be accurate valuations of the mortgaged properties. Some mortgaged properties may be located in regions where property values have declined significantly since the time of origination. In addition, the LTV ratio does not take into account any secondary financing. Under the depositor's underwriting standards, a mortgage collateral seller is usually permitted to provide secondary financing to a mortgagor contemporaneously with the origination of a mortgage loan, provided that the combined LTV ratio is not greater than 100%. Secondary financing is readily available and may be obtained by a mortgagor from a lender, including the mortgage collateral seller, at any time, including at origination.

Underwriting Policies

The depositor expects that the originator of each of the mortgage loans will have applied, consistent with applicable federal and state laws and regulations, underwriting procedures intended to evaluate the borrower's credit standing and repayment ability and/or the value and adequacy of the related property as collateral. All of the mortgage loans constituting the mortgage pool for a series of certificates will have been acquired either directly or indirectly by the depositor through the Expanded Criteria Program, which is described below under “—The Expanded Criteria Mortgage Program.”

The mortgage loans in any mortgage pool may be underwritten by Residential Funding Company, LLC, a seller or a designated third party through the use of an automated underwriting system. In the case of a Designated Seller Transaction, the mortgage loans may be underwritten by the designated seller or a designated third party through the use of an automated underwriting system. For additional information regarding automated underwriting systems that are used by Residential Funding Company, LLC to review some of the mortgage loans that it purchases and that may be included in any mortgage pool, see “—Automated Underwriting,” below.

General Standards

In most cases, under a traditional “full documentation” program, each mortgagor will have been required to complete an application designed to provide to the original lender pertinent credit information concerning the mortgagor. As part of the description of the mortgagor's financial condition, the mortgagor will have furnished information, which may be supplied solely in the application, with respect to its assets, liabilities, income (except as described below), credit history, employment history and personal information, and furnished an authorization to apply for a credit report that summarizes the borrower's credit history with local merchants and lenders and any record of bankruptcy. The mortgagor may also have been required to authorize verifications of deposits at financial institutions where the mortgagor had demand or savings

accounts. In the case of investment properties and two- to four-unit dwellings, income derived from the mortgaged property may have been considered for underwriting purposes, in addition to the income of the mortgagor from other sources. With respect to mortgaged property consisting of vacation or second homes, no income derived from the property will have been considered for underwriting purposes. In the case of certain borrowers with acceptable payment histories, no income will be required to be stated, or verified, in connection with the loan application.

If specified in the accompanying prospectus supplement, a mortgage pool may include mortgage loans that have been underwritten pursuant to a streamlined documentation refinancing program. Such program permits some mortgage loans to be refinanced with only limited verification or updating of the underwriting information that was obtained at the time that the original mortgage loan was originated. For example, a new appraisal of a mortgaged property may not be required if the related original mortgage loan was originated up to 24 months prior to the refinancing. In addition, a mortgagor's income may not be verified, although continued employment is required to be verified. In certain circumstances, a mortgagor may be permitted to borrow up to 100% of the outstanding principal amount of the original mortgage loan. Each mortgage loan underwritten pursuant to this program will be treated as having been underwritten pursuant to the same underwriting documentation program as the mortgage loan that it refinanced, including for purposes of the disclosure in the accompanying prospectus supplement.

If specified in the accompanying prospectus supplement, some mortgage loans may have been originated under "limited documentation," "stated documentation" or "no documentation" programs that require less documentation and verification than do traditional "full documentation" programs. Under a limited documentation, stated documentation or no documentation program, minimal investigation into the mortgagor's credit history and income profile is undertaken by the originator and the underwriting may be based primarily or entirely on an appraisal of the mortgaged property and the LTV ratio at origination.

The adequacy of a mortgaged property as security for repayment of the related mortgage loan will typically have been determined by an appraisal or an automated valuation, as described above under "—Loan-to-Value Ratio." Appraisers may be either staff appraisers employed by the originator or independent appraisers selected in accordance with pre-established guidelines established by or acceptable to the originator. The appraisal procedure guidelines will have required the appraiser or an agent on its behalf to personally inspect the property and to verify whether the property was in good condition and that construction, if new, had been substantially completed. The appraisal will have considered a market data analysis of recent sales of comparable properties and, when deemed applicable, an analysis based on income generated from the property or replacement cost analysis based on the current cost of constructing or purchasing a similar property.

The underwriting standards applied by an originator typically require that the underwriting officers of the originator be satisfied that the value of the property being financed, as indicated by an appraisal or other acceptable valuation method as described below, currently supports and is anticipated to support in the future the outstanding loan balance. In fact, some states where the mortgaged properties may be located have "anti-deficiency" laws requiring, in general, that lenders providing credit on single family property look solely to the property for repayment in the event of foreclosure. See "Certain Legal Aspects of Mortgage Loans and Contracts." Any of these factors could change nationwide or merely could affect a locality or region in which all or some of the mortgaged properties are located. However, declining values of real estate, as experienced periodically in certain regions, or increases in the principal balances of some mortgage loans, such as GPM Loans and negative amortization ARM loans, could cause the principal balance of some or all of these mortgage loans to exceed the value of the mortgaged properties.

Based on the data provided in the application and certain verifications, if required, and the appraisal or other valuation of the mortgaged property, a determination will have been made by the original lender that the mortgagor's monthly income, if required to be stated, would be

sufficient to enable the mortgagor to meet its monthly obligations on the mortgage loan and other expenses related to the property. Examples of other expenses include property taxes, utility costs, standard hazard and primary mortgage insurance, maintenance fees and other levies assessed by a Cooperative, if applicable, and other fixed obligations other than housing expenses. The originator's guidelines for mortgage loans will, in most cases, specify that scheduled payments on a mortgage loan during the first year of its term plus taxes and insurance, including primary mortgage insurance, and all scheduled payments on obligations that extend beyond one year, including those mentioned above and other fixed obligations, would equal no more than specified percentages of the prospective mortgagor's gross income. The originator may also consider the amount of liquid assets available to the mortgagor after origination.

The level of review by Residential Funding Company, LLC, if any, will vary depending on several factors. Residential Funding Company, LLC, on behalf of the depositor, typically will review a sample of the mortgage loans purchased by Residential Funding Company, LLC for conformity with the applicable underwriting standards and to assess the likelihood of repayment of the mortgage loan from the various sources for such repayment, including the mortgagor, the mortgaged property, and primary mortgage insurance, if any. Such underwriting reviews will generally not be conducted with respect to any individual mortgage pool related to a series of certificates. In reviewing seasoned mortgage loans, or mortgage loans that have been outstanding for more than 12 months, Residential Funding Company, LLC may also take into consideration the mortgagor's actual payment history in assessing a mortgagor's current ability to make payments on the mortgage loan. In addition, Residential Funding Company, LLC may conduct additional procedures to assess the current value of the mortgaged properties. Those procedures may consist of drive-by appraisals, automated valuations or real estate broker's price opinions. The depositor may also consider a specific area's housing value trends. These alternative valuation methods may not be as reliable as the type of mortgagor financial information or appraisals that are typically obtained at origination. In its underwriting analysis, Residential Funding Company, LLC may also consider the applicable Credit Score of the related mortgagor used in connection with the origination of the mortgage loan, as determined based on a credit scoring model acceptable to the depositor.

With respect to the depositor's underwriting standards, as well as any other underwriting standards that may be applicable to any mortgage loans, such underwriting standards typically include a set of specific criteria by which the underwriting evaluation is made. However, the application of the underwriting standards does not imply that each specific criterion was satisfied individually. Rather, a mortgage loan will be considered to be originated in accordance with a given set of underwriting standards if, based on an overall qualitative evaluation, the loan is in substantial compliance with the underwriting standards. For example, a mortgage loan may be considered to comply with a set of underwriting standards, even if one or more specific criteria included in the underwriting standards were not satisfied, if other factors compensated for the criteria that were not satisfied or if the mortgage loan is considered to be in substantial compliance with the underwriting standards. In the case of a Designated Seller Transaction, the applicable underwriting standards will be those of the seller or of the originator of the mortgage loans and will be described in the accompanying prospectus supplement.

Credit Scores are obtained by some mortgage lenders in connection with mortgage loan applications to help assess a borrower's creditworthiness. In addition, Credit Scores may be obtained by Residential Funding Company, LLC or the designated seller after the origination of a mortgage loan if the seller does not provide to Residential Funding Company, LLC or the designated seller a Credit Score. Credit Scores are obtained from credit reports provided by various credit reporting organizations, each of which may employ differing computer models and methodologies.

The Credit Score is designed to assess a borrower's credit history at a single point in time, using objective information currently on file for

the borrower at a particular credit reporting organization. Information used to create a Credit Score may include, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit and bankruptcy experience. Credit Scores range from approximately 350 to approximately 840, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. However, a Credit Score purports only to be a measurement of the relative degree of risk a borrower represents to a lender, i.e., a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score. In addition, it should be noted that Credit Scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of a mortgage loan. In most cases, mortgage loans generally amortize over a 15- to 30- year period. Furthermore, Credit Scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general, and assess only the borrower's past credit history. Therefore, in most cases, a Credit Score does not take into consideration the differences between mortgage loans and consumer loans, or the specific characteristics of the related mortgage loan, including the LTV ratio, the collateral for the mortgage loan, or the debt to income ratio. There can be no assurance that the Credit Scores of the mortgagors will be an accurate predictor of the likelihood of repayment of the related mortgage loans or that any mortgagor's Credit Score would not be lower if obtained as of the date of the accompanying prospectus supplement.

Once all applicable employment, credit and property information is received, a determination is made as to whether the prospective borrower has sufficient monthly income available to meet the borrower's monthly obligations on the proposed mortgage loan and other expenses related to the home, including property taxes and hazard insurance, and other financial obligations and monthly living expenses. ARM loans, Buy-Down Mortgage Loans, graduated payment mortgage loans and any other mortgage loans will generally be underwritten on the basis of the borrower's ability to make monthly payments as determined by reference to the mortgage rates in effect at origination or the reduced initial monthly payments, as the case may be, and on the basis of an assumption that the borrowers will likely be able to pay the higher monthly payments that may result from later increases in the mortgage rates or from later increases in the monthly payments, as the case may be, at the time of the increase even though the borrowers may not be able to make the higher payments at the time of origination. The mortgage rate in effect from the origination date of an ARM loan or other types of loans to the first adjustment date are likely to be lower, and may be significantly lower, than the sum of the then applicable index and Note Margin. Similarly, the amount of the monthly payment on Buy-Down Mortgage Loans and graduated payment mortgage loans will increase periodically. If the borrowers' incomes do not increase in an amount commensurate with the increases in monthly payments, the likelihood of default will increase. In addition, in the case of either ARM loans or graduated payment mortgage loans that are subject to negative amortization, due to the addition of deferred interest the principal balances of those mortgage loans are more likely to equal or exceed the value of the underlying mortgaged properties, thereby increasing the likelihood of defaults and losses. With respect to Balloon Loans, payment of the Balloon Amount will depend on the borrower's ability to obtain refinancing or to sell the mortgaged property prior to the maturity of the Balloon Loan, and there can be no assurance that refinancing will be available to the borrower or that a sale will be possible.

The Expanded Criteria Mortgage Program

Residential Funding Company, LLC's Expanded Criteria Program is designed for borrowers with good credit who may have difficulty obtaining traditional financing due to loan characteristics, such as a LTV ratios higher than 80%, occupancy of the mortgaged property or type of mortgaged property, or borrower characteristics such as self-employment. The specific underwriting standards with respect to the mortgage loans purchased pursuant to the Expanded Criteria Program will in most cases conform to those published in Residential Funding Company, LLC's Expanded Criteria Seller Guide as it applies to the Expanded Criteria Program, or Seller Guide, as modified from time to time. The applicable underwriting standards are in most cases less stringent than underwriting standards applicable to mortgage loans originated under other first

mortgage loan purchase programs such as those run by Fannie Mae or Freddie Mac or by the depositor's affiliate, Residential Funding Company, LLC, for the purpose of collateralizing securities issued by Residential Funding Mortgage Securities I, Inc. For example, the Expanded Criteria Program may include mortgage loans with higher LTV ratios and larger principal balances, mortgage loans secured by smaller or larger parcels of land or by investment properties, mortgage loans with LTV ratios in excess of 80% that do not require primary mortgage insurance and mortgage loans made to borrowers who are self-employed or are not required to state their income. The applicable underwriting standards are revised based on changing conditions in the residential mortgage market and the market for the depositor's mortgage pass-through certificates and may also be waived by Residential Funding Company, LLC from time to time. The prospectus supplement for each series of certificates secured by mortgage loans purchased pursuant to the Expanded Criteria Program will describe the general underwriting criteria applicable to such mortgage loans, as well as any material changes to the general standard described above.

A portion of the mortgage loans typically will be reviewed by Residential Funding Company, LLC or by a designated third party for compliance with applicable underwriting criteria. Residential Funding Company, LLC may conduct this review using an automated underwriting system. See "Automated Underwriting" below. Any determination of underwriting eligibility using an automated system will only be based on the information entered into the system and the information that the system is programmed to review. See "Underwriting Policies" above. A portion of the mortgage loans will be purchased in negotiated transactions, which may be governed by master commitment agreements relating to ongoing purchases of mortgage loans by Residential Funding Company, LLC or the designated seller. The sellers who sell to Residential Funding Company, LLC or the designated seller pursuant to master commitment agreements will represent to Residential Funding Company, LLC or the designated seller that the mortgage loans have been originated in accordance with underwriting standards agreed to by Residential Funding Company, LLC or the designated seller, as applicable. Some other mortgage loans will be purchased from Expanded Criteria Program Sellers who will represent to Residential Funding Company, LLC or the designated seller that the mortgage loans were originated under underwriting standards determined by a mortgage insurance company or third-party origination system acceptable to Residential Funding Company, LLC or the designated seller. Residential Funding Company, LLC or the designated seller may accept a certification from an insurance company as to the mortgage loan's insurability in a mortgage pool as of the date of certification as evidence of the mortgage loan conforming to applicable underwriting standards. The certifications will likely have been issued before the purchase of the mortgage loan by Residential Funding Company, LLC, the designated seller, or the depositor.

Automated Underwriting

In recent years, the use of automated underwriting systems has become commonplace in the residential mortgage market. Residential Funding Company, LLC evaluates many of the mortgage loans that it purchases through the use of one or more automated underwriting systems. In general, these systems are programmed to review most of the information set forth in Residential Funding Company, LLC's Seller Guide as the underwriting criteria necessary to satisfy each underwriting program. In the case of the Expanded Criteria Program, the system may make adjustments for some compensating factors, which could result in a mortgage loan being approved even if all of the specified underwriting criteria in the Seller Guide for that underwriting program are not satisfied.

In some cases, Residential Funding Company, LLC enters information into the automated underwriting system using documentation delivered to Residential Funding Company, LLC by the mortgage collateral seller. In this situation, each automated review will either generate an approval or a recommendation for further review. Most approved mortgage loans will not receive any additional review of their credit components. In the case of a recommendation for further review, underwriting personnel may perform a manual review of the mortgage loan

documentation before Residential Funding Company, LLC will accept or reject the mortgage loan. For most mortgage collateral sellers, Residential Funding Company, LLC will conduct a limited review of the mortgage loan documentation. If that limited review does not detect any material deviations from the applicable underwriting criteria, Residential Funding Company, LLC will approve that mortgage loan for purchase.

In other cases, the mortgage collateral seller enters the information directly into the automated underwriting system. Mortgage loans that have been approved by the automated underwriting system, and submitted to Residential Funding Company, LLC for purchase may be reviewed to verify that the information entered by the mortgage collateral seller accurately reflects information contained in the underwriting documentation. For most mortgage collateral sellers, Residential Funding Company, LLC will verify the accuracy of the information with respect to a sample of that mortgage collateral seller's mortgage loans.

Because an automated underwriting system will only consider the information that it is programmed to review, which may be more limited than the information that could be considered in the course of a manual review, the results of an automated underwriting review may not be consistent with the results of a manual review. In addition, there could be programming inconsistencies between an automated underwriting system and the underwriting criteria set forth in Residential Funding Company, LLC's Seller Guide, which could, in turn, be applied to numerous mortgage loans the system reviews. We cannot assure you that an automated underwriting review will in all cases result in the same determination as a manual review with respect to whether a mortgage loan satisfies Residential Funding Company, LLC's underwriting criteria.

The Contracts

General

The trust for a series may include a contract pool evidencing interests in contracts originated by one or more manufactured housing dealers, or such other entity or entities described in the accompanying prospectus supplement. Each contract will be secured by a manufactured home. The contracts will be fully amortizing or, if specified in the accompanying prospectus supplement, Balloon Loans.

The manufactured homes securing the contracts will consist of "manufactured homes" within the meaning of 42 U.S.C. § 5402(6), which are treated as "single family residences" for the purposes of the REMIC provisions of the Internal Revenue Code of 1986, or Internal Revenue Code. Accordingly, a manufactured home will be a structure built on a permanent chassis, which is transportable in one or more sections and customarily used at a fixed location, has a minimum of 400 square feet of living space and minimum width in excess of 8 1/2 feet, is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air conditioning, and electrical systems contained therein.

Underwriting Policies

Conventional contracts will comply with the underwriting policies of the applicable originator or mortgage collateral seller, which will be described in the accompanying prospectus supplement.

With respect to a contract made in connection with the mortgagor's purchase of a manufactured home, the appraised value is usually the

sales price of the manufactured home or the amount determined by a professional appraiser. The appraiser must personally inspect the manufactured home and prepare a report that includes market data based on recent sales of comparable manufactured homes and, when deemed applicable, a replacement cost analysis based on the current cost of a similar manufactured home. The LTV ratio for a contract in most cases will be equal to the original principal amount of the contract divided by the lesser of the appraised value or the sales price for the manufactured home. However, an appraisal of the manufactured home generally will not be required.

The Agency Securities

Government National Mortgage Association

Ginnie Mae is a wholly-owned corporate instrumentality of the United States within HUD. Section 306(g) of Title III of the National Housing Act of 1934, as amended, referred to in this prospectus as the Housing Act, authorizes Ginnie Mae to guarantee the timely payment of the principal of and interest on certificates representing interests in a pool of mortgages insured by the FHA, under the Housing Act or under Title V of the Housing Act of 1949, or partially guaranteed by the VA under the Servicemen's Readjustment Act of 1944, as amended, or under Chapter 37 of Title 38, United States Code.

Section 306(g) of the Housing Act provides that "the full faith and credit of the United States is pledged to the payment of all amounts which may be required to be paid under any guarantee under this subsection." In order to meet its obligations under any such guarantee, Ginnie Mae may, under Section 306(d) of the Housing Act, borrow from the United States Treasury an amount that is at any time sufficient to enable Ginnie Mae to perform its obligations under its guarantee. See "Additional Information" for the availability of further information regarding Ginnie Mae and Ginnie Mae securities.

Ginnie Mae Securities

In most cases, each Ginnie Mae security relating to a series, which may be a Ginnie Mae I Certificate or a Ginnie Mae II Certificate as referred to by Ginnie Mae, will be a "fully modified pass-through" mortgage-backed certificate issued and serviced by a mortgage banking company or other financial concern approved by Ginnie Mae, except with respect to any stripped mortgage-backed securities guaranteed by Ginnie Mae or any REMIC securities issued by Ginnie Mae. The characteristics of any Ginnie Mae securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Federal Home Loan Mortgage Corporation

Freddie Mac is a corporate instrumentality of the United States created under Title III of the Emergency Home Finance Act of 1970, as amended, or the Freddie Mac Act. Freddie Mac was established primarily for the purpose of increasing the availability of mortgage credit for the financing of needed housing. The principal activity of Freddie Mac currently consists of purchasing first-lien, conventional, residential mortgage loans or participation interests in such mortgage loans and reselling the mortgage loans so purchased in the form of guaranteed mortgage securities, primarily Freddie Mac securities. In 1981, Freddie Mac initiated its Home Mortgage Guaranty Program under which it purchases mortgage loans from sellers with Freddie Mac securities representing interests in the mortgage loans so purchased. All mortgage loans purchased by Freddie Mac must meet certain standards described in the Freddie Mac Act. Freddie Mac is confined to purchasing, so far as practicable, mortgage loans that it

deems to be of such quality and type that generally meets the purchase standards imposed by private institutional mortgage investors. See “Additional Information” for the availability of further information regarding Freddie Mac and Freddie Mac securities. Neither the United States nor any agency thereof is obligated to finance Freddie Mac’s operations or to assist Freddie Mac in any other manner.

Freddie Mac Securities

In most cases, each Freddie Mac security relating to a series will represent an undivided interest in a pool of mortgage loans that typically consists of conventional loans, but may include FHA loans and VA loans, purchased by Freddie Mac, except with respect to any stripped mortgage-backed securities issued by Freddie Mac. Each such pool will consist of mortgage loans, substantially all of which are secured by one- to four-family residential properties or, if specified in the accompanying prospectus supplement, are secured by multi-family residential properties. The characteristics of any Freddie Mac securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Federal National Mortgage Association

Fannie Mae is a federally chartered and privately owned corporation organized and existing under the Federal National Mortgage Association Charter Act (12 U.S.C. § 1716 et seq.). It is the nation’s largest supplier of residential mortgage funds. Fannie Mae was originally established in 1938 as a United States government agency to provide supplemental liquidity to the mortgage market and was transformed into a stockholder-owned and privately managed corporation by legislation enacted in 1968. Fannie Mae provides funds to the mortgage market primarily by purchasing home mortgage loans from local lenders, thereby replenishing their funds for additional lending. See “Additional Information” for the availability of further information respecting Fannie Mae and Fannie Mae securities. Although the Secretary of the Treasury of the United States has authority to lend Fannie Mae up to \$2.25 billion outstanding at any time, neither the United States nor any agency thereof is obligated to finance Fannie Mae’s operations or to assist Fannie Mae in any other manner.

Fannie Mae Securities

In most cases, each Fannie Mae security relating to a series will represent a fractional undivided interest in a pool of mortgage loans formed by Fannie Mae, except with respect to any stripped mortgage-backed securities issued by Fannie Mae. Mortgage loans underlying Fannie Mae securities will consist of fixed, variable or adjustable-rate conventional mortgage loans or fixed-rate FHA loans or VA loans. Such mortgage loans may be secured by either one- to four-family or multi-family residential properties. The characteristics of any Fannie Mae securities included in the trust for a series of certificates will be described in the accompanying prospectus supplement.

Mortgage Collateral Sellers

The mortgage collateral to be included in a trust will be purchased by the depositor directly or indirectly, through Residential Funding Company, LLC or other affiliates, from mortgage collateral sellers that may be banks, savings and loan associations, credit unions, insurance companies, mortgage bankers, investment banking firms, insurance companies, the FDIC, and other mortgage loan originators or sellers not affiliated with the depositor. The mortgage collateral sellers may include Homecomings Financial, LLC and GMAC Mortgage, LLC and its affiliates, each of which is an affiliate of the depositor. Such purchases may occur by one or more of the following methods:

- one or more direct or indirect purchases from unaffiliated sellers, which may occur simultaneously with the issuance of the certificates or which may occur over an extended period of time;
- one or more direct or indirect purchases through the Expanded Criteria Program; or
- one or more purchases from affiliated sellers.

Mortgage loans may be purchased under agreements relating to ongoing purchases of mortgage loans by Residential Funding Company, LLC. The prospectus supplement for a series of certificates will disclose the method or methods used to acquire the mortgage collateral for the series. The depositor may issue one or more classes of certificates to a mortgage collateral seller as consideration for the purchase of the mortgage collateral securing such series of certificates, if so described in the accompanying prospectus supplement.

Qualifications of Sellers

Each Expanded Criteria Program Seller is selected by Residential Funding Company, LLC on the basis of criteria described in the Seller Guide. In determining whether to approve a mortgage collateral seller, Residential Funding Company, LLC generally considers, among other things: the financial status of the mortgage collateral seller; the previous experience of the mortgage collateral seller in originating mortgage loans and its potential origination volumes; the prior delinquency and loss experience of the mortgage collateral seller (if available); the underwriting standards employed by the mortgage collateral seller and its quality control procedures; and, if applicable, the servicing operations of the mortgage collateral seller. In order to be approved for participation in the Expanded Criteria Program, mortgage collateral sellers are generally required to have a net worth of at least \$500,000, although this amount can be reduced if certain compensating factors, including guarantees or pricing concessions, are present. An Expanded Criteria Program Seller may be an affiliate of the depositor, and the depositor presently anticipates that GMAC Mortgage, LLC and Homecomings Financial, LLC, each an affiliate of the depositor, will be Expanded Criteria Program Sellers.

There can be no assurance that any Expanded Criteria Program Seller presently meets any qualifications or will continue to meet any qualifications at the time of inclusion of mortgage collateral sold by it in the trust for a series of certificates, or thereafter. If an Expanded Criteria Program Seller becomes subject to the direct or indirect control of the FDIC, or if an Expanded Criteria Program Seller's net worth, financial performance or delinquency and foreclosure rates are adversely impacted, the institution may continue to be treated as an Expanded Criteria Program Seller. Any event may adversely affect the ability of any such Expanded Criteria Program Seller to repurchase mortgage collateral in the event of a breach of a representation or warranty which has not been cured. See “—Repurchases of Mortgage Collateral” below.

Representations with Respect to Mortgage Collateral

Except in the case of a Designated Seller Transaction, Residential Funding Company, LLC will provide with respect to each mortgage loan, including Expanded Criteria Program loans, or contracts constituting a part of the trust, all of the representations and warranties required by the rating agency or agencies rating a specific series of certificates. In a Designated Seller Transaction, the Designated Seller would make substantially the same representations and warranties, which are not expected to vary in any material respect. Residential Funding Company, LLC will generally represent and warrant that:

- as of the cut-off date, the information described in a listing of the related mortgage loan or contract was true and correct in all material respects;
- except in the case of Cooperative Loans, a policy of title insurance in the form and amount required by the Seller Guide or an equivalent protection was effective or an attorney's certificate was received at origination, and each policy remained in full force and effect on the date of sale of the related mortgage loan or contract to the depositor;
- to the best of Residential Funding Company, LLC's knowledge, if required by applicable underwriting standards, the mortgage loan or contract is the subject of a primary insurance policy;
- Residential Funding Company, LLC had good title to the mortgage loan or contract and the mortgage loan or contract is not subject to offsets, defenses or counterclaims except as may be provided under the Servicemembers Civil Relief Act, as amended, or Relief Act, and except with respect to any buy-down agreement for a Buy-Down Mortgage Loan;
- each mortgaged property is free of material damage and is in good repair;
- each mortgage loan complied in all material respects with all applicable local, state and federal laws at the time of origination;
- the mortgage loan or contract was not 30 or more days delinquent in payment of principal and interest as of the related cut-off date and was not so delinquent more than once during the twelve month period to the cut-off date; and
- there is no delinquent tax or assessment lien against the related mortgaged property.

In the event of a breach of a representation or warranty made by Residential Funding Company, LLC that materially adversely affects the interests of the certificateholders in the mortgage loan or contract, Residential Funding Company, LLC will be obligated to repurchase any mortgage loan or contract or substitute for the mortgage loan or contract as described below. In addition, except in the case of a Designated Seller Transaction, Residential Funding Company, LLC will be obligated to repurchase or substitute for any mortgage loan as to which it is discovered that the related mortgage does not create a valid lien having at least the priority represented and warranted in the related pooling and servicing agreement on or, in the case of a contract or a Cooperative Loan, a perfected security interest in, the related mortgaged property, subject only to the following:

- liens of real property taxes and assessments not yet due and payable;
- covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage and certain other permissible title exceptions; and
- other encumbrances to which like properties are commonly subject which do not materially adversely affect the value, use, enjoyment or marketability of the mortgaged property.

In addition, except in the case of a Designated Seller Transaction, with respect to any mortgage loan or contract as to which the depositor delivers to the trustee or the custodian an affidavit certifying that the original mortgage note or contract has been lost or destroyed, if the mortgage loan or contract subsequently is in default and the enforcement thereof or of the related mortgage or contract is materially adversely affected by the absence of the original mortgage note or contract, Residential Funding Company, LLC will be obligated to repurchase or substitute for such mortgage loan or contract in the manner described below under “—Repurchases of Mortgage Collateral” and “—Limited Right of Substitution.”

Mortgage collateral sellers will typically make certain representations and warranties regarding the characteristics of the mortgage collateral that they sell. However, mortgage collateral purchased from certain unaffiliated sellers may be purchased with very limited or no representations and warranties. In addition, Residential Funding Company, LLC and the depositor will not assign to the trustee for the benefit of the certificateholders any of the representations and warranties made by a mortgage collateral seller regarding mortgage collateral or any remedies provided for any breach of those representations and warranties. Accordingly, unless the accompanying prospectus supplement discloses that additional representations and warranties are made by the mortgage collateral seller or other person for the benefit of the certificateholders, the only representations and warranties that will be made for the benefit of the certificateholders will be the limited representations and warranties of Residential Funding Company, LLC described above. If a breach of a representation and warranty made by a mortgage collateral seller is discovered that materially and adversely affects the interests of the certificateholders and that representation and warranty has been assigned to the trustee for the benefit of the certificateholders, the master servicer will be required to use its best reasonable efforts to enforce the obligation of the mortgage collateral seller to cure such breach or repurchase the mortgage collateral.

Repurchases of Mortgage Collateral

If a designated seller or Residential Funding Company, LLC cannot cure a breach of any representation or warranty made by it and assigned to the trustee for the benefit of the certificateholders relating to an item of mortgage collateral within 90 days after notice from the master servicer, the servicer, the Certificate Administrator or the trustee, and the breach materially and adversely affects the interests of the certificateholders in the item of mortgage collateral, the designated seller or Residential Funding Company, LLC as the case may be, will be obligated to purchase the item of mortgage collateral at a price described in the related pooling and servicing agreement or trust agreement. Likewise, as described under “Description of the Certificates—Review of Mortgage Loan or Contract Documents,” if the designated seller or Residential Funding Company, LLC cannot cure certain documentary defects with respect to a mortgage loan or contract, the designated seller or Residential Funding Company, LLC, as applicable, will be required to repurchase the item of mortgage collateral. The purchase price for any item of mortgage collateral will be equal to the principal balance thereof as of the date of purchase plus accrued and unpaid interest to the first day of the month following the month of repurchase, less the amount, expressed as a percentage per annum, payable in respect of servicing or administrative compensation and the Spread, if any. In certain limited cases, a substitution may be made in lieu of such repurchase obligation. See “—Limited Right of Substitution” below.

Because the listing of the related mortgage collateral generally contains information with respect to the mortgage collateral as of the cut-off date, prepayments and, in certain limited circumstances, modifications to the interest rate and principal and interest payments may have been made with respect to one or more of the related items of mortgage collateral between the cut-off date and the closing date. Neither Residential Funding Company, LLC nor any seller will be required to repurchase or substitute for any item of mortgage collateral as a result of any such prepayment or modification.

The master servicer, the servicer or the Certificate Administrator, as applicable, will be required under the applicable pooling and servicing agreement or trust agreement to use its best reasonable efforts to enforce the repurchase obligation of the designated seller or Residential Funding Company, LLC of which it has knowledge due to a breach of a representation and warranty that was made to or assigned to the trustee (to the extent applicable), or the substitution right described below, for the benefit of the trustee and the certificateholders, using practices it would employ in its good faith business judgment and which are normal and usual in its general mortgage servicing activities. The master servicer is not obligated to review, and will not review, every loan that is in foreclosure or is delinquent to determine if a breach of a representation and warranty has occurred. The master servicer will maintain policies and procedures regarding repurchase practices that are consistent with its general servicing activities. These policies and procedures generally will limit review of loans that are seasoned and these policies and procedures are subject to change, in good faith, to reflect the master servicer's current servicing activities. Application of these policies and procedures may result in losses being borne by the related credit enhancement and, to the extent not available, the related certificateholders.

Furthermore, the master servicer or servicer may pursue foreclosure or similar remedies concurrently with pursuing any remedy for a breach of a representation and warranty. However, the master servicer or servicer is not required to continue to pursue both remedies if it determines that one remedy is more likely to result in a greater recovery. In accordance with the above described practices, the master servicer or servicer will not be required to enforce any purchase obligation of a designated seller, Residential Funding Company, LLC or seller arising from any misrepresentation by the designated seller, Residential Funding Company, LLC or seller, if the master servicer or servicer determines in the reasonable exercise of its business judgment that the matters related to the misrepresentation did not directly cause or are not likely to directly cause a loss on the related mortgage loan. In the case of a Designated Seller Transaction where the seller fails to repurchase a mortgage loan and neither the depositor, Residential Funding Company, LLC nor any other entity has assumed the representations and warranties, the repurchase obligation of the seller will not become an obligation of the depositor or Residential Funding Company, LLC. The foregoing obligations will constitute the sole remedies available to certificateholders or the trustee for a breach of any representation by Residential Funding Company, LLC in its capacity as a seller of mortgage loans to the depositor, or for any other event giving rise to the obligations.

Neither the depositor nor the master servicer or servicer will be obligated to purchase a mortgage loan if a designated seller defaults on its obligation to do so, and no assurance can be given that the designated sellers will carry out those obligations with respect to mortgage loans. This type of default by a designated seller is not a default by the depositor or by the master servicer or servicer. Any mortgage loan not so purchased or substituted for shall remain in the related trust and any losses related thereto shall be allocated to the related credit enhancement, and to the extent not available, to the related certificates.

Limited Right of Substitution

In the case of a mortgage loan or contract required to be repurchased from the trust the related mortgage collateral seller, a designated seller or Residential Funding Company, LLC, as applicable, may substitute a new mortgage loan or contract for the repurchased mortgage loan or contract that was removed from the trust, during the limited time period described below. Under some circumstances, any substitution must be effected within 120 days of the date of the issuance of the certificates with respect to a trust. With respect to a trust for which a REMIC election is to be made, the substitution must be effected within two years of the date of the issuance of the certificates, and may not be made unless an opinion of counsel is delivered to the effect that the substitution would not cause the trust to fail to qualify as a REMIC and either (a) an opinion of counsel is delivered to the effect that such substitution would not result in a prohibited transaction tax under the Internal Revenue Code or (b) the

trust is indemnified for any prohibited transaction tax that may result from the substitution.

In most cases, any qualified substitute mortgage loan or qualified substitute contract will, on the date of substitution:

- have an outstanding principal balance, after deduction of the principal portion of the monthly payment due in the month of substitution, not in excess of the outstanding principal balance of the repurchased mortgage loan or repurchased contract;
- have a mortgage rate and a Net Mortgage Rate not less than, and not more than one percentage point greater than, the mortgage rate and Net Mortgage Rate, respectively, of the repurchased mortgage loan or repurchased contract as of the date of substitution;
- have an LTV ratio at the time of substitution no higher than that of the repurchased mortgage loan or repurchased contract at the time of substitution;
- have a remaining term to maturity not greater than, and not more than one year less than, that of the repurchased mortgage loan or repurchased contract;
- be secured by mortgaged property located in the United States, unless the repurchased mortgage loan was a Puerto Rico mortgage loan, in which case the qualified substitute mortgage loan may be a Puerto Rico mortgage loan; and
- comply with all of the representations and warranties described in the related pooling and servicing agreement as of the date of substitution.

If the outstanding principal balance of a qualified substitute mortgage loan or qualified substitute contract is less than the outstanding principal balance of the related repurchased mortgage loan or repurchased contract, the amount of the shortfall shall be deposited into the Custodial Account in the month of substitution for distribution to the related certificateholders. The related pooling and servicing agreement may include additional requirements relating to ARM loans or other specific types of mortgage loans or contracts, or additional provisions relating to meeting the foregoing requirements on an aggregate basis where a number of substitutions occur contemporaneously. The prospectus supplement will indicate whether a Designated Seller will have the option to substitute for a mortgage loan or contract that it is obligated to repurchase in connection with a breach of a representation and warranty.

DESCRIPTION OF THE CERTIFICATES

General

The certificates will be issued in series. Each series of certificates or, in some instances, two or more series of certificates, will be issued under a pooling and servicing agreement or, in the case of certificates backed by mortgage securities, a trust agreement, similar to one of the forms filed as an exhibit to the registration statement under the Securities Act of 1933, as amended, with respect to the certificates of which this prospectus is a part. Each pooling and servicing agreement or trust agreement will be filed with the Securities and Exchange Commission as an exhibit to a Form 8-K. The following summaries, together with additional summaries under “The Pooling and Servicing Agreement” below, describe all material terms and provisions relating to the certificates common to each pooling and servicing agreement or trust agreement. All

references to a “pooling and servicing agreement” and any discussion of the provisions of any pooling and servicing agreement will also apply to trust agreements. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, all of the provisions of the pooling and servicing agreement for each trust and the accompanying prospectus supplement.

Each series of certificates may consist of any one or a combination of the following types of certificates:

Accretion Directed	A class that receives principal payments from the accreted interest from specified accrual classes. An accretion directed class also may receive principal payments from principal paid on the underlying pool of assets.
Accrual	A class that accretes the amount of accrued interest otherwise distributable on the class, which amount will be added as principal to the principal balance of the class on each applicable distribution date. The accretion may continue until some specified event has occurred or until the accrual class is retired.
Companion	A class that receives principal payments on any distribution date only if scheduled payments have been made on specified planned principal classes, targeted principal classes or scheduled principal classes.
Component	A class consisting of “components.” The components of a class of component certificates may have different principal and interest payment characteristics but together constitute a single class. Each component of a class of component certificates may be identified as falling into one or more of the categories in this chart.
Fixed Rate	A class with an interest rate that is fixed throughout the life of the class.
Floating Rate	A class with an interest rate that resets periodically based upon a designated index and that varies directly with changes in the index.
Interest Only	A class having no principal balance and bearing interest on the related notional amount. The notional amount is used for purposes of the determination of interest distributions.

Inverse Floating Rate

A class with an interest rate that resets periodically based upon a designated index and that varies inversely with changes in the index.

Lockout

A class that, for the period of time specified in the related prospectus supplement, generally will not receive (in other words, is locked out of) (1) principal prepayments on the underlying pool of assets that are allocated disproportionately to the senior certificates because of the shifting interest structure of the certificates in the trust and/or (2) scheduled principal payments on the underlying pool of assets, as specified in the related prospectus supplement. During the lock-out period, the portion of the principal distributions on the underlying pool of assets that the lockout class is locked out of will be distributed to the other classes of senior certificates.

Partial Accrual

A class that accretes a portion of the amount of accrued interest on it, which amount will be added to the principal balance of the class on each applicable distribution date, with the remainder of the accrued interest to be distributed currently as interest on the class. The accretion may continue until a specified event has occurred or until the partial accrual class is retired.

Principal Only

A class that does not bear interest and is entitled to receive only distributions of principal.

Planned Principal or
PACs

A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming two constant prepayment rates for the underlying pool of assets. These two rates are the endpoints for the “structuring range” for the planned principal class. The planned principal classes in any series of certificates may be subdivided into different categories (e.g., primary planned principal classes, secondary planned principal classes and so forth) having different effective structuring ranges and different principal payment priorities. The structuring range for the secondary planned principal class of a series of certificates will be narrower than that for the primary planned principal class of the series.

Scheduled Principal

A class that is designed to receive principal payments using a predetermined principal balance schedule but is not designated as a planned principal class or targeted principal class. In many cases, the schedule is derived by assuming two constant prepayment rates for the underlying pool of assets. These two rates are the endpoints for the “structuring range” for the scheduled principal class.

Senior Support

A class that absorbs the realized losses other than excess losses that would otherwise be allocated to a Super Senior class after the related classes of subordinated certificates are no longer outstanding.

Sequential Pay

Classes that receive principal payments in a prescribed sequence, that do not have predetermined principal balance schedules and that under all circumstances receive payments of principal continuously from the first distribution date on which they receive principal until they are retired. A single class that receives principal payments before or after all other classes in the same series of certificates may be identified as a sequential pay class.

Super Senior

A class that will not bear its proportionate share of realized losses (other than excess losses) as its share is directed to another class, referred to as the “senior support class” until the class certificate balance of the support class is reduced to zero.

Targeted Principal or
TACs

A class that is designed to receive principal payments using a predetermined principal balance schedule derived by assuming a single constant prepayment rate for the underlying pool of assets.

Variable Rate

A class with an interest rate that resets periodically and is calculated by reference to the rate or rates of interest applicable to specified assets or instruments (e.g., the mortgage rates borne by the underlying mortgage loans).

Credit support for each series of certificates may be provided by a mortgage pool insurance policy, mortgage insurance policy, special hazard insurance policy, bankruptcy bond, letter of credit, purchase obligation, reserve fund, certificate insurance policy, surety bond or other credit enhancement as described under “Description of Credit Enhancement,” or by the subordination of one or more classes of certificates as described under “Subordination” or by any combination of the foregoing.

Form of Certificates

As specified in the accompanying prospectus supplement, the certificates of each series will be issued either as physical certificates or in book-entry form. If issued as physical certificates, the certificates will be in fully registered form only in the denominations specified in the accompanying prospectus supplement, and will be transferable and exchangeable at the corporate trust office of the certificate registrar appointed under the related pooling and servicing agreement to register the certificates. No service charge will be made for any registration of exchange or transfer of certificates, but the trustee may require payment of a sum sufficient to cover any tax or other governmental charge. The term certificateholder or holder refers to the entity whose name appears on the records of the certificate registrar or, if applicable, a transfer agent, as the registered holder of the certificate.

If issued in book-entry form, the classes of a series of certificates will be initially issued through the book-entry facilities of The Depository Trust Company, or DTC. No global security representing book-entry certificates may be transferred except as a whole by DTC to a nominee of DTC, or by a nominee of DTC to another nominee of DTC. Thus, DTC or its nominee will be the only registered holder of the certificates and will be considered the sole representative of the beneficial owners of certificates for all purposes.

The registration of the global securities in the name of Cede & Co. will not affect beneficial ownership and is performed merely to facilitate subsequent transfers. The book-entry system is also used because it eliminates the need for physical movement of securities. The laws of some jurisdictions, however, may require some purchasers to take physical delivery of their securities in definitive form. These laws may impair the ability to own or transfer book-entry certificates.

Purchasers of securities in the United States may hold interests in the global certificates through DTC, either directly, if they are participants in that system, or otherwise indirectly through a participant in DTC. Purchasers of securities in Europe may hold interests in the global securities through Clearstream, Luxembourg, or through Euroclear Bank S.A./N.V., as operator of the Euroclear system.

Because DTC will be the only registered owner of the global securities, Clearstream, Luxembourg and Euroclear will hold positions through their respective U.S. depositories, which in turn will hold positions on the books of DTC.

DTC is a limited-purpose trust company organized under the laws of the State of New York, which holds securities for its DTC participants, which include securities brokers and dealers, banks, trust companies and clearing corporations. DTC together with the Clearstream and Euroclear System participating organizations facilitates the clearance and settlement of securities transactions between participants through electronic book-entry changes in the accounts of participants. Other institutions that are not participants but indirect participants which clear through or maintain a custodial relationship with participants have indirect access to DTC's clearance system.

No beneficial owner of an interest in any book-entry certificate will be entitled to receive a certificate representing that interest in registered, certificated form, unless either (i) DTC ceases to act as depository for that certificate and a successor depository is not obtained, or (ii) the depositor notifies DTC of its intent to terminate the book-entry system and, upon receipt of a notice of intent from DTC, the participants holding beneficial interests in the book-entry certificates agree to initiate a termination. Upon the occurrence of one of the foregoing events, the trustee is required to notify, through DTC, participants who have ownership of DTC registered certificates as indicated on the records of DTC of

the availability of definitive certificates for their DTC registered certificates. Upon surrender by DTC of the definitive certificates representing the DTC registered certificates and upon receipt of instructions from DTC for re-registration, the trustee will reissue the DTC registered certificates as definitive certificates issued in the respective principal amounts owned by individual beneficial owners, and thereafter the trustee and the master servicer will recognize the holders of the definitive certificates as certificateholders under the pooling and servicing agreement.

Prior to any such event, beneficial owners will not be recognized by the trustee, the master servicer, the servicer or the Certificate Administrator as holders of the related certificates for purposes of the pooling and servicing agreement, and beneficial owners will be able to exercise their rights as owners of their certificates only indirectly through DTC, participants and indirect participants.

Any beneficial owner that desires to purchase, sell or otherwise transfer any interest in book-entry certificates may do so only through DTC, either directly if the beneficial owner is a participant or indirectly through participants and, if applicable, indirect participants. Under the procedures of DTC, transfers of the beneficial ownership of any book-entry certificates will be required to be made in minimum denominations specified in the accompanying prospectus supplement. The ability of a beneficial owner to pledge book-entry certificates to persons or entities that are not participants in the DTC system, or to otherwise act for the certificates, may be limited because of the lack of physical certificates evidencing the certificates and because DTC may act only on behalf of participants.

Because of time zone differences, the securities account of a Clearstream or Euroclear System participant as a result of a transaction with a DTC participant, other than a depository holding on behalf of Clearstream or Euroclear System, will be credited during a subsequent securities settlement processing day, which must be a business day for Clearstream or Euroclear System, as the case may be, immediately following the DTC settlement date. Credits or any transactions in those securities settled during this processing will be reported to the relevant Euroclear System participant or Clearstream participants on that business day. Cash received in Clearstream or Euroclear System as a result of sales of securities by or through a Clearstream participant or Euroclear System participant to a DTC participant, other than the depository for Clearstream or Euroclear System, will be received with value on the DTC settlement date, but will be available in the relevant Clearstream or Euroclear System cash account only as of the business day following settlement in DTC.

Transfers between participants will occur in accordance with DTC rules. Transfers between Clearstream participants and Euroclear System participants will occur in accordance with their respective rules and operating procedures.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear System participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by the relevant depositories; however, the cross market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines defined with respect to European time. The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream participants and Euroclear System participants may not deliver instructions directly to the depositories.

Clearstream, as a professional depository, holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream participants through electronic book-entry changes in accounts of Clearstream participants, thereby

eliminating the need for physical movement of certificates. As a professional depository, Clearstream is subject to regulation by the Luxembourg Monetary Institute.

Euroclear System was created to hold securities for participants of Euroclear System and to clear and settle transactions between Euroclear System participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System operator is Euroclear Bank S.A./N.V., under contract with the clearance cooperative, Euroclear System Clearance Systems S.C., a Belgian co-operative corporation. All operations are conducted by the Euroclear System operator, and all Euroclear System securities clearance accounts and Euroclear System cash accounts are accounts with the Euroclear System operator, not the clearance cooperative.

The clearance cooperative establishes policy for Euroclear System on behalf of Euroclear System participants. Securities clearance accounts and cash accounts with the Euroclear System operator are governed by the terms and conditions Governing Use of Euroclear System and the related operating procedures of the Euroclear System and applicable Belgian law. The terms and conditions govern transfers of securities and cash within Euroclear System, withdrawals of securities and cash from Euroclear System, and receipts of payments with respect to securities in Euroclear System. All securities in Euroclear System are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts.

Distributions on the book-entry certificates will be forwarded by the trustee to DTC, and DTC will be responsible for forwarding those payments to participants, each of which will be responsible for disbursing the payments to the beneficial owners it represents or, if applicable, to indirect participants. Accordingly, beneficial owners may experience delays in the receipt of payments relating to their certificates. Under DTC's procedures, DTC will take actions permitted to be taken by holders of any class of book-entry certificates under the pooling and servicing agreement only at the direction of one or more participants to whose account the book-entry certificates are credited and whose aggregate holdings represent no less than any minimum amount of percentage interests or voting rights required therefor. DTC may take conflicting actions with respect to any action of certificateholders of any class to the extent that participants authorize those actions. None of the master servicer, the servicer, the depositor, the Certificate Administrator, the trustee or any of their respective affiliates has undertaken any responsibility or assumed any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests in the book-entry certificates, or for maintaining, supervising or reviewing any records relating to those beneficial ownership interests.

Exchangeable Certificates

General

If specified in the accompanying prospectus supplement, one or more classes of certificates will be exchangeable certificates. Any class of exchangeable certificates will be listed on the cover of the prospectus supplement relating to that series. At any time after the initial issuance of exchangeable certificates, the holders of such certificates will be entitled, after notice and payment to the trustee of an administrative fee, to exchange all or a portion of those certificates for proportionate interests in one or more other classes of exchangeable certificates. The classes of certificates that are exchangeable for each other will be referred to in the related prospectus supplement as "related" to one another, and each related grouping of exchangeable certificates will be referred to as a "combination." Each combination of exchangeable certificates will be issued by the related exchangeable certificate trust fund and, in the aggregate, will represent a distinct combination of interests in such trust fund. In some

series, multiple classes of exchangeable certificates may be exchanged for one or more classes of related exchangeable certificates. Exchanges of certificates will be allowed only if the aggregate payments on the certificates received in the exchange will be made in the same amounts and at the same times as the aggregate payments that would have been made on the certificates being exchanged.

If one or more classes of certificates of a series will be exchangeable certificates, the related prospectus supplement will describe each class of exchangeable certificates, including descriptions of principal and interest distributions, registration and denomination of certificates, credit enhancement and tax, ERISA and legal investment considerations. The related prospectus supplement will also separately describe the yield and prepayment considerations applicable to, and the risks of investment in, each class of exchangeable certificates in a combination. For example, if applicable, separate decrement tables and yield tables will be included for each class of a combination of exchangeable certificates.

Exchanges

The following three conditions must be satisfied in order for a holder to exchange its exchangeable certificates for related exchangeable certificates:

- immediately after the exchange, the aggregate certificate principal balance of the exchangeable certificates received in the exchange must equal the aggregate certificate principal balance of the exchanged certificates immediately prior to the exchange;
- the aggregate annual amount of interest payable on the certificates received in the exchange must equal the aggregate annual amount of interest payable on the exchanged certificates; and
- the class or classes of exchangeable certificates must be exchanged in the applicable proportions, if any, described in the related prospectus supplement.

If the related prospectus supplement describes exchange proportions for a combination of classes of exchangeable certificates, these proportions will be based on the original, rather than the outstanding, principal or notional amounts of these classes.

Various combinations of exchangeable certificates may exist. Some examples of combinations of exchangeable certificates that have different interest characteristics include:

- A class of exchangeable certificates with an interest rate that varies directly with changes in an index and a class of exchangeable certificates with an interest rate that varies indirectly with changes in the same index may be exchanged, together, for a single class of certificates with a fixed interest rate. In this case, the two classes of certificates with interest rates that vary with an index would be exchanged for a single class of certificates with a fixed interest rate. In addition, the aggregate certificate principal balance of the two classes of certificates would equal the certificate principal balance of the class of certificates with the fixed interest rate.
- An interest only class of exchangeable certificates and a principal only class of exchangeable certificates may be exchanged, together, for a single class of certificates that is entitled to both principal and interest payments. The certificate principal balance of the new principal and interest class would be equal to the certificate principal balance of the exchanged principal only class, and the interest rate on the new

principal and interest class would be a fixed rate, if the interest only class had a fixed rate, that when applied to the certificate principal balance of this class, if the interest only class had a notional balance equal to the certificate principal balance of the principal only class, would generate an annual interest amount equal to the annual interest amount of the exchanged interest only class.

- Two classes of exchangeable certificates, each a principal and interest class with different fixed interest rates, may be exchanged, together, for a single class that is entitled to both principal and interest payments, with a certificate principal balance equal to the aggregate certificate principal balance of the two exchanged classes, and a fixed interest rate that when applied to the certificate principal balance of the new class, would generate an annual interest amount equal to the aggregate annual interest amount of the two exchanged classes.

In some series, a holder may be permitted to exchange its exchangeable certificates for other certificates that have different principal payment characteristics. Examples of these types of combinations include:

- A class of exchangeable certificates that is an accrual class that accretes interest for a specified period, with the accreted amount added to the certificate principal balance of that accrual class, and a class of exchangeable certificates that is an accretion-directed class that receives principal payments from these accretions, may be exchanged, together, for a single class that receives payments of principal continuously from the first distribution date on which it receives interest until it is retired.

- A class of exchangeable certificates that receives principal payments in accordance with a predetermined schedule, such as a planned amortization class, and a class of exchangeable certificates that only receives principal payments on a distribution date if scheduled payments have been made according to schedule, may be exchanged, together, for a single class of exchangeable certificates that receives principal payments without regard to the schedule from the first distribution date on which it receives principal until it is retired.

These examples of combinations of exchangeable certificates describe exchanging multiple classes of certificates for a single class of certificates. If specified in the accompanying prospectus supplement, a single class of exchangeable certificates may be exchanged for two or more classes of certificates in the same types of combinations as these examples describe.

Certain factors may limit the ability of a holder of exchangeable certificates to make an exchange. For example, the holder must own the class or classes of certificates required to make the exchange in the necessary proportions at the time of the proposed exchange. If a holder does not own the required classes or does not own the required classes in the necessary proportions, the certificateholder may not be able to exchange its certificates. The holder wishing to make the exchange may not be able to purchase the necessary class from the then-current owner at a reasonable price or the necessary proportion of the required class may no longer be available due to principal payments or prepayments that have been applied to that class.

Procedures

The procedures that must be followed in order for a certificateholder to exchange its exchangeable certificates for other exchangeable certificates will be set forth in the prospectus supplement for that series. A certificateholder will be required to provide notice to the trustee a certain number of days prior to the proposed exchange date as specified in the related prospectus supplement. The notice must include the proposed exchange date and the outstanding principal or notional amount of the certificates to be exchanged and to be received. Upon receipt of this notice, the trustee will provide instructions to the certificateholder regarding delivery of the exchangeable certificates and payment of the

administrative fee. A certificateholder's notice to the trustee will become irrevocable on the second business day prior to the proposed exchange date. If any exchangeable certificates are in book-entry form, those certificates will be subject to the rules, regulations and procedures of DTC applicable to book-entry securities.

Assignment of Mortgage Loans

At the time of issuance of a series of certificates, the depositor will cause the mortgage loans or mortgage securities and any other assets being included in the related trust to be assigned to the trustee or its nominee, which may be the custodian, together with, if specified in the accompanying prospectus supplement, all principal and interest received on the mortgage loans or mortgage securities after the cut-off date, other than principal and interest due on or before the cut-off date and any Spread. The trustee will, concurrently with that assignment, deliver a series of certificates to the depositor in exchange for the mortgage loans or mortgage securities. Each mortgage loan or mortgage security will be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement. Each schedule of mortgage loans will include, among other things, information as to the principal balance of each mortgage loan as of the cut-off date, as well as information respecting the mortgage rate, the currently scheduled monthly payment of principal and interest, the maturity of the mortgage note and the LTV ratio, at origination or modification, without regard to any secondary financing.

If stated in the accompanying prospectus supplement, and in accordance with the rules of membership of Merscorp, Inc. and/or Mortgage Electronic Registration Systems, Inc. or, MERS, assignments of the mortgages for the mortgage loans in the related trust will be registered electronically through Mortgage Electronic Registration Systems, Inc., or MERS® System. For mortgage loans registered through the MERS® System, MERS shall serve as mortgagee of record solely as a nominee in an administrative capacity on behalf of the trustee and shall not have any interest in any of those mortgage loans.

The depositor will, as to each mortgage loan other than mortgage loans underlying any mortgage securities, deliver to the trustee or to the custodian, the mortgage note and any modification or amendment thereto endorsed without recourse either in blank or to the order of the trustee or its nominee. In addition, the depositor will, as to each mortgage loan other than mortgage loans underlying any mortgage securities, deliver to the sponsor, the servicer, the master servicer, the trustee, or the custodian, as elected by the depositor, a set of the remaining legal documents relating to each mortgage loan that are in possession of the depositor, which may include the following:

- the mortgage, except for any mortgage not returned from the public recording office, with evidence of recording indicated thereon or a copy of the mortgage with evidence of recording indicated thereon or, in the case of a Cooperative Loan, the respective security agreements and any applicable financing statements;
- an assignment in recordable form of the mortgage, or evidence that the mortgage is held for the trustee through the MERS® System or a copy of such assignment with evidence of recording indicated thereon or, for a Cooperative Loan, an assignment of the respective security agreements, any applicable financing statements, recognition agreements, relevant stock certificates, related blank stock powers and the related proprietary leases or occupancy agreements; and
- if applicable, any riders or modifications to the mortgage note and mortgage or a copy of any riders or modifications to the mortgage note and mortgage, together with any other documents at such times as described in the related pooling and servicing agreement.

The assignments may be blanket assignments covering mortgages secured by mortgaged properties located in the same county, if permitted by law. If so provided in the accompanying prospectus supplement, the depositor may not be required to deliver one or more of the related documents if any of the documents are missing from the files of the party from whom the mortgage loan was purchased.

If, for any mortgage loan, the depositor cannot deliver the mortgage or any assignment with evidence of recording thereon concurrently with the execution and delivery of the related pooling and servicing agreement because of a delay caused by the public recording office or a delay in the receipt of information necessary to prepare the related assignment, the depositor will deliver or cause to be delivered to the sponsor, the servicer, the master servicer, the trustee or the custodian, as applicable, a copy of the mortgage or assignment. The depositor will deliver or cause to be delivered to the sponsor, the servicer, the master servicer, the trustee or the custodian, as applicable, such mortgage or assignment with evidence of recording indicated thereon after receipt thereof from the public recording office or from the related servicer or subservicer.

Any mortgage for a mortgage loan secured by mortgaged property located in Puerto Rico will be either a Direct Puerto Rico Mortgage or an Endorsable Puerto Rico Mortgage. Endorsable Puerto Rico Mortgages do not require an assignment to transfer the related lien. Rather, transfer of those mortgages follows an effective endorsement of the related mortgage note and, therefore, delivery of the assignment referred to in the third clause listed in the third preceding paragraph would be inapplicable. Direct Puerto Rico Mortgages, however, require an assignment to be recorded for any transfer of the related lien and the assignment would be delivered to the sponsor, the servicer, the master servicer, the trustee, or the custodian, as applicable.

Assignments of the mortgage loans to the trustee will be recorded in the appropriate public recording office, except for mortgages held under the MERS® System or in states where, in the opinion of counsel acceptable to the trustee, the recording is not required to protect the trustee's interests in the mortgage loan against the claim of any subsequent transferee or any successor to or creditor of the depositor or the originator of the mortgage loan.

Assignment of the Contracts

The depositor will cause the contracts constituting the contract pool to be assigned to the trustee or its nominee, which may be the custodian, together with principal and interest due on or with respect to the contracts after the cut-off date, but not including principal and interest due on or before the cut-off date or any Spread. Each contract will be identified in a schedule appearing as an exhibit to the pooling and servicing agreement. The schedule will include, among other things, information as to the principal amount and the adjusted principal balance of each contract as of the close of business on the cut-off date, as well as information respecting the mortgage rate, the current scheduled monthly level payment of principal and interest and the maturity date of the contract.

In addition, the depositor, the servicer or the master servicer, as to each contract, will deliver to the trustee, or to the custodian, the original contract and copies of documents and instruments related to each contract and the security interest in the manufactured home securing each contract. The depositor, the master servicer or the servicer will cause a financing statement to be executed by the depositor identifying the trustee as the secured party and identifying all contracts as collateral. However, the contracts will not be stamped or otherwise marked to reflect their assignment from the depositor to the trust and no recordings or filings will be made in the jurisdictions in which the manufactured homes are located. See "Certain Legal Aspects of Mortgage Loans and Contracts—The Contracts."

Review of Mortgage Loan or Contract Documents

The sponsor, the servicer, the master servicer, the trustee or the custodian, as applicable, will hold documents delivered to it by the depositor in trust for the benefit of the certificateholders. Within 45 days after receipt thereof, the trustee or the custodian, as applicable, will review the mortgage notes delivered to it. If any such mortgage note is found to be defective in any material respect, the trustee or the custodian shall promptly notify Residential Funding Company, LLC or the designated seller, if any, and the depositor. If Residential Funding Company, LLC or the designated seller, as the case may be, cannot cure the defect within 60 days, or within the period specified in the accompanying prospectus supplement, after notice of the defect is given, Residential Funding Company, LLC or designated seller, as applicable will be obligated no later than 90 days after such notice, or within the period specified in the accompanying prospectus supplement, to either repurchase the related mortgage loan or contract or any related property from the trustee or substitute a new mortgage loan or contract in accordance with the standards described in this prospectus under “The Trust — Repurchases of Mortgage Collateral.” The obligation of Residential Funding Company, LLC and designated seller to repurchase or substitute for a mortgage loan or contract constitutes the sole remedy available to the certificateholders or the trustee for a material defect in a constituent document. Any mortgage loan not so purchased or substituted shall remain in the related trust.

Assignment of Mortgage Securities

The depositor will transfer, convey and assign to the trustee or its nominee, which may be the custodian, all right, title and interest of the depositor in the mortgage securities and other property to be included in the trust for a series. The assignment will include all principal and interest due on or with respect to the mortgage securities after the cut-off date specified in the accompanying prospectus supplement, except for any Spread. The depositor will cause the mortgage securities to be registered in the name of the trustee or its nominee, and the trustee will concurrently authenticate and deliver the certificates. The trustee will not be in possession of or be assignee of record of any underlying assets for a mortgage security. Each mortgage security will be identified in a schedule appearing as an exhibit to the related pooling and servicing agreement, which will specify as to each mortgage security information regarding the original principal amount and outstanding principal balance of each mortgage security as of the cut-off date, as well as the annual pass-through rate or interest rate for each mortgage security conveyed to the trustee.

Spread

The depositor, the servicer, the mortgage collateral seller, the master servicer or any of their affiliates, or any other entity specified in the accompanying prospectus supplement may retain or be paid a portion of interest due with respect to the related mortgage collateral, which will be an uncertificated interest in the mortgage collateral. The payment of any Spread will be disclosed in the accompanying prospectus supplement. This payment may be in addition to any other payment, including a servicing fee, that the specified entity is otherwise entitled to receive with respect to the mortgage collateral. Any payment of this sort on an item of mortgage collateral will represent a specified portion of the interest payable thereon. The interest portion of a Realized Loss and any partial recovery of interest on an item of mortgage collateral will be allocated between the owners of any Spread and the certificateholders entitled to payments of interest as provided in the applicable pooling and servicing agreement.

Payments on Mortgage Collateral

Collection of Payments on Mortgage Loans and Contracts

The servicer or the master servicer, as applicable, will deposit or will cause to be deposited into the Custodial Account payments and collections received by it subsequent to the cut-off date, other than payments due on or before the cut-off date, as specifically described in the related pooling and servicing agreement, which in most cases will include the following:

- all payments on account of principal of the mortgage loans or contracts comprising a trust;
- all payments on account of interest on the mortgage loans or contracts comprising that trust, net of the portion of each payment thereof retained by the servicer or subservicer, if any, as Spread, and its servicing compensation;
- Liquidation Proceeds;
- all subsequent recoveries of amounts related to a mortgage loan as to which the master servicer had previously determined that no further amounts would be recoverable, resulting in a realized loss, net of unreimbursed liquidation expenses and Servicing Advances;
- Insurance Proceeds or proceeds from any alternative arrangements established in lieu of any such insurance and described in the accompanying prospectus supplement, other than proceeds to be applied to the restoration of the related property or released to the mortgagor in accordance with the master servicer's or servicer's normal servicing procedures;
- any Buy-Down Funds and, if applicable, investment earnings thereon, required to be paid to certificateholders;
- all proceeds of any mortgage loan or contract in the trust purchased or, in the case of a substitution, amounts representing a principal adjustment, by the master servicer, the depositor, the designated seller, Residential Funding Company, LLC, any subservicer or mortgage collateral seller or any other person under the terms of the pooling and servicing agreement as described under "The Trusts —Representations with Respect to Mortgage Collateral" and "—Repurchases of Mortgage Collateral;"
- any amount required to be deposited by the master servicer in connection with losses realized on investments of funds held in the Custodial Account; and
- any amounts required to be transferred from the Certificate Account to the Custodial Account.

In addition to the Custodial Account, the master servicer or servicer will establish and maintain the Certificate Account. Both the Custodial Account and the Certificate Account must be either:

- maintained with a depository institution whose debt obligations at the time of any deposit therein are rated by any rating agency that rated any certificates of the related series not less than a specified level comparable to the rating category of the certificates;
- an account or accounts the deposits in which are fully insured to the limits established by the FDIC, provided that any deposits not so

insured shall be otherwise maintained so that, as evidenced by an opinion of counsel, the certificateholders have a claim with respect to the funds in such accounts or a perfected first priority security interest in any collateral securing those funds that is superior to the claims of any other depositors or creditors of the depository institution with which the accounts are maintained;

- in the case of the Custodial Account, a trust account or accounts maintained in the corporate trust department of a financial institution which has debt obligations that meet specified rating criteria;
- in the case of the Certificate Account, a trust account or accounts maintained with the trustee; or
- any other Eligible Account.

The collateral that is eligible to secure amounts in an Eligible Account is limited to some Permitted Investments. A Certificate Account may be maintained as an interest-bearing or a non-interest-bearing account, or funds therein may be invested in Permitted Investments as described in this section below. The Custodial Account may contain funds relating to more than one series of certificates as well as payments received on other mortgage loans and assets serviced or master serviced by the master servicer that have been deposited into the Custodial Account.

Not later than the business day preceding each distribution date, the master servicer or servicer, as applicable, will withdraw from the Custodial Account and deposit into the applicable Certificate Account, in immediately available funds, the amount to be distributed therefrom to certificateholders on that distribution date. The master servicer, the servicer or the trustee will also deposit or cause to be deposited into the Certificate Account:

- the amount of any Advances made by the master servicer or the servicer as described in this prospectus under “—Advances;”
- any payments under any letter of credit or any certificate insurance policy, and any amounts required to be transferred to the Certificate Account from a reserve fund, as described under “Description of Credit Enhancement” below;
- any amounts required to be paid by the master servicer or servicer out of its own funds due to the operation of a deductible clause in any blanket policy maintained by the master servicer or servicer to cover hazard losses on the mortgage loans as described under “Insurance Policies on Mortgage Loans or Contracts” below;
- any distributions received on any mortgage securities included in the trust; and
- any other amounts as described in the related pooling and servicing agreement.

The portion of any payment received by the master servicer or the servicer relating to a mortgage loan that is allocable to Spread will typically be deposited into the Custodial Account, but will not be deposited in the Certificate Account for the related series of certificates and will be distributed as provided in the related pooling and servicing agreement.

Funds on deposit in the Custodial Account may be invested in Permitted Investments maturing in general not later than the business day

preceding the next distribution date and funds on deposit in the related Certificate Account may be invested in Permitted Investments maturing, in general, no later than the distribution date. All income and gain realized from any investment will be for the account of the servicer or the master servicer as additional servicing compensation. The amount of any loss incurred in connection with any such investment must be deposited in the Custodial Account or in the Certificate Account, as the case may be, by the servicer or the master servicer out of its own funds upon realization of the loss.

Buy-Down Mortgage Loans

For each Buy-Down Mortgage Loan, the subservicer will deposit the related Buy-Down Funds provided to it in a Buy-Down Account which will comply with the requirements described in this prospectus with respect to a Subservicing Account. Generally, the terms of all Buy-Down Mortgage Loans provide for the contribution of Buy-Down Funds in an amount equal to or exceeding either (i) the total payments to be made from those funds under the related buy-down plan or (ii) if the Buy-Down Funds are to be deposited on a discounted basis, that amount of Buy-Down Funds which, together with investment earnings thereon at a rate as described in the Seller Guide from time to time will support the scheduled level of payments due under the Buy-Down Mortgage Loan.

Neither the master servicer nor the depositor will be obligated to add to any discounted Buy-Down Funds any of its own funds should investment earnings prove insufficient to maintain the scheduled level of payments. To the extent that any insufficiency is not recoverable from the mortgagor or, in an appropriate case, from the subservicer, distributions to certificateholders may be affected. For each Buy-Down Mortgage Loan, the subservicer will withdraw from the Buy-Down Account and remit to the master servicer on or before the date specified in the applicable subservicing agreement the amount, if any, of the Buy-Down Funds, and, if applicable, investment earnings thereon, for each Buy-Down Mortgage Loan that, when added to the amount due from the mortgagor on the Buy-Down Mortgage Loan, equals the full monthly payment which would be due on the Buy-Down Mortgage Loan if it were not subject to the buy-down plan. The Buy-Down Funds will in no event be a part of the related trust.

If the mortgagor on a Buy-Down Mortgage Loan prepays the mortgage loan in its entirety during the Buy-Down Period, the applicable subservicer will withdraw from the Buy-Down Account and remit to the mortgagor or any other designated party in accordance with the related buy-down plan any Buy-Down Funds remaining in the Buy-Down Account. If a prepayment by a mortgagor during the Buy-Down Period together with Buy-Down Funds will result in full prepayment of a Buy-Down Mortgage Loan, the subservicer will, in most cases, be required to withdraw from the Buy-Down Account and remit to the master servicer the Buy-Down Funds and investment earnings thereon, if any, which together with such prepayment will result in a prepayment in full; provided that Buy-Down Funds may not be available to cover a prepayment under some mortgage loan programs. Any Buy-Down Funds so remitted to the master servicer in connection with a prepayment described in the preceding sentence will be deemed to reduce the amount that would be required to be paid by the mortgagor to repay fully the related mortgage loan if the mortgage loan were not subject to the buy-down plan.

Any investment earnings remaining in the Buy-Down Account after prepayment or after termination of the Buy-Down Period will be remitted to the related mortgagor or any other designated party under the buy-down agreement. If the mortgagor defaults during the Buy-Down Period with respect to a Buy-Down Mortgage Loan and the property securing that Buy-Down Mortgage Loan is sold in liquidation either by the master servicer, the primary insurer, the pool insurer under the mortgage pool insurance policy or any other insurer, the subservicer will be required to withdraw from the Buy-Down Account the Buy-Down Funds and all investment earnings thereon, if any, and remit the same to the master

servicer or, if instructed by the master servicer, pay the same to the primary insurer or the pool insurer, as the case may be, if the mortgaged property is transferred to that insurer and the insurer pays all of the loss incurred relating to such default.

Because Buy-Down Funds may have been provided by a third party such as the seller of the Mortgaged Property, a home builder, or an employer, such funds may be subject to third party claims, offsets, defenses or counterclaims in the event of a dispute between the mortgagor and such third party or otherwise. In addition, upon foreclosure the inclusion of personal property collateral may present additional defenses for the mortgagor to assert.

Collection of Payments on Mortgage Securities

The trustee or the Certificate Administrator, as specified in the accompanying prospectus supplement, will deposit in the Certificate Account all payments on the mortgage securities as they are received after the cut-off date. If the trustee has not received a distribution for any mortgage security by the second business day after the date on which such distribution was due and payable, the trustee will request the issuer or guarantor, if any, of such mortgage security to make such payment as promptly as possible and legally permitted. The trustee may take any legal action against the related issuer or guarantor as is appropriate under the circumstances, including the prosecution of any claims in connection therewith. The reasonable legal fees and expenses incurred by the trustee in connection with the prosecution of any legal action will be reimbursable to the trustee out of the proceeds of the action and will be retained by the trustee prior to the deposit of any remaining proceeds in the Certificate Account pending distribution thereof to the certificateholders of the affected series. If the trustee has reason to believe that the proceeds of the legal action may be insufficient to cover its projected legal fees and expenses, the trustee will notify the related certificateholders that it is not obligated to pursue any available remedies unless adequate indemnity for its legal fees and expenses is provided by the certificateholders.

Withdrawals from the Custodial Account

The servicer or the master servicer, as applicable, may, from time to time, make withdrawals from the Custodial Account for various purposes, as specifically described in the related pooling and servicing agreement, which in most cases will include the following:

- to make deposits to the Certificate Account in the amounts and in the manner provided in the pooling and servicing agreement and described above under “—Payments on Mortgage Collateral;”
- to reimburse itself or any subservicer for Advances, or for Servicing Advances, out of late payments, Insurance Proceeds, Liquidation Proceeds, any proceeds relating to any REO Mortgage Loan or collections on the mortgage loan or contract with respect to which those Advances or Servicing Advances were made;
- to pay to itself or any subservicer unpaid servicing fees and subservicing fees, out of payments or collections of interest on each mortgage loan or contract;
- to pay to itself as additional servicing compensation any investment income on funds deposited in the Custodial Account, any amounts remitted by subservicers as interest on partial prepayments on the mortgage loans or contracts and, if so provided in the pooling and

servicing agreement, any profits realized upon disposition of a mortgaged property acquired by deed in lieu of foreclosure or repossession or otherwise allowed under the pooling and servicing agreement;

- to pay to itself, a subservicer, Residential Funding Company, LLC, the depositor, the designated seller or the mortgage collateral seller all amounts received on each mortgage loan or contract purchased, repurchased or removed under the terms of the pooling and servicing agreement and not required to be distributed as of the date on which the related purchase price is determined;
- to pay the depositor or its assignee, or any other party named in the accompanying prospectus supplement, all amounts allocable to the Spread, if any, out of collections or payments which represent interest on each mortgage loan or contract, including any mortgage loan or contract as to which title to the underlying mortgaged property was acquired;
- to reimburse itself or any subservicer for any Nonrecoverable Advance and for Advances that have been capitalized by adding the delinquent interest and other amounts owed under the mortgage loan or contract to the principal balance of the mortgage loan or contract, in accordance with the terms of the pooling and servicing agreement;
- to reimburse itself or the depositor for other expenses incurred for which it or the depositor is entitled to reimbursement, including reimbursement in connection with enforcing any repurchase, substitution or indemnification obligation of any seller that is assigned to the trustee for the benefit of the certificateholder, or against which it or the depositor is indemnified under the pooling and servicing agreement;
- to withdraw any amount deposited in the Custodial Account that was not required to be deposited therein; and
- to clear the Custodial Account of amounts relating to the corresponding mortgage loans or contracts in connection with the termination of the trust under the pooling and servicing agreement, as described in “The Pooling and Servicing Agreement—Termination; Retirement of Certificates.”

Distributions

Beginning on the distribution date in the month next succeeding the month in which the cut-off date occurs, or any other date as may be described in the accompanying prospectus supplement, for a series of certificates, distribution of principal and interest, or, where applicable, of principal only or interest only, on each class of certificates entitled to such payments will be made either by the trustee, the master servicer or the Certificate Administrator acting on behalf of the trustee or a paying agent appointed by the trustee. The distributions will be made to the persons who are registered as the holders of the certificates at the close of business on the last business day of the preceding month or on such other day as is specified in the accompanying prospectus supplement.

Distributions will be made in immediately available funds, by wire transfer or otherwise, to the account of a certificateholder at a bank or other entity having appropriate facilities, if the certificateholder has so notified the trustee, the master servicer, the Certificate Administrator or the paying agent, as the case may be, and the applicable pooling and servicing agreement provides for that form of payment, or by check mailed to the address of the person entitled to such payment as it appears on the certificate register. The final distribution in retirement of the certificates of any

class, other than a subordinate class, will be made only upon presentation and surrender of the certificates at the office or agency of the trustee specified in the notice to the certificateholders. Distributions will be made to each certificateholder in accordance with that holder's percentage interest in a particular class.

As a result of the provisions described below under “ $\frac{3}{4}$ Realization upon Defaulted Mortgage Loans or Contracts,” under which the certificate principal balance of a class of subordinate certificates can be increased in certain circumstances after it was previously reduced to zero, each certificate of a subordinate class of certificates will be considered to remain outstanding until the termination of the related trust, even if the certificate principal balance thereof has been reduced to zero.

Principal and Interest on the Certificates

The method of determining, and the amount of, distributions of principal and interest, or, where applicable, of principal only or interest only, on a particular series of certificates will be described in the accompanying prospectus supplement. Distributions of interest on each class of certificates will be made prior to distributions of principal thereon. Each class of certificates, other than classes of strip certificates, may have a different specified interest rate, or pass-through rate, which may be a fixed, variable or adjustable pass-through rate, or any combination of two or more pass-through rates. The accompanying prospectus supplement will specify the pass-through rate or rates for each class, or the initial pass-through rate or rates and the method for determining the pass-through rate or rates. The applicable prospectus supplement will describe the manner of interest accruals and payments. In general, interest on the certificates will accrue during each calendar month and will be payable on the distribution date in the following calendar month. If stated in the accompanying prospectus supplement, interest on any class of certificates for any distribution date may be limited to the extent of available funds for that distribution date. The accompanying prospectus supplement will describe the method of calculating interest on the certificates. In general, interest on the certificates will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

On each distribution date for a series of certificates, the trustee or the master servicer or the Certificate Administrator on behalf of the trustee will distribute or cause the paying agent to distribute, as the case may be, to each holder of record on the last day of the preceding month of a class of certificates, or on such other day as is specified in the accompanying prospectus supplement, an amount equal to the percentage interest represented by the certificate held by that holder multiplied by that class's Distribution Amount.

In the case of a series of certificates which includes two or more classes of certificates, the timing, sequential order, priority of payment or amount of distributions of principal, and any schedule or formula or other provisions applicable to that determination, including distributions among multiple classes of senior certificates or subordinate certificates, shall be described in the accompanying prospectus supplement. Distributions of principal on any class of certificates will be made on a pro rata basis among all of the certificates of that class.

On or prior to the second business day prior to each distribution date, or the determination date, the master servicer or the Certificate Administrator, as applicable, will determine the amounts of principal and interest which will be passed through to certificateholders on the immediately succeeding distribution date. Prior to the close of business on the determination date, the master servicer or the Certificate Administrator, as applicable, will furnish a statement to the trustee with information to be made available to certificateholders by the master servicer or the Certificate Administrator, as applicable, on request, setting forth, among other things, the amount to be distributed on the next succeeding distribution date.

Example of Distributions

The following chart provides an example of the flow of funds as it would relate to a hypothetical series of certificates backed by mortgage loans or contracts that are issued, and with a cut-off date occurring, in July 2005:

Date	Note	Description
July 1	(A)	Cut-off date.
July 2-31	(B)	Servicers or subservicers, as applicable, receive any partial Principal Prepayments.
July 16-August 15	(C)	The servicers or the subservicers, as applicable, receive any Principal Prepayments in full.
July 31	(D)	Record date.
July 2-August 1	(E)	The due dates for payments on a mortgage loan or contract.
August 18	(F)	Servicers or subservicers remit to the master servicer or servicer, as applicable, scheduled payments of principal and interest due during the related Due Period and received or advanced by them.
August 23	(G)	Determination date.
August 25	(H)	Distribution date.

Succeeding months follow the pattern of (B) through (H), except that for succeeding months, (B) will also include the first day of that month. A series of certificates may have different Prepayment Periods, Due Periods, cut-off dates, record dates, remittance dates, determination dates and/or distribution dates than those described above.

- (A) The initial principal balance of the mortgage pool or contract pool will be the aggregate principal balance of the mortgage loans or contracts at the close of business on July 1 after deducting principal payments due on or before that date or such other date as may be specified in the accompanying prospectus supplement. Those principal payments due on or before July 1 and the accompanying interest payments, and any Principal Prepayments received as of the close of business on July 1 are not part of the mortgage pool or contract pool and will not be passed through to certificateholders.

- (B) Any Principal Prepayments, other than Principal Prepayments in full, may be received at any time during this period and will be remitted to the master servicer or servicer as described in (F) below for distribution to certificateholders as described in (G) below. Partial Principal Prepayments are applied so as to reduce the principal balances of the related mortgage loans or contracts as of the first day of the month in which the payments are made; no interest will be paid to certificateholders from such prepaid amounts for the month in which the partial Principal Prepayments were received.
- (C) Any Principal Prepayments in full that are received during the Prepayment Period will be remitted to the master servicer or servicer as described in (F) below for distribution to certificateholders as described in (G) below. When a mortgage loan or contract is prepaid in full, interest on the amount prepaid is collected from the mortgagor only to the date of payment.
- (D) Distributions on August 25 will be made to certificateholders of record at the close of business on July 31.
- (E) Scheduled principal and interest payments are due from mortgagors.
- (F) Payments due from mortgagors during the related Due Period will be deposited by the subservicers in Subservicing Accounts or by the servicers in collection accounts, or will be otherwise managed in a manner acceptable to the rating agencies, as received and will include the scheduled principal payments plus interest on the principal balances immediately prior to those payments. Funds required to be remitted from the Subservicing Accounts or collection accounts to the master servicer or servicer, as applicable, will be remitted on August 18, 2005 together with any required Advances by the servicer or subservicers, except that Principal Prepayments in full received by subservicers during the related Prepayment Period will have been remitted to the master servicer or the servicer, as applicable, within five business days of receipt.
- (G) On the determination date, the master servicer or servicer will determine the amounts of principal and interest that will be passed through on August 25 to the holders of each class of certificates. The master servicer or servicer will be obligated to distribute those payments due during the related Due Period that have been received from subservicers or servicers prior to and including August 18, as well as all partial Principal Prepayments received on mortgage loans in July and Principal Prepayments in full during the related Prepayment Period, with interest adjusted to the pass-through rates applicable to the respective classes of certificates and reduced on account of Principal Prepayments as described in clause (B) above. Distributions to the holders of senior certificates, if any, on August 25 may include amounts otherwise distributable to the holders of the related subordinate certificates, amounts withdrawn from any reserve fund, amounts drawn against any certificate insurance policy and amounts advanced by the master servicer or the servicer under the circumstances described in “Subordination” and “—Advances.”
- (H) On August 25, the amounts determined on August 23 will be distributed to certificateholders.

If provided in the accompanying prospectus supplement, the distribution date for any series of certificates as to which the trust includes mortgage securities may be a specified date or dates other than the 25th day of each month in order to allow for the receipt of distributions on the mortgage securities.

Advances

As to each series of certificates, the master servicer or the servicer will make Advances on or before each distribution date, but only to the extent that the Advances would, in the judgment of the master servicer or the servicer, be recoverable out of late payments by the mortgagors, Liquidation Proceeds, Insurance Proceeds or otherwise.

The amount of any Advance will be determined based on the amount payable under the mortgage loan as adjusted from time to time and as may be modified as described in this prospectus under “—Servicing and Administration of Mortgage Collateral,” and no Advance will be required in connection with any reduction in amounts payable under the Relief Act or as a result of certain actions taken by a bankruptcy court. As specified in the accompanying prospectus supplement for any series of certificates as to which the trust includes mortgage securities, any advancing obligations will be under the terms of the mortgage securities and may differ from the provisions relating to Advances described in this prospectus.

Advances are intended to maintain a regular flow of scheduled interest and principal payments to related certificateholders. Advances do not represent an obligation of the master servicer or servicer to guarantee or insure against losses. If Advances have been made by the master servicer or servicer from cash being held for future distribution to certificateholders, those funds will be required to be replaced on or before any future distribution date to the extent that funds in the Certificate Account on that distribution date would be less than payments required to be made to certificateholders. Any Advances will be reimbursable to the master servicer or servicer out of recoveries on the related mortgage loans or contracts for which those amounts were advanced, including late payments made by the related mortgagor, any related Liquidation Proceeds and Insurance Proceeds, proceeds of any applicable form of credit enhancement, or proceeds of any mortgage collateral purchased by the depositor, Residential Funding Company, LLC, a subservicer, the designated seller or a mortgage collateral seller.

Advances will also be reimbursable from cash otherwise distributable to certificateholders to the extent that the master servicer or servicer shall determine that any Advances previously made are not ultimately recoverable as described in the third preceding paragraph or if Advances are capitalized by adding the delinquent interest to the outstanding principal balance of the related mortgage loan or contract, as described under “³/₄Servicing and Administration of Mortgage Collateral.” For any senior/subordinate series, so long as the related subordinate certificates remain outstanding with a certificate principal balance greater than zero, and except for Special Hazard Losses, Fraud Losses and Bankruptcy Losses in excess of specified amounts and Extraordinary Losses, the Advances may also be reimbursable out of amounts otherwise distributable to holders of the subordinate certificates, if any. The master servicer or the servicer may also be obligated to make Servicing Advances, to the extent recoverable out of Liquidation Proceeds or otherwise, for some taxes and insurance premiums not paid by mortgagors on a timely basis. Funds so advanced will be reimbursable to the master servicer or servicer to the extent permitted by the pooling and servicing agreement.

The master servicer’s or servicer’s obligation to make Advances may be supported by another entity, a letter of credit or other method as may be described in the related pooling and servicing agreement. If the short-term or long-term obligations of the provider of the support are downgraded by a rating agency rating the related certificates or if any collateral supporting such obligation is not performing or is removed under the terms of any agreement described in the accompanying prospectus supplement, the certificates may also be downgraded.

Prepayment Interest Shortfalls

When a mortgagor prepays a mortgage loan or contract in full between scheduled due dates for the mortgage loan or contract, the mortgagor pays interest on the amount prepaid only to but not including the date on which the Principal Prepayment is made. A partial Principal

Prepayment by a mortgagor is treated as having been received on the first day of the month in which such Principal Prepayment is made, and no interest paid by the mortgagor is distributed to the certificateholders. Similarly, Liquidation Proceeds from a mortgaged property will not include interest for any period after the date on which the liquidation took place.

If stated in the accompanying prospectus supplement, to the extent funds are available from the servicing fee or other servicing compensation available for this purpose, the master servicer or servicer may make an additional payment to certificateholders out of the servicing fee otherwise payable to it for any mortgage loan that prepaid in full during the preceding Prepayment Period or in part during the preceding calendar month equal to the Compensating Interest for that mortgage loan or contract from the date of the prepayment to the related due date.

Compensating Interest on any distribution date will be limited to the lesser of (a) 0.125% of the Stated Principal Balance of the mortgage collateral immediately prior to that distribution date, and (b) the master servicing fee or servicing fee payable on that distribution date and the reinvestment income received by the master servicer or servicer with respect to the amount payable to the certificateholders on that distribution date. Compensating Interest may not be sufficient to cover the Prepayment Interest Shortfall on any distribution date. If so disclosed in the accompanying prospectus supplement, Prepayment Interest Shortfalls may be applied to reduce interest otherwise payable with respect to one or more classes of certificates of a series. See “Yield Considerations.”

Funding Account

A pooling and servicing agreement or other agreement may provide for the transfer of additional mortgage loans to the related trust after the closing date for the related certificates. Any additional mortgage loans will be required to conform to the requirements described in the related pooling and servicing agreement or other agreement providing for such transfer. If a Funding Account is established, all or a portion of the proceeds of the sale of one or more classes of certificates of the related series or a portion of collections on the mortgage loans relating to principal will be deposited in such account to be released as additional mortgage loans are transferred. A Funding Account will be required to be maintained as an Eligible Account. All amounts in the Funding Account will be required to be invested in Permitted Investments and the amount held in the Funding Account shall at no time exceed 25% of the aggregate outstanding principal balance of the certificates. The related pooling and servicing agreement or other agreement providing for the transfer of additional mortgage loans will provide that all transfers must be made within 90 days, and that amounts set aside to fund the transfers, whether in a Funding Account or otherwise, and not so applied within the required period of time will be deemed to be Principal Prepayments and applied in the manner described in the prospectus supplement.

Reports to Certificateholders

On each distribution date, the master servicer or the Certificate Administrator, as applicable, will forward or cause to be forwarded to each certificateholder of record, or will make available to each certificateholder of record in the manner described in the accompanying prospectus supplement, a statement or statements with respect to the related trust setting forth the information described in the related pooling and servicing agreement. The information will include the following (as applicable):

- the applicable record date, determination date and distribution date;
- the aggregate amount of payments received with respect to the mortgage loans, including prepayment amounts;

- the servicing fee payable to the master servicer and the subservicer;
- the amount of any other fees or expenses paid, and the identity of the party receiving such fees or expenses;
- the amount, if any, of the distribution allocable to principal;
- the amount, if any, of the distribution allocable to interest and the amount, if any, of any shortfall in the amount of interest and principal;
- the outstanding principal balance or notional amount of each class of certificates before and after giving effect to the distribution of principal on that distribution date;
- updated pool composition information, including weighted average interest rate and weighted average remaining term;
- the balance of the reserve fund, if any, at the opening of business and the close of business on that distribution date;
- if applicable, the Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount at the opening of business and as of the close of business on the applicable distribution date and a description of any change in the calculation of those amounts;
- the principal balances of the senior certificates as of the closing date;
- in the case of certificates benefiting from alternative credit enhancement arrangements described in a prospectus supplement, the amount of coverage under alternative arrangements as of the close of business on the applicable determination date and a description of any credit enhancement substituted therefor;
- the aggregate unpaid principal balance of the mortgage collateral after giving effect to the distribution of principal on that distribution date, and the number of mortgage loans at the beginning and end of the reporting period;
- based on the most recent reports furnished by subservicers, the number and aggregate principal balances of any items of mortgage collateral in the related trust that are delinquent (a) 30-59 days, (b) 60-89 days and (c) 90 or more days, and that are in foreclosure;
- the amount of any losses on the mortgage loans during the reporting period;
- information about the amount, terms and general purpose of any advances made or reimbursed during the reporting period;
- any material modifications, extensions or waivers to the terms of the mortgage loans during the reporting period or that have cumulatively become material over time;

- any material breaches of mortgage loan representations or warranties or covenants in the pooling and servicing agreement; and
- for any series of certificates as to which the trust includes mortgage securities, any additional information as required under the related pooling and servicing agreement.

In addition to the information described above, reports to certificateholders will contain any other information as is described in the applicable pooling and servicing agreement, which may include, without limitation, information as to Advances, reimbursements to subservicers, the servicer and the master servicer and losses borne by the related trust.

In addition, within a reasonable period of time after the end of each calendar year, the master servicer or the Certificate Administrator, as applicable, will furnish on request a report to each person that was a holder of record of any class of certificates at any time during that calendar year. The report will include information as to the aggregate of amounts reported under the first two items in the list above for that calendar year or, if the person was a holder of record of a class of certificates during a portion of that calendar year, for the applicable portion of that year.

Servicing and Administration of Mortgage Collateral

General

The master servicer, the Certificate Administrator or any servicer, as applicable, that is a party to a pooling and servicing agreement, will be required to perform the services and duties specified in the related pooling and servicing agreement. The duties to be performed by the master servicer or servicer will include the customary functions of a servicer, including collection of payments from mortgagors; maintenance of any primary mortgage insurance, hazard insurance and other types of insurance; processing of assumptions or substitutions; attempting to cure delinquencies; supervising foreclosures; inspection and management of mortgaged properties under certain circumstances; and maintaining accounting records relating to the mortgage collateral. For any series of certificates for which the trust includes mortgage securities, the master servicer's or Certificate Administrator's servicing and administration obligations will be described in the accompanying prospectus supplement.

Under each pooling and servicing agreement, the servicer or the master servicer may enter into subservicing agreements with one or more subservicers who will agree to perform certain functions for the servicer or master servicer relating to the servicing and administration of the mortgage loans or contracts included in the trust relating to the subservicing agreement. A subservicer may be an affiliate of the depositor. Under any subservicing agreement, each subservicer will agree, among other things, to perform some or all of the servicer's or the master servicer's servicing obligations, including but not limited to, making Advances to the related certificateholders. The servicer or the master servicer, as applicable, will remain liable for its servicing obligations that are delegated to a subservicer as if the servicer or the master servicer alone were servicing such mortgage loans or contracts.

Collection and Other Servicing Procedures

The servicer or the master servicer, directly or through subservicers, as the case may be, will make reasonable efforts to collect all payments called for under the mortgage loans or contracts and will, consistent with the related pooling and servicing agreement and any applicable insurance policy or other credit enhancement, follow the collection procedures as it follows with respect to mortgage loans or contracts serviced by it that are

comparable to the mortgage loans or contracts. The servicer or the master servicer may, in its discretion, waive any prepayment charge in connection with the prepayment of a mortgage loan or extend the due dates for payments due on a mortgage note or contract, provided that the insurance coverage for the mortgage loan or contract or any coverage provided by any alternative credit enhancement will not be adversely affected thereby. The master servicer may also waive or modify any term of a mortgage loan so long as the master servicer has determined that the waiver or modification is not materially adverse to any certificateholders, taking into account any estimated loss that may result absent that action. For any series of certificates as to which the trust includes mortgage securities, the master servicer's servicing and administration obligations will be under the terms of those mortgage securities.

In instances in which a mortgage loan or contract is in default or if default is reasonably foreseeable, and if determined by the master servicer to be in the best interests of the related certificateholders, the master servicer or servicer may permit modifications of the mortgage loan or contract rather than proceeding with foreclosure. In making this determination, the estimated Realized Loss that might result if the mortgage loan or contract were liquidated would be taken into account. These modifications may have the effect of, among other things, reducing the mortgage rate, forgiving payments of principal, interest or other amounts owed under the mortgage loan or contract, such as taxes and insurance premiums, extending the final maturity date of the mortgage loan or contract, capitalizing delinquent interest and other amounts owed under the mortgage loan or contract by adding that amount to the unpaid principal balance of the mortgage loan or contract, or any combination of these or other modifications. Any modified mortgage loan or contract may remain in the related trust, and the reduction in collections resulting from the modification may result in reduced distributions of interest or principal on, or may extend the final maturity of, one or more classes of the related certificates.

In connection with any significant partial prepayment of a mortgage loan, the master servicer, to the extent not inconsistent with the terms of the mortgage note and local law and practice, may permit the mortgage loan to be re-amortized so that the monthly payment is recalculated as an amount that will fully amortize its remaining principal amount by the original maturity date based on the original mortgage rate, provided that the re-amortization shall not be permitted if it would constitute a modification of the mortgage loan for federal income tax purposes.

The master servicer, any servicer or one or more subservicers for a given trust may establish and maintain an escrow account in which mortgagors will be required to deposit amounts sufficient to pay taxes, assessments, certain mortgage and hazard insurance premiums and other comparable items. Withdrawals from any escrow account may be made to effect timely payment of taxes, assessments, mortgage and hazard insurance, to refund to mortgagors amounts determined to be owed, to pay interest on balances in the escrow account, if required, to repair or otherwise protect the mortgage properties and to clear and terminate such account. The master servicer or any servicer or subservicer, as the case may be, will be responsible for the administration of each such escrow account and will be obligated to make advances to the escrow accounts when a deficiency exists therein. The master servicer, servicer or subservicer will be entitled to reimbursement for any advances from the Custodial Account.

Other duties and responsibilities of each servicer, the master servicer and the Certificate Administrator are described above under “—Payments on Mortgage Collateral.”

Special Servicing

The pooling and servicing agreement for a series of certificates may name a Special Servicer, which may be an affiliate of Residential

Funding Company, LLC. The Special Servicer will be responsible for the servicing of certain delinquent mortgage loans or contracts as described in the prospectus supplement. The Special Servicer may have certain discretion to extend relief to mortgagors whose payments become delinquent. The Special Servicer may be permitted to grant a period of temporary indulgence to a mortgagor or may enter into a liquidating plan providing for repayment by the mortgagor, in each case without the prior approval of the master servicer or the servicer, as applicable. Other types of forbearance typically will require the approval of the master servicer or servicer, as applicable.

In addition, the master servicer or servicer may enter into various agreements with holders of one or more classes of subordinate certificates or of a class of securities representing interests in one or more classes of subordinate certificates. Under the terms of those agreements, the holder may, for some delinquent mortgage loans:

- instruct the master servicer or servicer to commence or delay foreclosure proceedings, provided that the holder deposits a specified amount of cash with the master servicer or servicer which will be available for distribution to certificateholders if Liquidation Proceeds are less than they otherwise may have been had the master servicer or servicer acted under its normal servicing procedures;
- instruct the master servicer or servicer to purchase the mortgage loans from the trust prior to the commencement of foreclosure proceedings at the purchase price and to resell the mortgage loans to the holder, in which case any subsequent loss with respect to the mortgage loans will not be allocated to the certificateholders; or
- become, or designate a third party to become, a subservicer with respect to the mortgage loans so long as (i) the master servicer or servicer has the right to transfer the subservicing rights and obligations of the mortgage loans to another subservicer at any time or (ii) the holder or its servicing designee is required to service the mortgage loans according to the master servicer's or servicer's servicing guidelines.

In addition, the accompanying prospectus supplement may provide for the other types of special servicing arrangements.

Enforcement of "Due-on-Sale" Clauses

When any mortgaged property relating to a mortgage loan or contract, other than an ARM loan, is about to be conveyed by the mortgagor, the master servicer or the servicer, as applicable, directly or through a subservicer, to the extent it has knowledge of such proposed conveyance, generally will be obligated to exercise the trustee's rights to accelerate the maturity of such mortgage loan or contract under any due-on-sale clause applicable thereto. A due-on-sale clause will be enforced only if the exercise of such rights is permitted by applicable law and only to the extent it would not adversely affect or jeopardize coverage under any primary insurance policy or applicable credit enhancement arrangements. See "Certain Legal Aspects of Mortgage Loans and Contracts — The Mortgage Loans — Enforceability of Certain Provisions" and "—The Contracts — 'Due-on-Sale' Clauses."

If the master servicer, servicer or subservicer is prevented from enforcing a due-on-sale clause under applicable law or if the master servicer, servicer or subservicer determines that it is reasonably likely that a legal action would be instituted by the related mortgagor to avoid enforcement of such due-on-sale clause, the master servicer, servicer or subservicer will enter into an assumption and modification agreement with the person to whom such property has been or is about to be conveyed, under which such person becomes liable under the mortgage note or

contract subject to certain specified conditions. The original mortgagor may be released from liability on a mortgage loan or contract if the master servicer, servicer or subservicer shall have determined in good faith that such release will not adversely affect the collectability of the mortgage loan or contract. An ARM loan may be assumed if it is by its terms assumable and if, in the reasonable judgment of the master servicer, servicer or subservicer, the proposed transferee of the related mortgaged property establishes its ability to repay the loan and the security for the ARM loan would not be impaired by the assumption. If a mortgagor transfers the mortgaged property subject to an ARM loan without consent, such ARM loan may be declared due and payable. Any fee collected by the master servicer, servicer or subservicer for entering into an assumption or substitution of liability agreement or for processing a request for partial release of the mortgaged property generally will be retained by the master servicer, servicer or subservicer as additional servicing compensation. In connection with any assumption, the mortgage rate borne by the related mortgage note or contract may not be altered. Mortgagors may, from time to time, request partial releases of the mortgaged properties, easements, consents to alteration or demolition and other similar matters. The master servicer, servicer or subservicer may approve such a request if it has determined, exercising its good faith business judgment, that such approval will not adversely affect the security for, and the timely and full collectability of, the related mortgage loan or contract.

Realization upon Defaulted Mortgage Loans or Contracts

For a mortgage loan in default, the master servicer or the related subservicer will decide whether to foreclose upon the mortgaged property or write off the principal balance of the mortgage loan or contract as a bad debt. In connection with such decision, the master servicer or the related subservicer will, following usual practices in connection with its mortgage servicing activities, estimate the proceeds expected to be received and the expenses expected to be incurred in connection with such foreclosure to determine whether a foreclosure proceeding is appropriate.

Any acquisition of title and cancellation of any REO Mortgage Loan or REO Contract will be considered for most purposes to be an outstanding mortgage loan or contract held in the trust until it is converted into a Liquidated Mortgage Loan or Liquidated Contract.

For purposes of calculations of amounts distributable to certificateholders relating to an REO Mortgage Loan or an REO Contract, the amortization schedule in effect at the time of any acquisition of title, before any adjustment by reason of any bankruptcy or any similar proceeding or any moratorium or similar waiver or grace period, will be deemed to have continued in effect and, in the case of an ARM loan, the amortization schedule will be deemed to have adjusted in accordance with any interest rate changes occurring on any adjustment date, so long as the REO Mortgage Loan or REO Contract is considered to remain in the trust. If a REMIC election has been made, any mortgaged property so acquired by the trust must be disposed of in accordance with applicable federal income tax regulations and consistent with the status of the trust as a REMIC. To the extent provided in the related pooling and servicing agreement, any income, net of expenses and other than gains described in the second succeeding paragraph, received by the subservicer, servicer or the master servicer on the mortgaged property prior to its disposition will be deposited in the Custodial Account on receipt and will be available at that time for making payments to certificateholders.

For a mortgage loan or contract in default, the master servicer or servicer may pursue foreclosure or similar remedies concurrently with pursuing any remedy for a breach of a representation and warranty. However, the master servicer or servicer is not required to continue to pursue both remedies if it determines that one remedy is more likely to result in a greater recovery. If the mortgage loan is an Additional Collateral Loan, the master servicer or the related subservicer, if the lien on the Additional Collateral for such Additional Collateral Loan is not assigned to the trustee on behalf of the certificateholders, may proceed against the related mortgaged property or the related Additional Collateral first or may

proceed against both concurrently, as permitted by applicable law and the terms under which the Additional Collateral is held, including any third-party guarantee. Similarly, if the mortgage loan is a Pledged Asset Mortgage Loan, the master servicer or the related subservicer may proceed against the related mortgaged property or the related Pledged Assets first or may proceed against both concurrently, as permitted by applicable law and the terms under which the Pledged Assets are held.

Upon the first to occur of final liquidation and a repurchase or substitution under a breach of a representation and warranty, the mortgage loan or contract will be removed from the related trust. The master servicer or servicer may elect to treat a defaulted mortgage loan or contract as having been finally liquidated if substantially all amounts expected to be received in connection therewith have been received. Any additional liquidation expenses relating to the mortgage loan or contract thereafter incurred will be reimbursable to the master servicer, servicer or any subservicer from any amounts otherwise distributable to the related certificateholders, or may be offset by any subsequent recovery related to the mortgage loan or contract. Alternatively, for purposes of determining the amount of related Liquidation Proceeds to be distributed to certificateholders, the amount of any Realized Loss or the amount required to be drawn under any applicable form of credit enhancement, the master servicer or servicer may take into account minimal amounts of additional receipts expected to be received, as well as estimated additional liquidation expenses expected to be incurred in connection with the defaulted mortgage loan or contract.

For some series of certificates, the applicable form of credit enhancement may provide, to the extent of coverage, that a defaulted mortgage loan or contract or REO Mortgage Loan or REO Contract will be removed from the trust prior to its final liquidation. In addition, the master servicer or servicer may have the option to purchase from the trust any defaulted mortgage loan or contract after a specified period of delinquency. If a defaulted mortgage loan or contract or REO Mortgage Loan or REO Contract is not removed from the trust prior to final liquidation, then, upon its final liquidation, if a loss is realized which is not covered by any applicable form of credit enhancement or other insurance, the certificateholders will bear the loss. However, if a gain results from the final liquidation of an REO Mortgage Loan or REO Contract which is not required by law to be remitted to the related mortgagor, the master servicer or servicer will be entitled to retain that gain as additional servicing compensation unless the accompanying prospectus supplement provides otherwise.

If a final liquidation of a mortgage loan or contract resulted in a Realized Loss and thereafter the master servicer or servicer receives a subsequent recovery specifically related to that mortgage loan or contract, in connection with a related breach of a representation or warranty or otherwise, such subsequent recovery shall be distributed to the certificateholders in the same manner as repurchase proceeds received in the prior calendar month, to the extent that the related Realized Loss was allocated to any class of certificates. In addition, the certificate principal balance of the class of subordinate certificates with the highest payment priority to which Realized Losses, other than Special Hazard Losses, Bankruptcy Losses and Fraud Losses in excess of the amount of coverage provided therefor and Extraordinary Losses, have been allocated will be increased to the extent that such subsequent recoveries are distributed as principal to any classes of certificates. However, the certificate principal balance of that class of subordinate certificates will not be increased by more than the amount of Realized Losses previously applied to reduce the certificate principal balance of that class of certificates. The amount of any remaining subsequent recoveries will be applied to increase the certificate principal balance of the class of certificates with the next lower payment priority; however, the certificate principal balance of that class of certificates will not be increased by more than the amount of Realized Losses previously applied to reduce the certificate principal balance of that class of certificates, and so on. Holders of certificates whose certificate principal balance is increased in this manner will not be entitled to interest on the increased balance for any interest accrual period preceding the distribution date on which the increase occurs. The foregoing provisions will apply even if the certificate principal balance of a class of subordinate certificates was previously reduced to zero. Accordingly, each class of subordinate certificates will be considered to remain outstanding until the termination of the related trust.

In the case of a series of certificates other than a senior/subordinate series, if so provided in the accompanying prospectus supplement, the applicable form of credit enhancement may provide for reinstatement in accordance with specified conditions if, following the final liquidation of a mortgage loan or contract and a draw under the related credit enhancement, subsequent recoveries are received. For a description of the Certificate Administrator's, the master servicer's or the servicer's obligations to maintain and make claims under applicable forms of credit enhancement and insurance relating to the mortgage loans or contracts, see "Description of Credit Enhancement" and "Insurance Policies on Mortgage Loans or Contracts."

For a discussion of legal rights and limitations associated with the foreclosure of a mortgage loan or contract, see "Certain Legal Aspects of Mortgage Loans and Contracts."

The master servicer or the Certificate Administrator, as applicable, will deal with any defaulted mortgage securities in the manner described in the accompanying prospectus supplement.

DESCRIPTION OF CREDIT ENHANCEMENT

General

Credit support for each series of certificates may be comprised of one or more of the following components. Each component will have a dollar limit and will provide coverage with respect to Realized Losses that are:

- Defaulted Mortgage Losses;
- Special Hazard Losses;
- Bankruptcy Losses; and
- Fraud Losses.

Most forms of credit support will not provide protection against all risks of loss and will not guarantee repayment of the entire outstanding principal balance of the certificates and interest. If losses occur that exceed the amount covered by credit support or are of a type that is not covered by the credit support, certificateholders will bear their allocable share of deficiencies. In particular, Defaulted Mortgage Losses, Special Hazard Losses, Bankruptcy Losses and Fraud Losses in excess of the amount of coverage provided therefor and Extraordinary Losses will not be covered. To the extent that the credit enhancement for any series of certificates is exhausted, the certificateholders will bear all further risks of loss not otherwise insured against.

As described in this prospectus and in the accompanying prospectus supplement,

- coverage with respect to Defaulted Mortgage Losses may be provided by a mortgage pool insurance policy,

- coverage with respect to Special Hazard Losses may be provided by a special hazard insurance policy,
- coverage with respect to Bankruptcy Losses may be provided by a bankruptcy bond and
- coverage with respect to Fraud Losses may be provided by a mortgage pool insurance policy or mortgage repurchase bond.

In addition, if stated in the accompanying prospectus supplement, in lieu of or in addition to any or all of the foregoing arrangements, credit enhancement may be in the form of a reserve fund to cover those losses, in the form of subordination of one or more classes of certificates as described under “Subordination,” or in the form of a certificate insurance policy, a letter of credit, a mortgage pool insurance policy, surety bonds or other types of insurance policies, other secured or unsecured corporate guarantees or in any other substantially similar form as may be described in the accompanying prospectus supplement, or in the form of a combination of two or more of the foregoing. If stated in the accompanying prospectus supplement, limited credit enhancement may be provided to cover Defaulted Mortgage Losses with respect to mortgage loans with LTV ratios at origination of over 80% that are not insured by a primary insurance policy, to the extent that those losses would be covered under a primary insurance policy if obtained, or may be provided in lieu of title insurance coverage, in the form of a corporate guaranty or in other forms described in this section. As described in the pooling and servicing agreement, credit support may apply to all of the mortgage loans or to some mortgage loans contained in a mortgage pool.

In addition, the credit support may be provided by an assignment of the right to receive cash amounts, a deposit of cash into a reserve fund or other pledged assets, or by banks, insurance companies, guarantees or any combination of credit support identified in the accompanying prospectus supplement. Credit support may also be provided in the form of an insurance policy covering the risk of collection and adequacy of any Additional Collateral provided in connection with any Additional Collateral Loan, as limited by that insurance policy. As described in the pooling and servicing agreement, credit support may apply to all of the mortgage loans or to some mortgage loans contained in a mortgage pool.

Each prospectus supplement will include a description of:

- the amount payable under the credit enhancement arrangement, if any, provided with respect to a series;
- any conditions to payment not otherwise described in this prospectus;
- the conditions under which the amount payable under the credit support may be reduced and under which the credit support may be terminated or replaced; and
- the material provisions of any agreement relating to the credit support.

Additionally, each prospectus supplement will contain information with respect to the issuer of any third-party credit enhancement, if applicable. The pooling and servicing agreement or other documents may be modified in connection with the provisions of any credit enhancement arrangement to provide for reimbursement rights, control rights or other provisions that may be required by the credit enhancer. To the extent provided in the applicable pooling and servicing agreement, the credit enhancement arrangements may be periodically modified, reduced and

substituted for based on the performance of or on the aggregate outstanding principal balance of the mortgage loans covered. See “Description of Credit Enhancement—Reduction or Substitution of Credit Enhancement.” If specified in the accompanying prospectus supplement, credit support for a series of certificates may cover one or more other series of certificates.

The descriptions of any insurance policies, bonds or other instruments described in this prospectus or any prospectus supplement and the coverage under those instruments do not purport to be complete and are qualified in their entirety by reference to the actual forms of the policies, copies of which typically will be exhibits to the Form 8-K to be filed with the Securities and Exchange Commission in connection with the issuance of the related series of certificates.

Letters of Credit

If any component of credit enhancement as to any series of certificates is to be provided by a letter of credit, a bank will deliver to the trustee an irrevocable letter of credit. The letter of credit may provide direct coverage with respect to the mortgage collateral. The letter of credit bank, the amount available under the letter of credit with respect to each component of credit enhancement, the expiration date of the letter of credit, and a more detailed description of the letter of credit will be specified in the accompanying prospectus supplement. On or before each distribution date, the letter of credit bank will be required to make payments after notification from the trustee, to be deposited in the related Certificate Account with respect to the coverage provided. The letter of credit may also provide for the payment of Advances.

Subordination

A senior/subordinate series of certificates will consist of one or more classes of senior certificates and one or more classes of subordinate certificates, as specified in the accompanying prospectus supplement. Subordination of the subordinate certificates of any senior/subordinate series will be effected by the following method, unless an alternative method is specified in the accompanying prospectus supplement. In addition, some classes of senior or subordinate certificates may be senior to other classes of senior or subordinate certificates, as specified in the accompanying prospectus supplement.

For any senior/subordinate series, the total amount available for distribution on each distribution date, as well as the method for allocating that amount among the various classes of certificates included in the series, will be described in the accompanying prospectus supplement. In most cases, for any series, the amount available for distribution will be allocated first to interest on the senior certificates of that series, and then to principal of the senior certificates up to the amounts described in the accompanying prospectus supplement, prior to allocation of any amounts to the subordinate certificates.

If so provided in the pooling and servicing agreement, the master servicer or servicer may be permitted, under certain circumstances, to purchase any mortgage loan or contract that is three or more months delinquent in payments of principal and interest, at the repurchase price. Any Realized Loss subsequently incurred in connection with any such mortgage loan may be, under certain circumstances, passed through to the holders of then outstanding certificates with a certificate principal balance greater than zero of the related series in the same manner as Realized Losses on mortgage loans that have not been so purchased, unless that purchase was made upon the request of the holder of the most junior class of certificates of the related series. See “Description of the Certificates—Servicing and Administration of Mortgage Collateral—Special Servicing” above.

In the event of any Realized Losses not in excess of the limitations described below (other than Extraordinary Losses), the rights of the subordinate certificateholders to receive distributions will be subordinate to the rights of the senior certificateholders and the owner of the Spread and, as to certain classes of subordinated certificates, may be subordinate to the rights of other subordinate certificateholders.

Except as noted below, Realized Losses will be allocated to the subordinate certificates of the related series until their outstanding principal balances have been reduced to zero. Additional Realized Losses, if any, will be allocated to the senior certificates. If the series includes more than one class of senior certificates, the accompanying prospectus supplement will describe how Realized Losses are allocated. In general, Realized Losses will be allocated on a pro rata basis among all of the senior certificates in proportion to their respective outstanding principal balances. If described in the accompanying prospectus supplement, some classes of senior certificates may be allocated Realized Losses before other classes of senior certificates.

The accompanying prospectus supplement will describe how Special Hazard Losses in excess of the Special Hazard Amount will be allocated among all outstanding classes of certificates. In general, such losses will be allocated among all outstanding classes of certificates of the related series on a pro rata basis in proportion to their outstanding principal balances. The respective amounts of other specified types of losses, including Fraud Losses and Bankruptcy Losses, that may be borne solely by the subordinate certificates may be similarly limited to the Fraud Loss Amount and Bankruptcy Amount, and the subordinate certificates may provide no coverage with respect to Extraordinary Losses or other specified types of losses, which will be described in the accompanying prospectus supplement, in which case those losses would be allocated on a pro rata basis among all outstanding classes of certificates in accordance with their respective certificate principal balances as described in the accompanying prospectus supplement. Each of the Special Hazard Amount, Fraud Loss Amount and Bankruptcy Amount may be subject to periodic reductions and may be subject to further reduction or termination, without the consent of the certificateholders, upon the written confirmation from each applicable rating agency that the then-current rating of the related series of certificates will not be adversely affected.

In most cases, any allocation of a Realized Loss, including a Special Hazard Loss, Fraud Loss or Bankruptcy Loss, to a certificate in a senior/subordinate series will be made by reducing its outstanding principal balance as of the distribution date following the calendar month in which the Realized Loss was incurred.

The rights of holders of the various classes of certificates of any series to receive distributions of principal and interest is determined by the aggregate outstanding principal balance of each class or, if applicable, the related notional amount. The outstanding principal balance of any certificate will be reduced by all amounts previously distributed on that certificate representing principal, and by any Realized Losses allocated thereto. If there are no Realized Losses or Principal Prepayments on any item of mortgage collateral, the respective rights of the holders of certificates of any series to future distributions generally would not change. However, to the extent described in the accompanying prospectus supplement, holders of senior certificates may be entitled to receive a disproportionately larger amount of prepayments received during specified periods, which will have the effect, absent offsetting losses, of accelerating the amortization of the senior certificates and increasing the respective percentage ownership interest evidenced by the subordinate certificates in the related trust, with a corresponding decrease in the percentage of the outstanding principal balances of the senior certificates, thereby preserving the availability of the subordination provided by the subordinate certificates. In addition, some Realized Losses will be allocated first to subordinate certificates by reduction of their outstanding principal balance, which will have the effect of increasing the respective ownership interest evidenced by the senior certificates in the related trust.

If so provided in the accompanying prospectus supplement, some amounts otherwise payable on any distribution date to holders of subordinate certificates may be deposited into a reserve fund. Amounts held in any reserve fund may be applied as described under “Description of Credit Enhancement—Reserve Funds” and in the accompanying prospectus supplement.

In lieu of the foregoing provisions, subordination may be effected by limiting the rights of the holders of subordinate certificates to receive the Subordinate Amount to the extent described in the accompanying prospectus supplement. As specified in the accompanying prospectus supplement, the Subordinate Amount may be reduced based upon the amount of losses borne by the holders of the subordinate certificates as a result of the subordination, a specified schedule or other method of reduction as the prospectus supplement may specify.

The exact terms and provisions of the subordination of any subordinate certificate will be described in the accompanying prospectus supplement.

Overcollateralization

If stated in the accompanying prospectus supplement, interest collections on the mortgage collateral may exceed interest payments on the certificates for the related distribution date. To the extent such excess interest is applied as principal payments on the certificates, the effect will be to reduce the principal balance of the certificates relative to the outstanding balance of the mortgage collateral, thereby creating overcollateralization and additional protection to the certificateholders, as specified in the accompanying prospectus supplement.

Mortgage Pool Insurance Policies

Any insurance policy covering losses on a mortgage collateral pool obtained by the depositor for a trust will be issued by the pool insurer. Each mortgage pool insurance policy, in accordance with the limitations described in this prospectus and in the prospectus supplement, if any, will cover Defaulted Mortgage Losses in an amount specified in the prospectus supplement. As described under “—Maintenance of Credit Enhancement,” the master servicer, servicer or Certificate Administrator will use its best reasonable efforts to maintain the mortgage pool insurance policy and to present claims thereunder to the pool insurer on behalf of itself, the trustee and the certificateholders. The mortgage pool insurance policies, however, are not blanket policies against loss, since claims thereunder may only be made respecting particular defaulted mortgage loans and only upon satisfaction of specified conditions precedent described in the succeeding paragraph. Unless specified in the accompanying prospectus supplement, the mortgage pool insurance policies may not cover losses due to a failure to pay or denial of a claim under a primary insurance policy, irrespective of the reason therefor.

As more specifically provided in the accompanying prospectus supplement, each mortgage pool insurance policy will provide for conditions under which claims may be presented and covered under the policy. Upon satisfaction of these conditions, the pool insurer will have the option either (a) to purchase the property securing the defaulted mortgage loan at a price equal to its outstanding principal balance plus accrued and unpaid interest at the applicable mortgage rate to the date of purchase and some expenses incurred by the master servicer, servicer or subservicer on behalf of the trustee and certificateholders, or (b) to pay the amount by which the sum of the outstanding principal balance of the defaulted mortgage loan plus accrued and unpaid interest at the mortgage rate to the date of payment of the claim and the aforementioned expenses exceeds the proceeds received from an approved sale of the mortgaged property, in either case net of some amounts paid or assumed to have been paid under any related primary insurance policy.

Certificateholders will experience a shortfall in the amount of interest payable on the related certificates in connection with the payment of claims under a mortgage pool insurance policy because the pool insurer is only required to remit unpaid interest through the date a claim is paid rather than through the end of the month in which the claim is paid. In addition, the certificateholders will also experience losses with respect to the related certificates in connection with payments made under a mortgage pool insurance policy to the extent that the master servicer, servicer or subservicer expends funds to cover unpaid real estate taxes or to repair the related mortgaged property in order to make a claim under a mortgage pool insurance policy, as those amounts will not be covered by payments under the policy and will be reimbursable to the master servicer, servicer or subservicer from funds otherwise payable to the certificateholders. If any mortgaged property securing a defaulted mortgage loan is damaged and proceeds, if any (see “—Special Hazard Insurance Policies” below for risks which are not covered by those policies), from the related hazard insurance policy or applicable special hazard insurance policy are insufficient to restore the damaged property to a condition sufficient to permit recovery under the mortgage pool insurance policy, the master servicer, servicer or subservicer is not required to expend its own funds to restore the damaged property unless it determines that (a) restoration will increase the proceeds to certificateholders on liquidation of the mortgage loan after reimbursement of the master servicer, servicer or subservicer for its expenses and (b) the expenses will be recoverable by it through Liquidation Proceeds or Insurance Proceeds.

A mortgage pool insurance policy and some primary insurance policies will likely not insure against loss sustained by reason of a default arising from, among other things, fraud or negligence in the origination or servicing of a mortgage loan, including misrepresentation by the mortgagor, the mortgage collateral seller or other persons involved in the origination thereof, failure to construct a mortgaged property in accordance with plans and specifications or bankruptcy, unless, if specified in the accompanying prospectus supplement, an endorsement to the mortgage pool insurance policy provides for insurance against that type of loss. Depending upon the nature of the event, a breach of a representation made by Residential Funding Company, LLC or a designated seller may also have occurred. If the breach of that representation materially and adversely affects the interests of certificateholders and cannot be cured, the breach would give rise to a repurchase obligation on the part of Residential Funding Company, LLC or a designated seller, as described under “The Trusts —Representations with Respect to Mortgage Collateral.”

The original amount of coverage under each mortgage pool insurance policy will be reduced over the life of the related series of certificates by the aggregate amount of claims paid less the aggregate of the net amounts realized by the pool insurer upon disposition of all foreclosed properties. The amount of claims paid includes some expenses incurred by the master servicer, servicer or subservicer as well as accrued interest on delinquent mortgage loans to the date of payment of the claim. See “Certain Legal Aspects of Mortgage Loans and Contracts.” Accordingly, if aggregate net claims paid under any mortgage pool insurance policy reach the original policy limit, coverage under that mortgage pool insurance policy will be exhausted and any further losses will be borne by the related certificateholders. In addition, unless the master servicer or servicer determines that an Advance relating to a delinquent mortgage loan would be recoverable to it from the proceeds of the liquidation of the mortgage loan or otherwise, the master servicer or servicer would not be obligated to make an Advance respecting any delinquency since the Advance would not be ultimately recoverable to it from either the mortgage pool insurance policy or from any other related source. See “Description of the Certificates—Advances.”

Since each mortgage pool insurance policy will require that the property subject to a defaulted mortgage loan be restored to its original condition prior to claiming against the pool insurer, the policy will not provide coverage against hazard losses. As described under “Insurance Policies on Mortgage Loans or Contracts—Standard Hazard Insurance on Mortgaged Properties,” the hazard policies covering the mortgage loans

typically exclude from coverage physical damage resulting from a number of causes and, even when the damage is covered, may afford recoveries which are significantly less than full replacement cost of those losses. Additionally, no coverage for Special Hazard Losses, Fraud Losses or Bankruptcy Losses will cover all risks, and the amount of any such coverage will be limited. See “—Special Hazard Insurance Policies” below. As a result, certain hazard risks will not be insured against and may be borne by certificateholders.

Contract pools may be covered by pool insurance policies that are similar to the mortgage pool insurance policies described above.

Special Hazard Insurance Policies

Any insurance policy covering Special Hazard Losses obtained for a trust will be issued by the insurer named in the accompanying prospectus supplement. Each special hazard insurance policy subject to limitations described in this paragraph and in the accompanying prospectus supplement, if any, will protect the related certificateholders from Special Hazard Losses. Aggregate claims under a special hazard insurance policy will be limited to the amount described in the accompanying prospectus supplement and will be subject to reduction as described in the accompanying prospectus supplement. A special hazard insurance policy will provide that no claim may be paid unless hazard and, if applicable, flood insurance on the property securing the mortgage loan or contract has been kept in force and other protection and preservation expenses have been paid by the master servicer or servicer.

In accordance with the foregoing limitations, a special hazard insurance policy will provide that, where there has been damage to property securing a foreclosed mortgage loan, title to which has been acquired by the insured, and to the extent the damage is not covered by the hazard insurance policy or flood insurance policy, if any, maintained by the mortgagor or the master servicer, servicer or the subservicer, the insurer will pay the lesser of (i) the cost of repair or replacement of the related property or (ii) upon transfer of the property to the insurer, the unpaid principal balance of the mortgage loan or contract at the time of acquisition of the related property by foreclosure or deed in lieu of foreclosure, plus accrued interest at the mortgage rate to the date of claim settlement and certain expenses incurred by the master servicer, servicer or the subservicer with respect to the related property.

If the property is transferred to a third party in a sale approved by the special hazard insurer, the amount that the special hazard insurer will pay will be the amount under (ii) above reduced by the net proceeds of the sale of the property. If the unpaid principal balance plus accrued interest and some expenses is paid by the special hazard insurer, the amount of further coverage under the related special hazard insurance policy will be reduced by that amount less any net proceeds from the sale of the property. Any amount paid as the cost of repair of the property will further reduce coverage by that amount. Restoration of the property with the proceeds described under (i) above will satisfy the condition under each mortgage pool insurance policy or contract pool insurance policy that the property be restored before a claim under the policy may be validly presented with respect to the defaulted mortgage loan or contract secured by the related property. The payment described under (ii) above will render presentation of a claim relating to a mortgage loan or contract under the related mortgage pool insurance policy or contract pool insurance policy unnecessary. Therefore, so long as a mortgage pool insurance policy or contract pool insurance policy remains in effect, the payment by the insurer under a special hazard insurance policy of the cost of repair or of the unpaid principal balance of the related mortgage loan or contract plus accrued interest and some expenses will not affect the total Insurance Proceeds paid to certificateholders, but will affect the relative amounts of coverage remaining under the related special hazard insurance policy and mortgage pool insurance policy or contract pool insurance policy.

To the extent described in the accompanying prospectus supplement, coverage relating to Special Hazard Losses for a series of certificates

may be provided by means of a representation of the depositor or Residential Funding Company, LLC.

Mortgage Insurance Policies

If stated in the accompanying prospectus supplement, the depositor may acquire a mortgage insurance policy for all or a portion of the mortgage loans or contracts in a mortgage pool or contract pool, or covered loans, with current LTV ratios in excess of a percentage stated in the prospectus supplement. Any insurance policy for the covered loans will be issued by a mortgage insurer. The mortgage insurance policy will insure a portion of the loss that may be incurred on each covered loan. If stated in the accompanying prospectus supplement, the aggregate amount payable by the mortgage insurer under the mortgage insurance policy may be limited.

Bankruptcy Bonds

In the event of a personal bankruptcy of a mortgagor and a filing under Chapter 13 of the Bankruptcy Code, a bankruptcy court may establish the value of the mortgaged property of the mortgagor, and, if specified in the related prospectus supplement, any related Additional Collateral, at a Deficient Valuation. Under current law, Deficient Valuations are not permitted with respect to first liens on the related mortgaged property, but may occur with respect to a mortgage loan secured by a junior lien if the value of the related mortgaged property at the time of the filing is less than the amount of any first lien.

In addition, other modifications of the terms of a mortgage loan or contract can result from a bankruptcy proceeding without a permanent forgiveness of the principal amount of the mortgage loan, including a Debt Service Reduction. See “Certain Legal Aspects of Mortgage Loans and Contracts—The Mortgage Loans—Anti-Deficiency Legislation and Other Limitations on Lenders.” Any bankruptcy policy to provide coverage for Bankruptcy Losses resulting from proceedings under the federal Bankruptcy Code obtained for a trust will be issued by an insurer named in the accompanying prospectus supplement. The level of coverage under each bankruptcy policy will be described in the accompanying prospectus supplement.

Reserve Funds

If stated in the accompanying prospectus supplement, the depositor will deposit or cause to be deposited in a reserve fund, any combination of cash or Permitted Investments in specified amounts, or any other instrument satisfactory to the rating agency or agencies, which will be applied and maintained in the manner and under the conditions specified in the accompanying prospectus supplement. In the alternative or in addition to that deposit, to the extent described in the accompanying prospectus supplement, a reserve fund may be funded through application of all or a portion of amounts otherwise payable on any related subordinate certificates, from the Spread or otherwise. To the extent that the funding of the reserve fund is dependent on amounts otherwise payable on related subordinate certificates, Spread or other cash flows attributable to the related mortgage loans or on reinvestment income, the reserve fund may provide less coverage than initially expected if the cash flows or reinvestment income on which the funding is dependent are lower than anticipated.

For any series of certificates as to which credit enhancement includes a letter of credit, if stated in the accompanying prospectus supplement, under specified circumstances the remaining amount of the letter of credit may be drawn by the trustee and deposited in a reserve fund. Amounts in a reserve fund may be distributed to certificateholders, or applied to reimburse the master servicer or servicer for outstanding

Advances, or may be used for other purposes, in the manner and to the extent specified in the accompanying prospectus supplement. If stated in the accompanying prospectus supplement, amounts in a reserve fund may be available only to cover specific types of losses, or losses on specific mortgage loans. A reserve fund may provide coverage to more than one series of certificates, if described in the accompanying prospectus supplement.

The trustee will have a perfected security interest for the benefit of the certificateholders in the assets in the reserve fund, unless the assets are owned by the related trust. However, to the extent that the depositor, any affiliate of the depositor or any other entity has an interest in any reserve fund, in the event of the bankruptcy, receivership or insolvency of that entity, there could be delays in withdrawals from the reserve fund and the corresponding payments to the certificateholders. These delays could adversely affect the yield to investors on the related certificates.

Amounts deposited in any reserve fund for a series will be invested in Permitted Investments by, or at the direction of, and for the benefit of a servicer, the master servicer, the Certificate Administrator or any other person named in the accompanying prospectus supplement.

Certificate Insurance Policies; Surety Bonds

The depositor may obtain one or more certificate insurance policies or guaranties or one or more surety bonds, or one or more guarantees issued by insurers or other parties acceptable to the rating agency or agencies rating the certificates offered insuring the holders of one or more classes of certificates the payment of amounts due in accordance with the terms of that class or those classes of certificates. Any certificate insurance policy, surety bond or guaranty will have the characteristics described in, and will be in accordance with any limitations and exceptions described in, the accompanying prospectus supplement.

Maintenance of Credit Enhancement

If credit enhancement has been obtained for a series of certificates, the master servicer, the servicer or the Certificate Administrator will be obligated to exercise its best reasonable efforts to keep or cause to be kept the credit enhancement in full force and effect throughout the term of the applicable pooling and servicing agreement, unless coverage thereunder has been exhausted through payment of claims or otherwise, or substitution therefor is made as described below under “—Reduction or Substitution of Credit Enhancement.” The master servicer, the servicer or the Certificate Administrator, as applicable, on behalf of itself, the trustee and certificateholders, will be required to provide information required for the trustee to draw under any applicable credit enhancement.

The master servicer, the servicer or the Certificate Administrator will agree to pay the premiums for each mortgage pool insurance policy, special hazard insurance policy, mortgage insurance policy, bankruptcy policy, certificate insurance policy or surety bond, as applicable, on a timely basis, unless the premiums are paid directly by the trust. As to mortgage pool insurance policies generally, if the related insurer ceases to be a Qualified Insurer, the master servicer, the servicer or the Certificate Administrator will use its best reasonable efforts to obtain from another Qualified Insurer a comparable replacement insurance policy or bond with a total coverage equal to the then outstanding coverage of the policy or bond. If the cost of the replacement policy is greater than the cost of the existing policy or bond, the coverage of the replacement policy or bond will, unless otherwise agreed to by the depositor, be reduced to a level so that its premium rate does not exceed the premium rate on the original insurance policy. Any losses in market value of the certificates associated with any reduction or withdrawal in rating by an applicable rating agency shall be borne by the certificateholders.

If any property securing a defaulted mortgage loan or contract is damaged and proceeds, if any, from the related hazard insurance policy or any applicable special hazard insurance policy are insufficient to restore the damaged property to a condition sufficient to permit recovery under any letter of credit, mortgage pool insurance policy, contract pool insurance policy or any related primary insurance policy, the master servicer is not required to expend its own funds to restore the damaged property unless it determines (i) that restoration will increase the proceeds to one or more classes of certificateholders on liquidation of the mortgage loan after reimbursement of the master servicer for its expenses and (ii) that the expenses will be recoverable by it through Liquidation Proceeds or Insurance Proceeds. If recovery under any letter of credit, mortgage pool insurance policy, contract pool insurance policy, other credit enhancement or any related primary insurance policy is not available because the master servicer has been unable to make the above determinations, has made the determinations incorrectly or recovery is not available for any other reason, the master servicer is nevertheless obligated to follow whatever normal practices and procedures, in accordance with the preceding sentence, that it deems necessary or advisable to realize upon the defaulted mortgage loan and if this determination has been incorrectly made, is entitled to reimbursement of its expenses in connection with the restoration.

Reduction or Substitution of Credit Enhancement

The amount of credit support provided with respect to any series of certificates and relating to various types of losses incurred may be reduced under specified circumstances. In most cases, the amount available as credit support will be subject to periodic reduction on a non-discretionary basis in accordance with a schedule or formula described in the accompanying prospectus supplement. Additionally, in most cases, the credit support may be replaced, reduced or terminated, and the formula used in calculating the amount of coverage with respect to Bankruptcy Losses, Special Hazard Losses or Fraud Losses may be changed, without the consent of the certificateholders, upon the written assurance from each applicable rating agency that the then-current rating of the related series of certificates will not be adversely affected thereby and consent of the related credit enhancer, if applicable.

Furthermore, if the credit rating of any obligor under any applicable credit enhancement is downgraded, the credit rating of each class of the related certificates may be downgraded to a corresponding level, and neither the master servicer, the servicer, the Certificate Administrator nor the depositor will be obligated to obtain replacement credit support in order to restore the rating of the certificates. The master servicer, the servicer or the Certificate Administrator, as applicable, will also be permitted to replace any credit support with other credit enhancement instruments issued by obligors whose credit ratings are equivalent to the downgraded level and in lower amounts that would satisfy the downgraded level, provided that the then-current rating of each class of the related series of certificates is maintained. Where the credit support is in the form of a reserve fund, a permitted reduction in the amount of credit enhancement will result in a release of all or a portion of the assets in the reserve fund to the depositor, the master servicer or any other person that is entitled to the credit support. Any assets so released and any amount by which the credit enhancement is reduced will not be available for distributions in future periods.

OTHER FINANCIAL OBLIGATIONS RELATED TO THE CERTIFICATES

Swaps and Yield Supplement Agreements

The trustee on behalf of the trust may enter into interest rate swaps and related caps, floors and collars to minimize the risk to certificateholders of adverse changes in interest rates, and other yield supplement agreements or similar yield maintenance arrangements that do

not involve swap agreements or other notional principal contracts.

An interest rate swap is an agreement between two parties to exchange a stream of interest payments on an agreed hypothetical or “notional” principal amount. No principal amount is exchanged between the counterparties to an interest rate swap. In the typical swap, one party agrees to pay a fixed-rate on a notional principal amount, while the counterparty pays a floating rate based on one or more reference interest rates including the London Interbank Offered Rate, or LIBOR, a specified bank’s prime rate or U.S. Treasury Bill rates. Interest rate swaps also permit counterparties to exchange a floating rate obligation based upon one reference interest rate (such as LIBOR) for a floating rate obligation based upon another referenced interest rate (such as U.S. Treasury Bill rates).

The swap market has grown substantially in recent years with a significant number of banks and financial service firms acting both as principals and as agents utilizing standardized swap documentation. Caps, floors and collars are more recent innovations, and they are less liquid than other swaps.

Yield supplement agreements may be entered into to supplement the interest rate or rates on one or more classes of the certificates of any series.

There can be no assurance that the trust will be able to enter into or offset swaps or enter into yield supplement agreements at any specific time or at prices or on other terms that are advantageous. In addition, although the terms of the swaps and yield supplement agreements may provide for termination under some circumstances, there can be no assurance that the trust will be able to terminate a swap or yield supplement agreement when it would be economically advantageous to the trust to do so.

Purchase Obligations

Some types of mortgage collateral and classes of certificates of any series, as specified in the accompanying prospectus supplement, may be subject to a purchase obligation. The terms and conditions of each purchase obligation, including the purchase price, timing and payment procedure, will be described in the accompanying prospectus supplement. A purchase obligation with respect to mortgage collateral may apply to the mortgage collateral or to the related certificates. Each purchase obligation may be a secured or unsecured obligation of its provider, which may include a bank or other financial institution or an insurance company. Each purchase obligation will be evidenced by an instrument delivered to the trustee for the benefit of the applicable certificateholders of the related series. Each purchase obligation with respect to mortgage collateral will be payable solely to the trustee for the benefit of the certificateholders of the related series. Other purchase obligations may be payable to the trustee or directly to the holders of the certificates to which the obligations relate.

INSURANCE POLICIES ON MORTGAGE LOANS OR CONTRACTS

Each mortgage loan or contract will be required to be covered by a hazard insurance policy (as described below) and, at times, a primary insurance policy. The descriptions of any insurance policies contained in this prospectus or any prospectus supplement and the coverage thereunder do not purport to be complete and are qualified in their entirety by reference to the forms of policies.

Primary Insurance Policies

In general, and except as described below, (i) each mortgage loan having an LTV ratio at origination of over 80%, except in the case of certain borrowers with acceptable credit histories, will be covered by a primary mortgage guaranty insurance policy insuring against default on the mortgage loan up to an amount described in the accompanying prospectus supplement, unless and until the principal balance of the mortgage loan is reduced to a level that would produce an LTV ratio equal to or less than 80%, and (ii) the depositor or Residential Funding Company, LLC will represent and warrant that, to the best of its knowledge, the mortgage loans are so covered. Alternatively, coverage of the type that would be provided by a primary insurance policy if obtained may be provided by another form of credit enhancement as described in this prospectus under “Description of Credit Enhancement.” However, the foregoing standard may vary significantly depending on the characteristics of the mortgage loans and the applicable underwriting standards. A mortgage loan will not be considered to be an exception to the foregoing standard if no primary insurance policy was obtained at origination but the mortgage loan has amortized to an 80% or less LTV ratio level as of the applicable cut-off date. In most cases, the depositor will have the ability to cancel any primary insurance policy if the LTV ratio of the mortgage loan is reduced to 80% or less (or a lesser specified percentage) based on an appraisal of the mortgaged property after the related closing date or as a result of principal payments that reduce the principal balance of the mortgage loan after the closing date.

Pursuant to recently enacted federal legislation, mortgagors with respect to many residential mortgage loans originated on or after July 29, 1999 will have a right to request the cancellation of any private mortgage insurance policy insuring loans when the outstanding principal amount of the mortgage loan has been reduced or is scheduled to have been reduced to 80% or less of the value of the mortgaged property at the time the mortgage loan was originated. The mortgagor’s right to request the cancellation of the policy is subject to certain conditions, including (i) the condition that no monthly payment has been thirty days or more past due during the twelve months prior to the cancellation date, and no monthly payment has been sixty days or more past due during the twelve months prior to that period, (ii) there has been no decline in the value of the mortgaged property since the time the mortgage loan was originated and (iii) the mortgaged property is not encumbered by subordinate liens. In addition, any requirement for private mortgage insurance will automatically terminate when the scheduled principal balance of the mortgage loan, based on the original amortization schedule for the mortgage loan, is reduced to 78% or less of the value of the mortgaged property at the time of origination, provided the mortgage loan is current. The legislation requires that mortgagors be provided written notice of their cancellation rights at the origination of the mortgage loans.

If the requirement for private mortgage insurance is not otherwise canceled or terminated in the circumstances described above, it must be terminated no later than the first day of the month immediately following the date that is the midpoint of the loan’s amortization period, if, on that date, the borrower is current on the payments required by the terms of the loan. The mortgagee’s or servicer’s failure to comply with the law could subject such parties to civil money penalties but would not affect the validity or enforceability of the mortgage loan. The law does not preempt any state law regulating private mortgage insurance except to the extent that such law is inconsistent with the federal law and then only to the extent of the inconsistency.

Mortgage loans that are subject to negative amortization will only be covered by a primary insurance policy if that coverage was required upon their origination, notwithstanding that subsequent negative amortization may cause that mortgage loan’s LTV ratio, based on the then-current balance, to subsequently exceed the limits that would have required coverage upon their origination.

Primary insurance policies may be required to be obtained and paid for by the mortgagor, or may be paid for by the servicer.

While the terms and conditions of the primary insurance policies issued by one primary mortgage guaranty insurer will usually differ from those in primary insurance policies issued by other primary insurers, each primary insurance policy generally will pay either:

- the insured percentage of the loss on the related mortgaged property;
- the entire amount of the loss, after receipt by the primary insurer of good and merchantable title to, and possession of, the mortgaged property; or
- at the option of the primary insurer under certain primary insurance policies, the sum of the delinquent monthly payments plus any Advances made by the insured, both to the date of the claim payment and, thereafter, monthly payments in the amount that would have become due under the mortgage loan if it had not been discharged plus any Advances made by the insured until the earlier of (a) the date the mortgage loan would have been discharged in full if the default had not occurred or (b) an approved sale.

The amount of the loss as calculated under a primary insurance policy covering a mortgage loan will in most cases consist of the unpaid principal amount of such mortgage loan and accrued and unpaid interest thereon and reimbursement of some expenses, less:

- rents or other payments received by the insured (other than the proceeds of hazard insurance) that are derived from the related mortgaged property;
- hazard insurance proceeds received by the insured in excess of the amount required to restore the mortgaged property and which have not been applied to the payment of the mortgage loan;
- amounts expended but not approved by the primary insurer;
- claim payments previously made on the mortgage loan; and
- unpaid premiums and other amounts.

As conditions precedent to the filing or payment of a claim under a primary insurance policy, in the event of default by the mortgagor, the insured will typically be required, among other things, to:

- advance or discharge (a) hazard insurance premiums and (b) as necessary and approved in advance by the primary insurer, real estate taxes, protection and preservation expenses and foreclosure and related costs;
- in the event of any physical loss or damage to the mortgaged property, have the mortgaged property restored to at least its condition at the effective date of the primary insurance policy (ordinary wear and tear excepted); and
- tender to the primary insurer good and merchantable title to, and possession of, the mortgaged property.

For any certificates offered under this prospectus, the master servicer or servicer will maintain or cause each subservicer to maintain, as the case may be, in full force and effect and to the extent coverage is available a primary insurance policy with regard to each mortgage loan for which coverage is required under the standard described above unless an exception to such standard applies or alternate credit enhancement is provided as described in the accompanying prospectus supplement; provided that the primary insurance policy was in place as of the cut-off date and the depositor had knowledge of such primary insurance policy. If the depositor gains knowledge that as of the closing date, a mortgage loan had an LTV ratio at origination in excess of 80% and was not the subject of a primary insurance policy, and was not included in any exception to its representations or covered by alternate credit enhancement as described in the accompanying prospectus supplement, and that the mortgage loan has a then current LTV ratio in excess of 80%, then the master servicer is required to use its reasonable efforts to obtain and maintain a primary insurance policy to the extent that a policy is obtainable at a reasonable price.

Standard Hazard Insurance on Mortgaged Properties

The terms of the mortgage loans (other than Cooperative Loans) require each mortgagor to maintain a hazard insurance policy covering the related mortgaged property and providing for coverage at least equal to that of the standard form of fire insurance policy with extended coverage customary in the state in which the property is located. Most coverage will be in an amount equal to the lesser of the principal balance of the mortgage loan, the guaranteed replacement value, or 100% of the insurable value of the improvements securing the mortgage loan. The pooling and servicing agreement will provide that the master servicer or servicer shall cause the hazard policies to be maintained or shall obtain a blanket policy insuring against losses on the mortgage loans. The master servicer may satisfy its obligation to cause hazard policies to be maintained by maintaining a blanket policy insuring against losses on those mortgage loans. The ability of the master servicer or servicer to ensure that hazard insurance proceeds are appropriately applied may be dependent on its being named as an additional insured under any hazard insurance policy and under any flood insurance policy referred to below, or upon the extent to which information in this regard is furnished to the master servicer or the servicer by mortgagors or subservicers.

The standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm, hail, riot, strike and civil commotion, in accordance with the conditions and exclusions specified in each policy. The policies relating to the mortgage loans will be underwritten by different insurers under different state laws in accordance with different applicable state forms and therefore will not contain identical terms and conditions, the basic terms of which are dictated by respective state laws. These policies typically do not cover any physical damage resulting from the following: war, revolution, governmental actions, floods and other water-related causes, earth movement, including earthquakes, landslides and mudflows, nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft and, in some cases, vandalism. The foregoing list is merely indicative of some kinds of uninsured risks and is not intended to be all-inclusive. Where the improvements securing a mortgage loan are located in a federally designated flood area at the time of origination of that mortgage loan, the pooling and servicing agreement typically requires the master servicer or servicer to cause to be maintained for each such mortgage loan serviced, flood insurance, to the extent available, in an amount equal to the lesser of the amount required to compensate for any loss or damage on a replacement cost basis or the maximum insurance available under the federal flood insurance program.

The hazard insurance policies covering the mortgaged properties typically contain a co-insurance clause that in effect requires the related mortgagor at all times to carry insurance of a specified percentage, typically 80% to 90%, of the full replacement value of the improvements on the property in order to recover the full amount of any partial loss. If the related mortgagor's coverage falls below this specified percentage, this clause usually provides that the insurer's liability in the event of partial loss does not exceed the greater of (i) the replacement cost of the improvements

damaged or destroyed less physical depreciation or (ii) the proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of the improvements.

Since the amount of hazard insurance that mortgagors are required to maintain on the improvements securing the mortgage loans may decline as the principal balances owing thereon decrease, and since residential properties have historically appreciated in value over time, hazard insurance proceeds could be insufficient to restore fully the damaged property in the event of a partial loss. See “Subordination” above for a description of when subordination is provided, the protection, limited to the Special Hazard Amount as described in the accompanying prospectus supplement, afforded by subordination, and “Description of Credit Enhancement—Special Hazard Insurance Policies” for a description of the limited protection afforded by any special hazard insurance policy against losses occasioned by hazards which are otherwise uninsured against.

Standard Hazard Insurance on Manufactured Homes

The terms of the pooling and servicing agreement will require the servicer or the master servicer, as applicable, to cause to be maintained with respect to each contract one or more standard hazard insurance policies that provide, at a minimum, the same coverage as a standard form fire and extended coverage insurance policy that is customary for manufactured housing, issued by a company authorized to issue the policies in the state in which the manufactured home is located, and in an amount that is not less than the maximum insurable value of the manufactured home or the principal balance due from the mortgagor on the related contract, whichever is less. Coverage may be provided by one or more blanket insurance policies covering losses on the contracts resulting from the absence or insufficiency of individual standard hazard insurance policies. If a manufactured home’s location was, at the time of origination of the related contract, within a federally designated flood area, the servicer or the master servicer also will be required to maintain flood insurance.

If the servicer or the master servicer repossesses a manufactured home on behalf of the trustee, the servicer or the master servicer will either maintain at its expense hazard insurance for the manufactured home or indemnify the trustee against any damage to the manufactured home prior to resale or other disposition.

THE DEPOSITOR

The depositor is an indirect wholly-owned subsidiary of GMAC Mortgage Group, LLC, which is a wholly-owned subsidiary of GMAC LLC. The depositor is a Delaware corporation incorporated in August 1995. The depositor was organized for the purpose of acquiring “Alt-A” mortgage loans and contracts and depositing these loans and contracts into issuing entities that issue securities backed by such mortgage loans and contracts. The depositor does not engage in any other activities and does not have, nor is it expected in the future to have, any significant assets. The depositor anticipates that it will in many cases have acquired mortgage loans indirectly through Residential Funding Company, LLC, which is also an indirect wholly-owned subsidiary of GMAC Mortgage Group, LLC

The certificates do not represent an interest in or an obligation of the depositor. The depositor’s only obligations with respect to a series of certificates will be to repurchase certain items of mortgage collateral upon any breach of limited representations and warranties made by the depositor.

The depositor maintains its principal office at 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437. Its telephone

number is (952) 857-7000.

RESIDENTIAL FUNDING COMPANY, LLC

Residential Funding Company, LLC, an affiliate of the depositor, will act as the sponsor and master servicer or Certificate Administrator for each series of certificates, except in the case of a Designated Seller Transaction.

THE POOLING AND SERVICING AGREEMENT

As described in this prospectus under “Introduction” and “Description of the Certificates—General,” each series of certificates will be issued under a pooling and servicing agreement as described in that section. The following summaries describe additional provisions common to each pooling and servicing agreement.

Servicing Compensation and Payment of Expenses

Each servicer, the master servicer or the Certificate Administrator, as applicable, will be paid compensation for the performance of its servicing obligations at the percentage per annum described in the accompanying prospectus supplement of the outstanding principal balance of each mortgage loan or contract. Any subservicer will also be entitled to the servicing fee as described in the accompanying prospectus supplement. The servicer or the master servicer, if any, will deduct the servicing fee for the mortgage loans or contracts underlying the certificates of a series in an amount to be specified in the accompanying prospectus supplement. The servicing fees may be fixed or variable. In addition, the master servicer, any servicer or the relevant subservicers, if any, will be entitled to servicing compensation in the form of assumption fees, late payment charges or excess proceeds following disposition of property in connection with defaulted mortgage loans or contracts and any earnings on investments held in the Certificate Account or any Custodial Account, to the extent not applied as Compensating Interest. Any Spread retained by a mortgage collateral seller, the master servicer, or any servicer or subservicer will not constitute part of the servicing fee. Notwithstanding the foregoing, with respect to a series of certificates as to which the trust includes mortgage securities, the compensation payable to the master servicer or Certificate Administrator for servicing and administering such mortgage securities on behalf of the holders of such certificates may be based on a percentage per annum described in the accompanying prospectus supplement of the outstanding balance of such mortgage securities and may be retained from distributions of interest thereon, if stated in the accompanying prospectus supplement. In addition, some reasonable duties of the master servicer may be performed by an affiliate of the master servicer who will be entitled to compensation for performance of those duties.

The master servicer will pay or cause to be paid some of the ongoing expenses associated with each trust and incurred by it in connection with its responsibilities under the pooling and servicing agreement, including, without limitation, payment of any fee or other amount payable for any alternative credit enhancement arrangements, payment of the fees and disbursements of the trustee, any custodian appointed by the trustee, the certificate registrar and any paying agent, and payment of expenses incurred in enforcing the obligations of subservicers and sellers. The master servicer will be entitled to reimbursement of expenses incurred in enforcing the obligations of subservicers and sellers under limited circumstances. In addition, as indicated in the preceding section, the master servicer will be entitled to reimbursements for some of the expenses incurred by it in connection with Liquidated Mortgage Loans and in connection with the restoration of mortgaged properties, such right of reimbursement being prior to the rights of certificateholders to receive any related Liquidation Proceeds, including Insurance Proceeds.

Evidence as to Compliance

Each pooling and servicing agreement will require the master servicer to deliver to the trustee, on or before the date in each year specified in the related pooling and servicing agreement, and, if required, file with the Commission as part of a Report on Form 10-K filed on behalf of each issuing entity, the following documents:

- a report regarding its assessment of compliance during the preceding calendar year with all applicable servicing criteria set forth in relevant Commission regulations with respect to asset-backed securities transactions taken as a whole involving the master servicer that are backed by the same types of assets as those backing the certificates, as well as similar reports on assessment of compliance received from certain other parties participating in the servicing function as required by relevant Commission regulations;
- with respect to each assessment report described immediately above, a report by a registered public accounting firm that attests to, and reports on, the assessment made by the asserting party, as set forth in relevant Commission regulations; and
- a servicer compliance certificate, signed by an authorized officer of the master servicer, to the effect that:
 - A review of the master servicer's activities during the reporting period and of its performance under the applicable pooling and servicing agreement has been made under such officer's supervision; and
 - To the best of such officer's knowledge, based on such review, the master servicer has fulfilled all of its obligations under the pooling and servicing agreement in all material respects throughout the reporting period or, if there has been a failure to fulfill any such obligation in any material respect, specifying each such failure known to such officer and the nature and status thereof.

The master servicer's obligation to deliver to the trustee any assessment or attestation report described above and, if required, to file the same with the Commission, is limited to those reports prepared by the master servicer and, in the case of reports prepared by any other party, those reports actually received by the master servicer on or before March 31 in each year. In addition, each servicer or subservicer participating in the servicing function with respect to more than 5% of the mortgage loans will provide the foregoing assessment reports with respect to itself and each servicer or subservicer of at least 10% of the mortgage loans will provide the compliance certificate described above with respect to its servicing activities.

Furthermore, if any trust includes mortgage securities, either the related prospectus supplement will specify how to locate Exchange Act reports relating to such mortgage securities or the required information will be provided in such trust's Exchange Act reports while it is a reporting entity.

Certain Other Matters Regarding Servicing

Each servicer, the master servicer or the Certificate Administrator, as applicable, may not resign from its obligations and duties under the related pooling and servicing agreement unless each rating agency has confirmed in writing that the resignation will not qualify, reduce or cause to be withdrawn the then current ratings on the certificates except upon a determination that its duties thereunder are no longer permissible under

applicable law. No resignation will become effective until the trustee or a successor servicer or administrator has assumed the servicer's, the master servicer's or the Certificate Administrator's obligations and duties under the related pooling and servicing agreement.

Each pooling and servicing agreement will also provide that neither the servicer, the master servicer or the Certificate Administrator, nor any director, officer, employee or agent of the master servicer or the depositor, will be under any liability to the trust or the certificateholders for any action taken or for refraining from taking any action in good faith under the pooling and servicing agreement, or for errors in judgment. However, neither the servicer, the master servicer or the Certificate Administrator nor any such person will be protected against any liability that would otherwise be imposed by reason of the failure to perform its obligations in compliance with any standard of care described in the pooling and servicing agreement. The servicer, the master servicer or the Certificate Administrator, as applicable, may, in its discretion, undertake any action that it may deem necessary or desirable for the pooling and servicing agreement and the rights and duties of the parties thereto and the interest of the related certificateholders. The legal expenses and costs of the action and any liability resulting therefrom will be expenses, costs and liabilities of the trust and the servicer, the master servicer or the Certificate Administrator will be entitled to be reimbursed out of funds otherwise distributable to certificateholders.

The master servicer will be required to maintain a fidelity bond and errors and omissions policy for its officers and employees and other persons acting on behalf of the master servicer in connection with its activities under the pooling and servicing agreement.

A servicer, the master servicer or the Certificate Administrator may have other business relationships with the company, any mortgage collateral seller or their affiliates.

Events of Default

Events of default under the pooling and servicing agreement for a series of certificates will include:

- any failure by the servicer, if the servicer is a party to the pooling and servicing agreement, or master servicer to make a required deposit to the Certificate Account or, if the master servicer is the paying agent, to distribute to the holders of any class of certificates of that series any required payment which continues unremedied for five days after the giving of written notice of the failure to the master servicer by the trustee or the depositor, or to the master servicer, the depositor and the trustee by the holders of certificates of such class evidencing not less than 25% of the aggregate percentage interests constituting that class;
- any failure by the master servicer or Certificate Administrator, as applicable, duly to observe or perform in any material respect any other of its covenants or agreements in the pooling and servicing agreement with respect to that series of certificates which continues unremedied for 30 days, or 15 days in the case of a failure to pay the premium for any insurance policy which is required to be maintained under the pooling and servicing agreement, after the giving of written notice of the failure to the master servicer or Certificate Administrator, as applicable, by the trustee or the depositor, or to the master servicer, the Certificate Administrator, the depositor and the trustee by the holders of any class of certificates of that series evidencing not less than 25%, or 33% in the case of a trust including mortgage securities, of the aggregate percentage interests constituting that class; and
- some events of insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings regarding the master servicer

or the Certificate Administrator and certain actions by the master servicer or the Certificate Administrator indicating its insolvency or inability to pay its obligations.

A default under the terms of any mortgage securities included in any trust will not constitute an event of default under the related pooling and servicing agreement.

Rights Upon Event of Default

So long as an event of default remains unremedied, either the depositor or the trustee may, and, at the direction of the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust, the trustee shall, by written notification to the master servicer or the Certificate Administrator, as applicable, and to the depositor or the trustee, terminate all of the rights and obligations of the master servicer or the Certificate Administrator under the pooling and servicing agreement, other than any rights of the master servicer or the Certificate Administrator as certificateholder, covering the trust and in and to the mortgage collateral and the proceeds thereof, whereupon the trustee or, upon notice to the depositor and with the depositor's consent, its designee will succeed to all responsibilities, duties and liabilities of the master servicer or the Certificate Administrator under the pooling and servicing agreement, other than the obligation to purchase mortgage loans under some circumstances, and will be entitled to similar compensation arrangements. If a series of certificates includes credit enhancement provided by a third party credit enhancer, certain of the foregoing rights may be provided to the credit enhancer rather than the certificateholders, if so specified in the applicable prospectus supplement. If the trustee would be obligated to succeed the master servicer but is unwilling so to act, it may appoint or if it is unable so to act, it shall appoint or petition a court of competent jurisdiction for the appointment of, a Fannie Mae- or Freddie Mac-approved mortgage servicing institution with a net worth of at least \$10,000,000 to act as successor to the master servicer under the pooling and servicing agreement, unless otherwise described in the pooling and servicing agreement. Pending appointment, the trustee is obligated to act in that capacity. The trustee and such successor may agree upon the servicing compensation to be paid, which in no event may be greater than the compensation to the initial master servicer or the Certificate Administrator under the pooling and servicing agreement. The master servicer is required to reimburse the trustee for all reasonable expenses incurred or made by the trustee in accordance with any of the provisions of the pooling and servicing agreement, except any such expense as may arise from the trustee's negligence or bad faith.

No certificateholder will have any right under a pooling and servicing agreement to institute any proceeding with respect to the pooling and servicing agreement unless the holder previously has given to the trustee written notice of default and the continuance thereof and unless the holders of certificates of any class evidencing not less than 25% of the aggregate percentage interests constituting that class have made written request upon the trustee to institute the proceeding in its own name as trustee thereunder and have offered to the trustee reasonable indemnity and the trustee for 60 days after receipt of the request and indemnity has neglected or refused to institute any proceeding. However, the trustee will be under no obligation to exercise any of the trusts or powers vested in it by the pooling and servicing agreement or to institute, conduct or defend any litigation thereunder or in relation thereto at the request, order or direction of any of the holders of certificates covered by the pooling and servicing agreement, unless the certificateholders have offered to the trustee reasonable security or indemnity against the costs, expenses and liabilities which may be incurred therein or thereby.

Amendment

Each pooling and servicing agreement may be amended by the depositor, the master servicer, the Certificate Administrator or any servicer,

as applicable, and the trustee, without the consent of the related certificateholders:

- to cure any ambiguity;
- to correct or supplement any provision therein which may be inconsistent with any other provision therein or to correct any error;
- to change the timing and/or nature of deposits in the Custodial Account or the Certificate Account or to change the name in which the Custodial Account is maintained, except that (a) deposits to the Certificate Account may not occur later than the related distribution date, (b) the change may not adversely affect in any material respect the interests of any certificateholder, as evidenced by an opinion of counsel, and (c) the change may not adversely affect the then-current rating of any rated classes of certificates, as evidenced by a letter from each applicable rating agency;
- if an election to treat the related trust as a “real estate mortgage investment conduit,” or REMIC, has been made, to modify, eliminate or add to any of its provisions (a) to the extent necessary to maintain the qualification of the trust as a REMIC or to avoid or minimize the risk of imposition of any tax on the related trust, provided that the trustee has received an opinion of counsel to the effect that (1) the action is necessary or desirable to maintain qualification or to avoid or minimize that risk, and (2) the action will not adversely affect in any material respect the interests of any related certificateholder, or (b) to modify the provisions regarding the transferability of the REMIC residual certificates, provided that the depositor has determined that the change would not adversely affect the applicable ratings of any classes of the certificates, as evidenced by a letter from each applicable rating agency, and that any such amendment will not give rise to any tax with respect to the transfer of the REMIC residual certificates to a non-permitted transferee;
- to make any other provisions with respect to matters or questions arising under the pooling and servicing agreement which are not materially inconsistent with its provisions, so long as the action will not adversely affect in any material respect the interests of any certificateholder; or
- to amend any provision that is not material to holders of any class of related certificates.

The pooling and servicing agreement may also be amended by the depositor, the master servicer, Certificate Administrator or servicer, as applicable, and the trustee with the consent of the holders of certificates of each class affected thereby evidencing, in each case, not less than 66% of the aggregate percentage interests constituting that class for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the pooling and servicing agreement or of modifying in any manner the rights of the related certificateholders, except that no such amendment may (i) reduce in any manner the amount of, or delay the timing of, payments received on mortgage collateral which are required to be distributed on a certificate of any class without the consent of the holder of the certificate or (ii) reduce the percentage of certificates of any class the holders of which are required to consent to any such amendment unless the holders of all certificates of that class have consented to the change in the percentage. Furthermore, the applicable prospectus supplement will describe any rights a third party credit enhancer may have with respect to amendments to the pooling and servicing agreement.

Notwithstanding the foregoing, if a REMIC election has been made with respect to the related trust, the trustee will not be entitled to consent to any amendment to a pooling and servicing agreement without having first received an opinion of counsel to the effect that the

amendment or the exercise of any power granted to the master servicer, the Certificate Administrator, servicer, the depositor or the trustee in accordance with the amendment will not result in the imposition of a tax on the related trust or cause the trust to fail to qualify as a REMIC.

Termination; Retirement of Certificates

The primary obligations created by the pooling and servicing agreement for each series of certificates will terminate upon the payment to the related certificateholders of all amounts held in the Certificate Account or by the master servicer or any servicer and required to be paid to the certificateholders following the earlier of

- the final payment or other liquidation or disposition, or any Advance with respect thereto, of the last item of mortgage collateral subject thereto and all property acquired upon foreclosure or deed in lieu of foreclosure of any mortgage loan or contract and
- the purchase by the master servicer or the servicer from the trust for such series of all remaining mortgage collateral and all property acquired from the mortgage collateral.

Any option to purchase described in the second item above will be limited to cases in which the aggregate Stated Principal Balance of the remaining mortgage loans is less than or equal to ten percent (10%) of the initial aggregate Stated Principal Balance of the mortgage loans or such other time as may be specified in the accompanying prospectus supplement. If the holder of a class of certificates may terminate the trust and cause the outstanding certificates to be redeemed when 25% or more of the initial principal balance of the certificates is still outstanding, the term “callable” will be included in the title of the related certificates. In addition to the foregoing, the master servicer or the servicer may have the option to purchase, in whole but not in part, the certificates specified in the accompanying prospectus supplement in the manner described in the accompanying prospectus supplement. Following the purchase of such certificates, the master servicer or the servicer will effect a retirement of the certificates and the termination of the trust. Written notice of termination of the pooling and servicing agreement will be given to each certificateholder, and the final distribution will be made only upon surrender and cancellation of the certificates at an office or agency appointed by the trustee which will be specified in the notice of termination.

Any purchase described in the preceding paragraph of mortgage collateral and property acquired relating to the mortgage collateral evidenced by a series of certificates shall be made at the option of the master servicer or the servicer at the price specified in the accompanying prospectus supplement. The exercise of that right will effect early retirement of the certificates of that series, but the right of any entity to purchase the mortgage collateral and related property will be in accordance with the criteria, and will be at the price, described in the accompanying prospectus supplement. Early termination in this manner may adversely affect the yield to holders of some classes of the certificates. If a REMIC election has been made, the termination of the related trust will be effected in a manner consistent with applicable federal income tax regulations and its status as a REMIC.

In addition to the optional repurchase of the property in the related trust, if stated in the accompanying prospectus supplement, a holder of the Call Class will have the right, solely at its discretion, to terminate the related trust and thereby effect early retirement of the certificates of the series, on any distribution date after the 12th distribution date following the date of initial issuance of the related series of certificates and until the date when the optional termination rights of the master servicer or the servicer become exercisable. The Call Class will not be offered under the prospectus supplement. Any such call will be of the entire trust at one time; multiple calls with respect to any series of certificates will not be

permitted. In the case of a call, the holders of the certificates will be paid a price equal to the Call Price. To exercise the call, the Call certificateholder must remit to the related trustee for distribution to the certificateholders, funds equal to the Call Price. If those funds are not deposited with the related trustee, the certificates of that series will remain outstanding. In addition, in the case of a trust for which a REMIC election or elections have been made, this termination will be effected in a manner consistent with applicable Federal income tax regulations and its status as a REMIC. In connection with a call by the holder of a Call Certificate, the final payment to the certificateholders will be made upon surrender of the related certificates to the trustee. Once the certificates have been surrendered and paid in full, there will not be any further liability to certificateholders.

The Trustee

The trustee under each pooling and servicing agreement will be named in the accompanying prospectus supplement. The commercial bank or trust company serving as trustee may have normal banking relationships with the depositor and/or its affiliates, including Residential Funding Company, LLC.

The trustee may resign at any time, in which event the depositor will be obligated to appoint a successor trustee. The depositor may also remove the trustee if the trustee ceases to be eligible to continue as trustee under the pooling and servicing agreement or if the trustee becomes insolvent. Upon becoming aware of those circumstances, the depositor will be obligated to appoint a successor trustee. The trustee may also be removed at any time by the holders of certificates evidencing not less than 51% of the aggregate voting rights in the related trust. Any resignation or removal of the trustee and appointment of a successor trustee will not become effective until acceptance of the appointment by the successor trustee.

YIELD CONSIDERATIONS

The yield to maturity of a certificate will depend on the price paid by the holder for the certificate, the pass-through rate on any certificate entitled to payments of interest, which pass-through rate may vary if stated in the accompanying prospectus supplement, and the rate and timing of principal payments, including prepayments, defaults, liquidations and repurchases, on the mortgage collateral and the allocation thereof to reduce the principal balance of the certificate or its notional amount, if applicable.

In general, defaults on mortgage loans and manufactured housing contracts are expected to occur with greater frequency in their early years. Mortgage loans or contracts may have been originated using underwriting standards that are less stringent than the underwriting standards applied by other first mortgage loan purchase programs, such as those run by Fannie Mae or Freddie Mac or by the company's affiliate, Residential Funding Company, LLC, for the purpose of collateralizing securities issued by Residential Funding Mortgage Securities I, Inc. The rate of default on refinance, limited documentation, stated documentation or no documentation mortgage loans, and on mortgage loans or manufactured housing contracts with higher LTV ratios may be higher than for other types of mortgage loans or manufactured housing contracts. Likewise, the rate of default on mortgage loans or manufactured housing contracts that are secured by investment properties or mortgaged properties with smaller or larger parcels of land or mortgage loans that are made to international borrowers may be higher than on other mortgage loans or manufactured housing contracts.

In addition, the rate and timing of prepayments, defaults and liquidations on the mortgage loans or contracts will be affected by the general

economic condition of the region of the country or the locality in which the related mortgaged properties are located. The risk of delinquencies and loss is greater and prepayments are less likely in regions where a weak or deteriorating economy exists, as may be evidenced by, among other factors, increasing unemployment or falling property values. The risk of loss may also be greater on mortgage loans or contracts with LTV ratios greater than 80% and no primary insurance policies. In addition, manufactured homes may decline in value even in areas where real estate values generally have not declined. The yield on any class of certificates and the timing of principal payments on that class may also be affected by modifications or actions that may be approved by the master servicer or a Special Servicer as described in this prospectus under “Description of the Certificates—Servicing and Administration of Mortgage Collateral,” in connection with a mortgage loan or contract that is in default, or if a default is reasonably foreseeable.

The risk of loss on Interest Only Loans may be greater than on loans that require a borrower to pay principal and interest throughout the term of the loan from origination. See “The Trusts—The Mortgage Loans—Interest Only Loans.”

The risk of loss on mortgage loans made on Puerto Rico mortgage loans may be greater than on mortgage loans that are made to mortgagors who are United States residents and citizens or that are secured by properties located in the United States. See “Certain Legal Aspects of Mortgage Loans and Contracts.”

To the extent that any document relating to a mortgage loan or contract is not in the possession of the trustee, the deficiency may make it difficult or impossible to realize on the mortgaged property in the event of foreclosure, which will affect the amount of Liquidation Proceeds received by the trustee. See “Description of the Certificates — Assignment of Mortgage Loans” and “—Assignment of Contracts.”

The amount of interest payments with respect to each item of mortgage collateral distributed monthly to holders of a class of certificates entitled to payments of interest will be calculated, or accrued in the case of deferred interest or accrual certificates, on the basis of that class’s specified percentage of each payment of interest, or accrual in the case of accrual certificates, and will be expressed as a fixed, adjustable or variable pass-through rate payable on the outstanding principal balance or notional amount of the certificate, or any combination of pass-through rates, calculated as described in this prospectus and in the accompanying prospectus supplement under “Description of the Certificates – Distributions.” Holders of strip certificates or a class of certificates having a pass-through rate that varies based on the weighted average interest rate of the underlying mortgage collateral will be affected by disproportionate prepayments and repurchases of mortgage collateral having higher net interest rates or higher rates applicable to the strip certificates, as applicable.

The effective yield to maturity to each holder of certificates entitled to payments of interest will be below that otherwise produced by the applicable pass-through rate and purchase price of the certificate because, while interest will accrue on each mortgage loan or contract from the first day of each month, the distribution of interest will be made on the 25th day or, if the 25th day is not a business day, the next succeeding business day, of the month following the month of accrual or, in the case of a trust including mortgage securities, such other day that is specified in the accompanying prospectus supplement.

A class of certificates may be entitled to payments of interest at a fixed, variable or adjustable pass-through rate, or any combination of pass-through rates, each as specified in the accompanying prospectus supplement. A variable pass-through rate may be calculated based on the weighted average of the Net Mortgage Rates, net of servicing fees and any Spread, of the related mortgage collateral for the month preceding the distribution date. An adjustable pass-through rate may be calculated by reference to an index or otherwise.

The aggregate payments of interest on a class of certificates, and the yield to maturity thereon, will be affected by the rate of payment of principal on the certificates, or the rate of reduction in the notional amount of certificates entitled to payments of interest only, and, in the case of certificates evidencing interests in ARM loans, by changes in the Net Mortgage Rates on the ARM loans. See “Maturity and Prepayment Considerations” below. The yield on the certificates will also be affected by liquidations of mortgage loans or contracts following mortgagor defaults, optional repurchases and by purchases of mortgage collateral in the event of breaches of representations made for the mortgage collateral by the depositor, the master servicer and others, or conversions of ARM loans to a fixed interest rate. See “The Trusts – Representations with Respect to Mortgage Collateral.”

In general, if a certificate is purchased at a premium over its face amount and payments of principal on the related mortgage collateral occur at a rate faster than anticipated at the time of purchase, the purchaser’s actual yield to maturity will be lower than that assumed at the time of purchase. On the other hand, if a class of certificates is purchased at a discount from its face amount and payments of principal on the related mortgage collateral occur at a rate slower than anticipated at the time of purchase, the purchaser’s actual yield to maturity will be lower than assumed. The effect of Principal Prepayments, liquidations and purchases on yield will be particularly significant in the case of a class of certificates entitled to payments of interest only or disproportionate payments of interest. In addition, the total return to investors of certificates evidencing a right to distributions of interest at a rate that is based on the weighted average Net Mortgage Rate of the mortgage collateral from time to time will be adversely affected by Principal Prepayments on mortgage collateral with mortgage rates higher than the weighted average mortgage rate on the mortgage collateral. In general, mortgage loans or manufactured housing contracts with higher mortgage rates prepay at a faster rate than mortgage loans or manufactured housing contracts with lower mortgage rates. In some circumstances, rapid prepayments may result in the failure of the holders to recoup their original investment. In addition, the yield to maturity on other types of classes of certificates, including accrual certificates, certificates with a pass-through rate that fluctuates inversely with or at a multiple of an index or other classes in a series including more than one class of certificates, may be relatively more sensitive to the rate of prepayment on the related mortgage collateral than other classes of certificates.

The timing of changes in the rate of principal payments on or repurchases of the mortgage collateral may significantly affect an investor’s actual yield to maturity, even if the average rate of principal payments experienced over time is consistent with an investor’s expectation. In general, the earlier a prepayment of principal on the mortgage collateral or a repurchase of mortgage collateral, the greater will be the effect on an investor’s yield to maturity. As a result, the effect on an investor’s yield of principal payments and repurchases occurring at a rate higher or lower than the rate anticipated by the investor during the period immediately following the issuance of a series of certificates would not be fully offset by a subsequent like reduction or increase in the rate of principal payments.

When a full prepayment is made on a mortgage loan, the mortgagor is charged interest on the principal amount of the mortgage loan so prepaid for the number of days in the month actually elapsed up to the date of the prepayment. A partial prepayment of principal is applied so as to reduce the outstanding principal balance of the related mortgage loan or contract as of the first day of the month in which the partial prepayment is received. As a result, the effect of a Principal Prepayment on a mortgage loan or contract will be to reduce the amount of interest distributed to holders of certificates on the related distribution date, if such distribution date occurs in the following calendar month, by an amount of up to one month’s interest at the applicable pass-through rate or Net Mortgage Rate, as the case may be, on the prepaid amount, if such shortfall is not covered by Compensating Interest. See “Description of the Certificates—Prepayment Interest Shortfalls.” Partial Principal Prepayments will be distributed on the distribution date in the month following receipt. Principal Prepayments in full received during a Prepayment Period will be

distributed on the distribution date in the month in which such Prepayment Period ends. See “Maturity and Prepayment Considerations.”

For some ARM loans, the mortgage rate at origination may be below the rate that would result if the index and margin relating thereto were applied at origination. Under the applicable underwriting standards, the mortgagor under each mortgage loan or contract usually will be qualified on the basis of the mortgage rate in effect at origination. The repayment of any such mortgage loan or contract may thus be dependent on the ability of the mortgagor to make larger monthly payments following the adjustment of the mortgage rate. In addition, the periodic increase in the amount paid by the mortgagor of a Buy-Down Mortgage Loan during or at the end of the applicable Buy-Down Period may create a greater financial burden for the mortgagor, who might not have otherwise qualified for a mortgage under the applicable underwriting guidelines, and may accordingly increase the risk of default with respect to the related mortgage loan.

The mortgage rates on ARM loans that are subject to negative amortization typically adjust monthly and their amortization schedules adjust less frequently. Because initial mortgage rates are typically lower than the sum of the indices applicable at origination and the related Note Margins, during a period of rising interest rates as well as immediately after origination, the amount of interest accruing on the principal balance of those mortgage loans may exceed the amount of the scheduled monthly payment. As a result, a portion of the accrued interest on negatively amortizing mortgage loans may become deferred interest which will be added to their principal balance and will bear interest at the applicable mortgage rate.

The addition of any deferred interest to the principal balance of any related class of certificates will lengthen the weighted average life of that class of certificates and may adversely affect yield to holders of those certificates. In addition, for ARM loans that are subject to negative amortization, during a period of declining interest rates, it might be expected that each scheduled monthly payment on such a mortgage loan would exceed the amount of scheduled principal and accrued interest on its principal balance, and since the excess will be applied to reduce the principal balance of the related class or classes of certificates, the weighted average life of those certificates will be reduced and may adversely affect yield to holders thereof.

If stated in the accompanying prospectus supplement, a trust may contain GPM Loans or Buy-Down Mortgage Loans that have monthly payments that increase during the first few years following origination. Mortgagors generally will be qualified for such loans on the basis of the initial monthly payment. To the extent that the related mortgagor’s income does not increase at the same rate as the monthly payment, such a loan may be more likely to default than a mortgage loan with level monthly payments.

If credit enhancement for a series of certificates is provided by a letter of credit, insurance policy or bond that is issued or guaranteed by an entity that suffers financial difficulty, such credit enhancement may not provide the level of support that was anticipated at the time an investor purchased its certificate. In the event of a default under the terms of a letter of credit, insurance policy or bond, any Realized Losses on the mortgage collateral not covered by the credit enhancement will be applied to a series of certificates in the manner described in the accompanying prospectus supplement and may reduce an investor’s anticipated yield to maturity.

The accompanying prospectus supplement may describe other factors concerning the mortgage collateral securing a series of certificates or the structure of such series that will affect the yield on the certificates.

MATURITY AND PREPAYMENT CONSIDERATIONS

As indicated above under “The Trusts,” the original terms to maturity of the mortgage collateral in a given trust will vary depending upon the type of mortgage collateral included in the trust. The prospectus supplement for a series of certificates will contain information with respect to the types and maturities of the mortgage collateral in the related trust. The prepayment experience, the timing and rate of repurchases and the timing and amount of liquidations with respect to the related mortgage loans or contracts will affect the life and yield of the related series of certificates.

If the pooling and servicing agreement for a series of certificates provides for a Funding Account or other means of funding the transfer of additional mortgage loans to the related trust, as described under “Description of the Certificates—Funding Account,” and the trust is unable to acquire any additional mortgage loans within any applicable time limit, the amounts set aside for such purpose may be applied as principal distributions on one or more classes of certificates of such series.

Prepayments on mortgage loans and manufactured housing contracts are commonly measured relative to a prepayment standard or model. The prospectus supplement for each series of certificates may describe one or more prepayment standard or model and may contain tables setting forth the projected yields to maturity on each class of certificates or the weighted average life of each class of certificates and the percentage of the original principal amount of each class of certificates of that series that would be outstanding on specified payment dates for the series based on the assumptions stated in the accompanying prospectus supplement, including assumptions that prepayments on the mortgage collateral are made at rates corresponding to various percentages of the prepayment standard or model. There is no assurance that prepayment of the mortgage loans underlying a series of certificates will conform to any level of the prepayment standard or model specified in the accompanying prospectus supplement.

The following is a list of factors that may affect prepayment experience:

- homeowner mobility;
- economic conditions;
- changes in mortgagors’ housing needs;
- job transfers;
- unemployment;
- mortgagors’ equity in the properties securing the mortgages;
- servicing decisions;
- enforceability of due-on-sale clauses;

- mortgage market interest rates;
- mortgage recording taxes;
- solicitations and the availability of mortgage funds; and
- the obtaining of secondary financing by the mortgagor.

All statistics known to the depositor that have been compiled with respect to prepayment experience on mortgage loans indicate that while some mortgage loans may remain outstanding until their stated maturities, a substantial number will be paid prior to their respective stated maturities. The rate of prepayment with respect to conventional fixed-rate mortgage loans has fluctuated significantly in recent years. In general, however, if prevailing interest rates fall significantly below the mortgage rates on the mortgage loans or contracts underlying a series of certificates, the prepayment rate of such mortgage loans or contracts is likely to be higher than if prevailing rates remain at or above the rates borne by those mortgage loans or contracts. The depositor is not aware of any historical prepayment experience with respect to mortgage loans secured by properties located in Puerto Rico or with respect to manufactured housing contracts and, accordingly, prepayments on such loans or contracts may not occur at the same rate or be affected by the same factors as more traditional mortgage loans.

Risk of prepayment on Interest Only Loans may be greater because borrowers may decide to refinance before the expiration of the interest-only period. See “The Trusts—The Mortgage Loans—Interest Only Loans.”

To the extent that losses on the contracts are not covered by any credit enhancement, holders of the certificates of a series evidencing interests in the contracts will bear all risk of loss resulting from default by mortgagors and will have to look primarily to the value of the manufactured homes, which generally depreciate in value, for recovery of the outstanding principal and unpaid interest of the defaulted contracts. See “The Trusts—The Contracts.”

The accompanying prospectus supplement will specify whether the mortgage loans contain due-on-sale provisions permitting the mortgagee to accelerate the maturity of the mortgage loan upon sale or some transfers by the mortgagor of the underlying mortgaged property. The master servicer will enforce any due-on-sale clause to the extent it has knowledge of the conveyance or proposed conveyance of the underlying mortgaged property and it is entitled to do so under applicable law, provided, however, that the master servicer will not take any action in relation to the enforcement of any due-on-sale provision which would adversely affect or jeopardize coverage under any applicable insurance policy.

An ARM loan is assumable, in some circumstances, if the proposed transferee of the related mortgaged property establishes its ability to repay the mortgage loan and, in the reasonable judgment of the master servicer or the related subservicer, the security for the ARM loan would not be impaired by the assumption. The extent to which ARM loans are assumed by purchasers of the mortgaged properties rather than prepaid by the related mortgagors in connection with the sales of the mortgaged properties will affect the weighted average life of the related series of certificates. See “Description of the Certificates — Servicing and Administration of Mortgage Collateral — Enforcement of ‘Due-on-Sale’ Clauses” and “Certain Legal Aspects of Mortgage Loans and Contracts — The Mortgage Loans — Enforceability of Certain Provisions” and “—The Contracts” for a description of provisions of each pooling and servicing agreement and legal developments that may affect the prepayment rate of mortgage loans or contracts.

In addition, some mortgage securities included in a mortgage pool may be backed by underlying mortgage loans having differing interest rates. Accordingly, the rate at which principal payments are received on the related certificates will, to some extent, depend on the interest rates on the underlying mortgage loans.

Some types of mortgage collateral included in a trust may have characteristics that make it more likely to default than collateral provided for mortgage pass-through certificates from other mortgage purchase programs. The depositor anticipates including in mortgage collateral pools “limited documentation,” “stated documentation” and “no documentation” mortgage loans and contracts, Puerto Rico mortgage loans and mortgage loans and contracts that were made to international borrowers, that are secured by investment properties and that have other characteristics not present in those programs. Such mortgage collateral may be susceptible to a greater risk of default and liquidation than might otherwise be expected by investors in the related certificates.

The mortgage loans may be prepaid by the mortgagors at any time without payment of any prepayment fee or penalty, although a portion of the mortgage loans provide for payment of a prepayment charge, which may have a substantial effect on the rate of prepayment. Some states’ laws restrict the imposition of prepayment charges even when the mortgage loans expressly provide for the collection of those charges. As a result, it is possible that prepayment charges may not be collected even on mortgage loans that provide for the payment of these charges.

A servicer may allow the refinancing of a mortgage loan in any trust by accepting prepayments thereon and permitting a new loan to the same borrower secured by a mortgage on the same property, which may be originated by the servicer or the master servicer or any of their respective affiliates or by an unrelated entity. In the event of a refinancing, the new loan would not be included in the related trust and, therefore, the refinancing would have the same effect as a prepayment in full of the related mortgage loan. A servicer or the master servicer may, from time to time, implement programs designed to encourage refinancing. These programs may include, without limitation, modifications of existing loans, general or targeted solicitations, the offering of pre-approved applications, reduced origination fees or closing costs, or other financial incentives. Targeted solicitations may be based on a variety of factors, including the credit of the borrower or the location of the mortgaged property. In addition, servicers or the master servicer may encourage assumption of mortgage loans, including defaulted mortgage loans, under which creditworthy borrowers assume the outstanding indebtedness of the mortgage loans, which may be removed from the related mortgage pool. As a result of these programs, with respect to the mortgage pool underlying any trust (i) the rate of Principal Prepayments of the mortgage loans in the mortgage pool may be higher than would otherwise be the case, and (ii) in some cases, the average credit or collateral quality of the mortgage loans remaining in the mortgage pool may decline.

While most manufactured housing contracts will contain “due-on-sale” provisions permitting the holder of the contract to accelerate the maturity of the contract upon conveyance by the mortgagor, the master servicer, servicer or subservicer, as applicable, may permit proposed assumptions of contracts where the proposed buyer of the manufactured home meets the underwriting standards described above. Such assumption would have the effect of extending the average life of the contract.

Although the mortgage rates on ARM loans will be subject to periodic adjustments, the adjustments generally will:

- not increase or decrease the mortgage rates by more than a fixed percentage amount on each adjustment date;

- not increase the mortgage rates over a fixed percentage amount during the life of any ARM loan; and
- be based on an index, which may not rise and fall consistently with mortgage interest rates, plus the related Gross Margin, which may be different from margins being used for newly originated adjustable-rate mortgage loans.

As a result, the mortgage rates on the ARM loans in a trust at any time may not equal the prevailing rates for similar, newly originated adjustable-rate mortgage loans. In some rate environments, the prevailing rates on fixed-rate mortgage loans may be sufficiently low in relation to the then-current mortgage rates on ARM loans that the rate of prepayment may increase as a result of refinancings. There can be no certainty as to the rate of prepayments on the mortgage collateral during any period or over the life of any series of certificates.

No assurance can be given that the value of the mortgaged property securing a mortgage loan or contract has remained or will remain at the level existing on the date of origination. If the residential real estate market should experience an overall decline in property values such that the outstanding balances of the mortgage loans or contracts and any secondary financing on the mortgaged properties in a particular mortgage pool or contract pool become equal to or greater than the value of the mortgaged properties, the actual rates of delinquencies, foreclosures and losses could be higher than those now generally experienced in the mortgage lending industry. The value of property securing Cooperative Loans and the delinquency rates for Cooperative Loans could be adversely affected if the current favorable tax treatment of cooperative tenant stockholders were to become less favorable. See “Certain Legal Aspects of Mortgage Loans and Contracts.” In addition, even where values of mortgaged properties generally remain constant, manufactured homes typically depreciate in value.

To the extent that losses resulting from delinquencies, losses and foreclosures or repossession of mortgaged property for mortgage loans or contracts included in a trust for a series of certificates are not covered by the methods of credit enhancement described in this prospectus under “Description of Credit Enhancement” or in the accompanying prospectus supplement, the losses will be borne by holders of the certificates of the related series. Even where credit enhancement covers all Realized Losses resulting from delinquency and foreclosure or repossession, the effect of foreclosures and repossessions may be to increase prepayment experience on the mortgage collateral, thus reducing average weighted life and affecting yield to maturity. See “Yield Considerations.”

Under some circumstances, the master servicer or a servicer may have the option to purchase the mortgage loans in a trust. See “The Pooling and Servicing Agreement—Termination; Retirement of Certificates.” Any repurchase will shorten the weighted average lives of the related certificates. Furthermore, as described under “The Pooling and Servicing Agreement—Termination; Retirement of Certificates,” a holder of the Call Class will have the right, solely at its discretion, to terminate the related trust and thereby effect early retirement of the certificates of the series, on any distribution date after the 12th distribution date following the date of initial issuance of the related series of certificates and until the date when the optional termination rights of the master servicer or the servicer become exercisable. Any such termination will shorten the weighted average lives of the related certificates.

CERTAIN LEGAL ASPECTS OF MORTGAGE LOANS AND CONTRACTS

The following discussion contains summaries of some legal aspects of mortgage loans and manufactured housing contracts that are general in nature. Because these legal aspects are governed in part by state law, which laws may differ substantially from state to state, the summaries do not purport to be complete, to reflect the laws of any particular state or to encompass the laws of all states in which the mortgaged properties may

be situated. The summaries are qualified in their entirety by reference to the applicable federal and state laws governing the mortgage loans.

The Mortgage Loans

General

The mortgage loans, other than Cooperative Loans, will be secured by deeds of trust, mortgages or deeds to secure debt depending upon the prevailing practice in the state in which the related mortgaged property is located. In some states, a mortgage, deed of trust or deed to secure debt creates a lien upon the related real property. In other states, the mortgage, deed of trust or deed to secure debt conveys legal title to the property to the mortgagee subject to a condition subsequent, for example, the payment of the indebtedness secured thereby. These instruments are not prior to the lien for real estate taxes and assessments and other charges imposed under governmental police powers. Priority with respect to these instruments depends on their terms and in some cases on the terms of separate subordination or inter-creditor agreements, and generally on the order of recordation of the mortgage deed of trust or deed to secure debt in the appropriate recording office.

There are two parties to a mortgage, the mortgagor, who is the borrower and homeowner, and the mortgagee, who is the lender. Under the mortgage instrument, the mortgagor delivers to the mortgagee a note or bond and the mortgage. In some states, three parties may be involved in a mortgage financing when title to the property is held by a land trustee under a land trust agreement of which the borrower is the beneficiary; at origination of a mortgage loan, the land trustee, as fee owner of the property, executes the mortgage and the borrower executes a separate undertaking to make payments on the mortgage note. Although a deed of trust is similar to a mortgage, a deed of trust has three parties: the grantor, who is the borrower/homeowner; the beneficiary, who is the lender; and a third-party grantee called the trustee. Under a deed of trust, the borrower grants the mortgaged property to the trustee, irrevocably until satisfaction of the debt. A deed to secure debt typically has two parties, under which the borrower, or grantor, conveys title to the real property to the grantee, or lender, typically with a power of sale, until the time when the debt is repaid. The trustee's authority under a deed of trust and the mortgagee's or grantee's authority under a mortgage or a deed to secure debt, as applicable, are governed by the law of the state in which the real property is located, the express provisions of the deed of trust, mortgage or deed to secure debt and, in some deed of trust transactions, the directions of the beneficiary.

Cooperative Loans

If specified in the prospectus supplement relating to a series of certificates, the mortgage loans may include Cooperative Loans. Each Cooperative Note evidencing a Cooperative Loan will be secured by a security interest in shares issued by the Cooperative that owns the related apartment building, which is a corporation entitled to be treated as a housing cooperative under federal tax law, and in the related proprietary lease or occupancy agreement granting exclusive rights to occupy a specific dwelling unit in the Cooperative's building. The security agreement will create a lien upon, or grant a security interest in, the Cooperative shares and proprietary leases or occupancy agreements, the priority of which will depend on, among other things, the terms of the particular security agreement as well as the order of recordation of the agreement, or the filing of the financing statements related thereto, in the appropriate recording office or the taking of possession of the Cooperative shares, depending on the law of the state in which the Cooperative is located. This type of lien or security interest is not, in general, prior to liens in favor of the cooperative corporation for unpaid assessments or common charges. This type of lien or security interest is not prior to the lien for real estate taxes and assessments and other charges imposed under governmental police powers.

The accompanying prospectus supplement will specify the geographic location of the collateral for Cooperative Loans. In general, all Cooperative buildings relating to the Cooperative Loans are located in the State of New York. In most cases, each Cooperative owns in fee or has a leasehold interest in all the real property and owns in fee or leases the building and all separate dwelling units therein. The Cooperative is directly responsible for property management and, in most cases, payment of real estate taxes, other governmental impositions and hazard and liability insurance. If there is an underlying mortgage or mortgages on the Cooperative's building or underlying land, as is typically the case, or an underlying lease of the land, as is the case in some instances, the Cooperative, as mortgagor or lessee, as the case may be, is also responsible for fulfilling the mortgage or rental obligations.

An underlying mortgage loan is ordinarily obtained by the Cooperative in connection with either the construction or purchase of the Cooperative's building or the obtaining of capital by the Cooperative. The interest of the occupant under proprietary leases or occupancy agreements as to which that Cooperative is the landlord is usually subordinate to the interest of the holder of an underlying mortgage and to the interest of the holder of a land lease. If the Cooperative is unable to meet the payment obligations (i) arising under an underlying mortgage, the mortgagee holding an underlying mortgage could foreclose on that mortgage and terminate all subordinate proprietary leases and occupancy agreements or (ii) arising under its land lease, the holder of the landlord's interest under the land lease could terminate it and all subordinate proprietary leases and occupancy agreements. In addition, an underlying mortgage on a Cooperative may provide financing in the form of a mortgage that does not fully amortize, with a significant portion of principal being due in one final payment at maturity. The inability of the Cooperative to refinance a mortgage and its consequent inability to make the final payment could lead to foreclosure by the mortgagee. Similarly, a land lease has an expiration date and the inability of the Cooperative to extend its term or, in the alternative, to purchase the land, could lead to termination of the Cooperative's interest in the property and termination of all proprietary leases and occupancy agreements. In either event, a foreclosure by the holder of an underlying mortgage or the termination of the underlying lease could eliminate or significantly diminish the value of any collateral held by the lender who financed the purchase by an individual tenant-stockholder of shares of the Cooperative, or in the case of the mortgage loans, the collateral securing the Cooperative Loans.

Each Cooperative is owned by shareholders, referred to as tenant-stockholders, who, through ownership of stock or shares in the Cooperative, receive proprietary leases or occupancy agreements which confer exclusive rights to occupy specific dwellings. In most instances, a tenant-stockholder of a Cooperative must make a monthly maintenance payment to the Cooperative under the proprietary lease, which rental payment represents the tenant-stockholder's pro rata share of the Cooperative's payments for its underlying mortgage, real property taxes, maintenance expenses and other capital or ordinary expenses. An ownership interest in a Cooperative and accompanying occupancy rights may be financed through a Cooperative Loan evidenced by a Cooperative Note and secured by an assignment of and a security interest in the occupancy agreement or proprietary lease and a security interest in the related shares of the related Cooperative. The lender usually takes possession of the stock certificate and a counterpart of the proprietary lease or occupancy agreement and a financing statement covering the proprietary lease or occupancy agreement and the Cooperative shares is filed in the appropriate state or local offices to perfect the lender's interest in its collateral. In accordance with the limitations discussed below, upon default of the tenant-stockholder, the lender may sue for judgment on the Cooperative Note, dispose of the collateral at a public or private sale or otherwise proceed against the collateral or tenant-stockholder as an individual as provided in the security agreement covering the assignment of the proprietary lease or occupancy agreement and the pledge of Cooperative shares. See "—Foreclosure on Shares of Cooperatives" below.

Tax Aspects of Cooperative Ownership

In general, a “tenant-stockholder,” as defined in Section 216(b)(2) of the Internal Revenue Code, of a corporation that qualifies as a “cooperative housing corporation” within the meaning of Section 216(b)(1) of the Internal Revenue Code is allowed a deduction for amounts paid or accrued within his or her taxable year to the corporation representing his or her proportionate share of certain interest expenses and real estate taxes allowable as a deduction under Section 216(a) of the Internal Revenue Code to the corporation under Sections 163 and 164 of the Internal Revenue Code. In order for a corporation to qualify under Section 216(b)(1) of the Internal Revenue Code for its taxable year in which those items are allowable as a deduction to the corporation, the section requires, among other things, that at least 80% of the gross income of the corporation be derived from its tenant-stockholders. By virtue of this requirement, the status of a corporation for purposes of Section 216(b)(1) of the Internal Revenue Code must be determined on a year-to-year basis. Consequently, there can be no assurance that Cooperatives relating to the Cooperative Loans will qualify under this section for any particular year. If a Cooperative fails to qualify for one or more years, the value of the collateral securing any related Cooperative Loans could be significantly impaired because no deduction would be allowable to tenant-stockholders under Section 216(a) of the Internal Revenue Code with respect to those years. In view of the significance of the tax benefits accorded tenant-stockholders of a corporation that qualifies under Section 216(b)(1) of the Internal Revenue Code, the likelihood that this type of failure would be permitted to continue over a period of years appears remote.

Foreclosure on Mortgage Loans

Although a deed of trust or a deed to secure debt may also be foreclosed by judicial action, foreclosure of a deed of trust or a deed to secure debt is typically accomplished by a non-judicial sale under a specific provision in the deed of trust or deed to secure debt which authorizes the trustee or grantee, as applicable, to sell the property upon default by the borrower under the terms of the note or deed of trust or deed to secure debt. In addition to any notice requirements contained in a deed of trust or deed to secure debt, in some states, the trustee or grantee, as applicable, must record a notice of default and send a copy to the borrower and to any person who has recorded a request for a copy of notice of default and notice of sale. In addition, in some states, the trustee or grantee, as applicable, must provide notice to any other individual having an interest of record in the real property, including any junior lienholders. If the deed of trust or deed to secure debt is not reinstated within a specified period, a notice of sale must be posted in a public place and, in most states, published for a specific period of time in one or more newspapers. In addition, some states’ laws require that a copy of the notice of sale be posted on the property and sent to all parties having an interest of record in the real property.

In some states, the borrower has the right to reinstate the loan at any time following default until shortly before the trustee’s sale. In most cases, in those states, the borrower, or any other person having a junior encumbrance on the real estate, may, during a reinstatement period, cure the default by paying the entire amount in arrears plus the costs and expenses incurred in enforcing the obligation.

An action to foreclose a mortgage is an action to recover the mortgage debt by enforcing the mortgagee’s rights under the mortgage and in the mortgaged property and compelling a sale of the mortgaged property to satisfy the debt. It is regulated by statutes and rules, and in most cases a borrower is bound by the terms of the mortgage note and the mortgage as made and cannot be relieved from its own default. However, a court may exercise equitable powers to relieve a borrower of a default and deny the mortgagee foreclosure. Under various circumstances a court of equity may relieve the borrower from a non-monetary default where that default was not willful or where a monetary default, such as failure to pay real estate taxes, can be cured before completion of the foreclosure and there is no substantial prejudice to the mortgagee.

Foreclosure of a mortgage usually is accomplished by judicial action. In most cases, the action is initiated by the service of legal pleadings

upon all parties having an interest of record in the real property. Delays in completion of the foreclosure may result from difficulties in locating and serving necessary parties, including borrowers, such as international borrowers, located outside the jurisdiction in which the mortgaged property is located. Difficulties in foreclosing on mortgaged properties owned by international borrowers may result in increased foreclosure costs, which may reduce the amount of proceeds from the liquidation of the related mortgage loan available to be distributed to the certificateholders of the related series. If the mortgagee's right to foreclose is contested, the legal proceedings necessary to resolve the issue can be time-consuming.

In the case of foreclosure under a mortgage, a deed of trust or deed to secure debt, the sale by the referee or other designated officer or by the trustee or grantee, as applicable, is a public sale. However, because of the difficulty a potential buyer at the sale may have in determining the exact status of title and because the physical condition of the property may have deteriorated during the foreclosure proceedings, it is uncommon for a third party to purchase the property at a foreclosure sale. Rather, it is common for the lender to purchase the property from the trustee or grantee, as applicable, or referee for a credit bid less than or equal to the unpaid principal amount of the loan, accrued and unpaid interest and the expense of foreclosure, in which case the mortgagor's debt will be extinguished unless the lender purchases the property for a lesser amount and preserves its right against a borrower to seek a deficiency judgment and the remedy is available under state law and the related loan documents. In the same states, there is a statutory minimum purchase price which the lender may offer for the property and generally, state law controls the amount of foreclosure costs and expenses, including attorneys' fees, which may be recovered by a lender. Thereafter, subject to the right of the borrower in some states to remain in possession during the redemption period, the lender will assume the burdens of ownership, including obtaining hazard insurance, paying taxes and making repairs at its own expense that are necessary to render the property suitable for sale. In most cases, the lender will obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the lender's investment in the property and, in some states, the lender may be entitled to a deficiency judgment. In some cases, a deficiency judgment may be pursued in lieu of foreclosure. Any loss may be reduced by the receipt of any mortgage insurance proceeds or other forms of credit enhancement for a series of certificates. See "Description of Credit Enhancement."

Foreclosure on Mortgaged Properties Located in the Commonwealth of Puerto Rico

Under the laws of the Commonwealth of Puerto Rico the foreclosure of a real estate mortgage usually follows an ordinary "civil action" filed in the Superior Court for the district where the mortgaged property is located. If the defendant does not contest the action filed, a default judgment is rendered for the plaintiff and the mortgaged property is sold at public auction, after publication of the sale for two weeks, by posting written notice in three public places in the municipality where the auction will be held, in the tax collection office and in the public school of the municipality where the mortgagor resides, if known. If the residence of the mortgagor is not known, publication in one of the newspapers of general circulation in the Commonwealth of Puerto Rico must be made at least once a week for two weeks. There may be as many as three public sales of the mortgaged property. If the defendant contests the foreclosure, the case may be tried and judgment rendered based on the merits of the case.

There are no redemption rights after the public sale of a foreclosed property under the laws of the Commonwealth of Puerto Rico. Commonwealth of Puerto Rico law provides for a summary proceeding for the foreclosure of a mortgage, but it is very seldom used because of concerns regarding the validity of those actions. The process may be expedited if the mortgagee can obtain the consent of the defendant to the execution of a deed in lieu of foreclosure.

Under Commonwealth of Puerto Rico law, in the case of the public sale upon foreclosure of a mortgaged property that (a) is subject to a mortgage loan that was obtained for a purpose other than the financing or refinancing of the acquisition, construction or improvement of the property and (b) is occupied by the mortgagor as his principal residence, the mortgagor of the property has a right to be paid the first \$1,500 from the proceeds obtained on the public sale of the property. The mortgagor can claim this sum of money from the mortgagee at any time prior to the public sale or up to one year after the sale. This payment would reduce the amount of sales proceeds available to satisfy the mortgage loan and may increase the amount of the loss.

Foreclosure on Shares of Cooperatives

The Cooperative shares owned by the tenant-stockholder, together with the rights of the tenant-stockholder under the proprietary lease or occupancy agreement, are pledged to the lender and are, in almost all cases, subject to restrictions on transfer as described in the Cooperative's certificate of incorporation and by-laws, as well as in the proprietary lease or occupancy agreement. The proprietary lease or occupancy agreement, even while pledged, may be cancelled by the Cooperative for failure by the tenant-stockholder to pay rent or other obligations or charges owed by the tenant-stockholder, including mechanics' liens against the Cooperative's building incurred by the tenant-stockholder.

In most cases, rent and other obligations and charges arising under a proprietary lease or occupancy agreement that are owed to the Cooperative become liens upon the shares to which the proprietary lease or occupancy agreement relates. In addition, the proprietary lease or occupancy agreement generally permits the Cooperative to terminate the lease or agreement if the borrower defaults in the performance of covenants thereunder. Typically, the lender and the Cooperative enter into a recognition agreement which, together with any lender protection provisions contained in the proprietary lease or occupancy agreement, establishes the rights and obligations of both parties in the event of a default by the tenant-stockholder on its obligations under the proprietary lease or occupancy agreement. A default by the tenant-stockholder under the proprietary lease or occupancy agreement will usually constitute a default under the security agreement between the lender and the tenant-stockholder.

The recognition agreement generally provides that, if the tenant-stockholder has defaulted under the proprietary lease or occupancy agreement, the Cooperative will take no action to terminate the lease or agreement until the lender has been provided with notice of and an opportunity to cure the default. The recognition agreement typically provides that if the proprietary lease or occupancy agreement is terminated, the Cooperative will recognize the lender's lien against proceeds from a sale of the shares and the proprietary lease or occupancy agreement allocated to the dwelling, subject, however, to the Cooperative's right to sums due under the proprietary lease or occupancy agreement or which have become liens on the shares relating to the proprietary lease or occupancy agreement. The total amount owed to the Cooperative by the tenant-stockholder, which the lender generally cannot restrict and does not monitor, could reduce the amount realized upon a sale of the collateral below the outstanding principal balance of the Cooperative Loan and accrued and unpaid interest thereon.

Recognition agreements also typically provide that if the lender succeeds to the tenant-shareholder's shares and proprietary lease or occupancy agreement as the result of realizing upon its collateral for a Cooperative Loan, the lender must obtain the approval or consent of the board of directors of the Cooperative as required by the proprietary lease before transferring the Cooperative shares and assigning the proprietary lease. This approval or consent is usually based on the prospective purchaser's income and net worth, among other factors, and may significantly reduce the number of potential purchasers, which could limit the ability of the lender to sell and realize upon the value of the collateral. In most cases, the lender is not limited in any rights it may have to dispossess the tenant-stockholder.

Because of the nature of Cooperative Loans, lenders do not usually require either the tenant-stockholder (that is, the borrower) or the Cooperative to obtain title insurance of any type. Consequently, the existence of any prior liens or other imperfections of title affecting the Cooperative's building or real estate also may adversely affect the marketability of the shares allocated to the dwelling unit in the event of foreclosure.

A foreclosure on the Cooperative shares is accomplished by public sale in accordance with the provisions of Article 9 of the Uniform Commercial Code, or UCC, and the security agreement relating to those shares. Article 9 of the UCC requires that a sale be conducted in a "commercially reasonable" manner. Whether a sale has been conducted in a "commercially reasonable" manner will depend on the facts in each case. In determining commercial reasonableness, a court will look to the notice given the debtor and the method, manner, time, place and terms of the sale and the sale price. In most instances, a sale conducted according to the usual practice of creditors selling similar collateral in the same area will be considered reasonably conducted.

Article 9 of the UCC provides that the proceeds of the sale will be applied first to pay the costs and expenses of the sale and then to satisfy the indebtedness secured by the lender's security interest. The recognition agreement, however, generally provides that the lender's right to reimbursement is subject to the right of the Cooperative corporation to receive sums due under the proprietary lease or occupancy agreement. If there are proceeds remaining, the lender must account to the tenant-stockholder for the surplus. On the other hand, if a portion of the indebtedness remains unpaid, the tenant-stockholder is generally responsible for the deficiency. See "—Anti-Deficiency Legislation and Other Limitations on Lenders" below.

Rights of Redemption

In some states, after sale pursuant to a deed of trust, or a deed to secure debt or foreclosure of a mortgage, the borrower and foreclosed junior lienors or other parties are given a statutory period, typically ranging from six months to two years, in which to redeem the property from the foreclosure sale. In some states, redemption may occur only upon payment of the entire principal balance of the loan, accrued interest and expenses of foreclosure. In other states, redemption may be authorized if the former borrower pays only a portion of the sums due. In some states, the right to redeem is an equitable right. The equity of redemption, which is a non-statutory right, should be distinguished from statutory rights of redemption. The effect of a statutory right of redemption is to diminish the ability of the lender to sell the foreclosed property. The rights of redemption would defeat the title of any purchaser subsequent to foreclosure or sale under a deed of trust or a deed to secure debt. Consequently, the practical effect of the redemption right is to force the lender to maintain the property and pay the expenses of ownership until the redemption period has expired.

Anti-Deficiency Legislation and Other Limitations on Lenders

Some states have imposed statutory prohibitions which limit the remedies of a beneficiary under a deed of trust, a mortgagee under a mortgage or a grantee under a deed to secure debt. In some states, including California, statutes limit the right of the beneficiary, mortgagee or grantee to obtain a deficiency judgment against the borrower following foreclosure. A deficiency judgment is a personal judgment against the former borrower equal in most cases to the difference between the net amount realized upon the public sale of the real property and the amount due to the lender. In the case of a mortgage loan secured by a property owned by a trust where the mortgage note is executed on behalf of the

trust, a deficiency judgment against the trust following foreclosure or sale under a deed of trust or deed to secure debt, even if obtainable under applicable law, may be of little value to the beneficiary, grantee or mortgagee if there are no assets against which the deficiency judgment may be executed. Some state statutes require the beneficiary, grantee or mortgagee to exhaust the security afforded under a deed of trust, deed to secure debt or mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the borrower.

In other states, the lender has the option of bringing a personal action against the borrower on the debt without first exhausting the security; however, in some of these states, the lender, following judgment on the personal action, may be deemed to have elected a remedy and may be precluded from exercising remedies with respect to the security. Consequently, the practical effect of the election requirement, in those states permitting this election, is that lenders will usually proceed against the security first rather than bringing a personal action against the borrower. Finally, in some states, statutory provisions limit any deficiency judgment against the borrower following a foreclosure to the excess of the outstanding debt over the fair value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a beneficiary, grantee or mortgagee from obtaining a large deficiency judgment against the borrower as a result of low or no bids at the judicial sale.

Generally, Article 9 of the UCC governs foreclosure on Cooperative shares and the related proprietary lease or occupancy agreement. Some courts have interpreted Article 9 to prohibit or limit a deficiency award in some circumstances, including circumstances where the disposition of the collateral, which, in the case of a Cooperative Loan, would be the shares of the Cooperative and the related proprietary lease or occupancy agreement, was not conducted in a commercially reasonable manner.

In addition to laws limiting or prohibiting deficiency judgments, numerous other federal and state statutory provisions, including the federal bankruptcy laws and state laws affording relief to debtors, may interfere with or affect the ability of the secured mortgage lender to realize upon its collateral and/or enforce a deficiency judgment. For example, under the federal bankruptcy law, all actions against the debtor, the debtor's property and any co-debtor are automatically stayed upon the filing of a bankruptcy petition. Moreover, a court having federal bankruptcy jurisdiction may permit a debtor through its Chapter 11 or Chapter 13 rehabilitative plan to cure a monetary default relating to a mortgage loan on the debtor's residence by paying arrearages within a reasonable time period and reinstating the original mortgage loan payment schedule, even though the lender accelerated the mortgage loan and final judgment of foreclosure had been entered in state court. Some courts with federal bankruptcy jurisdiction have approved plans, based on the particular facts of the reorganization case, that effected the curing of a mortgage loan default by paying arrearages over a number of years.

Courts with federal bankruptcy jurisdiction have also indicated that the terms of a mortgage loan secured by property of the debtor, which is a Cooperative Loan, or which is secured by additional collateral in addition to the related mortgaged property, may be modified. These courts have allowed modifications that include reducing the amount of each monthly payment, changing the rate of interest and altering the repayment schedule. In general, except as provided below with respect to junior liens, the terms of a mortgage loan secured only by a mortgage on a real property that is the debtor's principal residence may not be modified under a plan confirmed under Chapter 13, as opposed to Chapter 11, except with respect to mortgage payment arrearages, which may be cured within a reasonable time period.

The United States Supreme Court has held that so long as a mortgage loan is fully or partially secured by the related mortgaged property, the amount of the mortgage loan may not be reduced, or "crammed down," in connection with a bankruptcy petition filed by the mortgagor. However, United States Circuit Court of Appeals decisions have held that in the event of a Chapter 13 bankruptcy filing by a mortgagor, in the event the value of the related mortgaged property at the time of the filing is less than the amount of any first lien, any unsecured junior liens may be

“crammed down” in the bankruptcy court and discharged. As a result, in the event of a decline in the value of a mortgaged property, the amount of any junior liens may be reduced by a bankruptcy judge in a Chapter 13 filing, without any liquidation of the related mortgaged property. Any such reduction would be treated as a Bankruptcy Loss.

Certain tax liens arising under the Internal Revenue Code may, in some circumstances, have priority over the lien of a mortgage, deed to secure debt or deed of trust. This may have the effect of delaying or interfering with the enforcement of rights with respect to a defaulted mortgage loan.

In addition, substantive requirements are imposed upon mortgage lenders in connection with the origination and the servicing of mortgage loans by numerous federal and some state consumer protection laws. These laws include the federal Truth-in-Lending Act, as implemented by Regulation Z, Real Estate Settlement Procedures Act, as implemented by Regulation X, Equal Credit Opportunity Act, as implemented by Regulation B, Fair Credit Billing Act, Fair Credit Reporting Act and related statutes. These federal laws impose specific statutory liabilities upon lenders who originate mortgage loans and who fail to comply with the provisions of the law. In some cases, this liability may affect assignees of the mortgage loans. In particular, an originator’s failure to comply with certain requirements of the federal Truth-in-Lending Act, as implemented by Regulation Z, could subject both originators and assignees of such obligations to monetary penalties and could result in the obligors’ rescinding the mortgage loans either against either the originators or assignees.

Homeownership Act and Similar State Laws

Some mortgage loans and contracts may be subject to special rules, disclosure requirements and other provisions that were added to the federal Truth-in-Lending Act by the Home Ownership and Equity Protection Act of 1994, or Homeownership Act, if such trust assets were originated on or after October 1, 1995, are not loans made to finance the purchase of the mortgaged property and have interest rates or origination costs in excess of certain prescribed levels. The Homeownership Act requires certain additional disclosures, specifies the timing of those disclosures and limits or prohibits inclusion of certain provisions in mortgages subject to the Homeownership Act. Purchasers or assignees of a mortgage loan subject to the Homeownership Act, including any trust, could be liable under federal law for all claims and subject to all defenses that the borrower could assert against the originator of the loan, under the federal Truth-in-Lending Act or any other law, unless the purchaser or assignee did not know and could not with reasonable diligence have determined that the loan was subject to the provisions of the Homeownership Act. Remedies available to the borrower include monetary penalties, as well as rescission rights if appropriate disclosures were not given as required or if the particular mortgage includes provisions prohibited by the law. The maximum damages that may be recovered under these provisions from an assignee, including the trust, is the remaining amount of indebtedness plus the total amount paid by the borrower in connection with the mortgage loan.

In addition to the Homeownership Act, a number of legislative proposals have been introduced at both the federal and state level that are designed to discourage predatory lending practices. Some states have enacted, and other states or local governments may enact, laws that impose requirements and restrictions greater than those in the Homeownership Act. These laws prohibit inclusion of some provisions in mortgage loans that have interest rates or origination costs in excess of prescribed levels, and require that borrowers be given certain disclosures prior to the consummation of the mortgage loans. Purchasers or assignees of such a mortgage loan, including the related trust, could be exposed to all claims and defenses that the mortgagor could assert against the originator of the mortgage loan for a violation of state law. Claims and defenses available to the borrower could include monetary penalties, rescission and defenses to a foreclosure action or an action to collect.

Except in the case of a Designated Seller Transaction, Residential Funding will represent and warrant that all of the mortgage loans in the mortgage pool complied in all material respects with all applicable local, state and federal laws at the time of origination. Although Residential Funding will be obligated to repurchase any mortgage loan as to which a breach of its representation and warranty has occurred if that breach is material and adverse to the interests of the certificateholders, the repurchase price of those mortgage loans could be less than the damages and/or equitable remedies imposed pursuant to various state laws.

Lawsuits have been brought in various states making claims against assignees of loans subject to the Homeownership Act for violations of federal and state law allegedly committed by the originator. Named defendants in these cases include numerous participants within the secondary mortgage market, including some securitization trusts.

Enforceability of Certain Provisions

Unless the prospectus supplement indicates otherwise, the mortgage loans contain due-on-sale clauses. These clauses permit the lender to accelerate the maturity of the loan if the borrower sells, transfers or conveys the property. The enforceability of these clauses has been the subject of legislation or litigation in many states, and in some cases the enforceability of these clauses has been limited or denied. However, the Garn-St Germain Depository Institutions Act of 1982, or Garn-St Germain Act, preempts state constitutional, statutory and case law that prohibit the enforcement of due-on-sale clauses and permits lenders to enforce these clauses in accordance with their terms, subject to limited exceptions. The Garn-St Germain Act does “encourage” lenders to permit assumption of loans at the original rate of interest or at some other rate less than the average of the original rate and the market rate.

The Garn-St Germain Act also sets forth nine specific instances in which a mortgage lender covered by the Garn-St Germain Act may not exercise a due-on-sale clause, regardless of the fact that a transfer of the property may have occurred. These include intra-family transfers, certain transfers by operation of law, leases of fewer than three years and the creation of a junior encumbrance. Regulations promulgated under the Garn-St Germain Act also prohibit the imposition of a prepayment penalty upon the acceleration of a loan under a due-on-sale clause.

The inability to enforce a due-on-sale clause may result in a mortgage loan bearing an interest rate below the current market rate being assumed by a new home buyer rather than being paid off, which may have an impact upon the average life of the mortgage loans and the number of mortgage loans which may be outstanding until maturity.

Upon foreclosure, courts have imposed general equitable principles. These equitable principles are designed to relieve the borrower from the legal effect of its defaults under the loan documents. Examples of judicial remedies that have been fashioned include judicial requirements that the lender undertake affirmative and expensive actions to determine the causes for the borrower’s default and the likelihood that the borrower will be able to reinstate the loan. In some cases, courts have required that lenders reinstate loans or recast payment schedules in order to accommodate borrowers who are suffering from temporary financial disability. In other cases, courts have limited the right of the lender to foreclose if the default under the mortgage instrument is not monetary, including the borrower failing to adequately maintain the property. Finally, some courts have been faced with the issue of whether or not federal or state constitutional provisions reflecting due process concerns for adequate notice require that borrowers under deeds of trust, deeds to secure debt or mortgages receive notices in addition to the statutorily prescribed minimum. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust, or under a

deed to secure a debt or a mortgagee having a power of sale, does not involve sufficient state action to afford constitutional protections to the borrower.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, or Title V, provides that state usury limitations shall not apply to some types of residential first mortgage loans, including Cooperative Loans, originated by some lenders after March 31, 1980. A similar federal statute was in effect with respect to mortgage loans made during the first three months of 1980. The Office of Thrift Supervision, or OTS, is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized any state to impose interest rate limits by adopting, before April 1, 1983, a law or constitutional provision which expressly rejects application of the federal law. In addition, even where Title V is not so rejected, any state is authorized by the law to adopt a provision limiting discount points or other charges on mortgage loans covered by Title V. Certain states have taken action to reimpose interest rate limits or to limit discount points or other charges.

Residential Funding Company, LLC or a designated seller specified in the accompanying prospectus supplement will have represented that each mortgage loan was originated in compliance with then applicable state laws, including usury laws, in all material respects. However, the mortgage rates on the mortgage loans will be subject to applicable usury laws as in effect from time to time.

Alternative Mortgage Instruments

Alternative mortgage instruments, including adjustable-rate mortgage loans and early ownership mortgage loans, originated by non-federally chartered lenders, have historically been subjected to a variety of restrictions. These restrictions differed from state to state, resulting in difficulties in determining whether a particular alternative mortgage instrument originated by a state-chartered lender was in compliance with applicable law. These difficulties were alleviated substantially as a result of the enactment of Title VIII of the Garn-St Germain Act, or Title VIII. Title VIII provides that, regardless of any state law to the contrary:

- state-chartered banks may originate alternative mortgage instruments in accordance with regulations promulgated by the Comptroller of the Currency with respect to the origination of alternative mortgage instruments by national banks,
- state-chartered credit unions may originate alternative mortgage instruments in accordance with regulations promulgated by the National Credit Union Administration with respect to origination of alternative mortgage instruments by federal credit unions, and
- all other non-federally chartered housing creditors, including state-chartered savings and loan associations, state-chartered savings banks and mutual savings banks and mortgage banking companies, may originate alternative mortgage instruments in accordance with the regulations promulgated by the Federal Home Loan Bank Board, predecessor to the OTS, with respect to origination of alternative mortgage instruments by federal savings and loan associations.

Title VIII also provides that any state may reject applicability of the provisions of Title VIII by adopting, prior to October 15, 1985, a law or constitutional provision expressly rejecting the applicability of these provisions. Some states have taken this action.

The Contracts

General

A contract evidences both (a) the obligation of the mortgagor to repay the loan evidenced thereby and (b) the grant of a security interest in the manufactured home to secure repayment of the loan. Certain aspects of both features of the contracts are described below.

Security Interests in Manufactured Homes

Except as described in the next paragraph, under the laws of most states, manufactured housing constitutes personal property and is subject to the motor vehicle registration laws of the state or other jurisdiction in which the unit is located. In the few states in which certificates of title are not required for manufactured homes, security interests are perfected by the filing of a financing statement under the UCC. Those financing statements are effective for five years and must be renewed prior to the end of each five year period. The certificate of title laws adopted by the majority of states provide that ownership of motor vehicles and manufactured housing shall be evidenced by a certificate of title issued by the motor vehicles department, or a similar entity, of the state. In the states that have enacted certificate of title laws, a security interest in a unit of manufactured housing, so long as it is not attached to land in so permanent a fashion as to become a fixture, is, in most cases, perfected by the recording of the interest on the certificate of title to the unit in the appropriate motor vehicle registration office or by delivery of the required documents and payment of a fee to the office, depending on state law.

The lender, the servicer or the master servicer may effect the notation or delivery of the required documents and fees, and obtain possession of the certificate of title, as appropriate under the laws of the state in which any manufactured home securing a contract is registered. If the master servicer, the servicer or the lender fails to effect the notation or delivery, or files the security interest under the wrong law, for example, under a motor vehicle title statute rather than under the UCC, in a few states, the certificateholders may not have a first priority security interest in the manufactured home securing a contract. As manufactured homes have become larger and often have been attached to their sites without any apparent intention to move them, courts in many states have held that manufactured homes, under some circumstances, may become subject to real estate title and recording laws. As a result, a security interest in a manufactured home could be rendered subordinate to the interests of other parties claiming an interest in the home under applicable state real estate law. In order to perfect a security interest in a manufactured home under real estate laws, the holder of the security interest must record a mortgage, deed of trust or deed to secure debt, as applicable, under the real estate laws of the state where the manufactured home is located. These filings must be made in the real estate records office of the county where the manufactured home is located. The accompanying prospectus supplement will specify whether substantially all of the contracts will contain provisions prohibiting the mortgagor from permanently attaching the manufactured home to its site. So long as the mortgagor does not violate this agreement and a court does not hold that the manufactured home is real property, a security interest in the manufactured home will be governed by the certificate of title laws or the UCC, and the notation of the security interest on the certificate of title or the filing of a UCC financing statement will be effective to maintain the priority of the seller's security interest in the manufactured home. If, however, a manufactured home is permanently attached to its site or if a court determines that a manufactured home is real property, other parties could obtain an interest in the manufactured home which is prior to the security interest originally retained by the mortgage collateral seller and transferred to the depositor. In certain cases, the master servicer or the servicer, as applicable, may be required to perfect a security interest in the manufactured home under applicable real estate laws. If the real estate recordings are not required and if any of the foregoing events were to occur, the only recourse of the

certificateholders would be against Residential Funding Company, LLC or the mortgage collateral seller pursuant to its repurchase obligation for breach of representations or warranties.

The depositor will assign or cause to be assigned a security interest in the manufactured homes to the trustee on behalf of the certificateholders. See “Description of the Certificates — Assignment of the Contracts.” If a manufactured home is governed by the applicable motor vehicle laws of the relevant state neither the depositor nor the trustee will amend the certificates of title to identify the trustee as the new secured party. Accordingly, the depositor or any other entity as may be specified in the prospectus supplement will continue to be named as the secured party on the certificates of title relating to the manufactured homes. However, there exists a risk that, in the absence of an amendment to the certificate of title, the assignment of the security interest may not be held effective against subsequent purchasers of a manufactured home or subsequent lenders who take a security interest in the manufactured home or creditors of the assignor.

If the owner of a manufactured home moves it to a state other than the state in which the manufactured home initially is registered and if steps are not taken to re-perfect the trustee’s security interest in the state, the security interest in the manufactured home will cease to be perfected. While in many circumstances the trustee would have the opportunity to re-perfect its security interest in the manufactured home in the state of relocation, there can be no assurance that the trustee will be able to do so.

When a mortgagor under a contract sells a manufactured home, the trustee, or the servicer or the master servicer on behalf of the trustee, must surrender possession of the certificate of title or will receive notice as a result of its lien noted thereon and accordingly will have an opportunity to require satisfaction of the related lien before release of the lien.

Under the laws of most states, liens for repairs performed on a manufactured home take priority over a perfected security interest. The applicable mortgage collateral seller typically will represent that it has no knowledge of any liens with respect to any manufactured home securing payment on any contract. However, the liens could arise at any time during the term of a contract. No notice will be given to the trustee or certificateholders if a lien arises and the lien would not give rise to a repurchase obligation on the part of the party specified in the pooling and servicing agreement.

To the extent that manufactured homes are not treated as real property under applicable state law, contracts generally are “chattel paper” as defined in the UCC in effect in the states in which the manufactured homes initially were registered. Under the UCC, the sale of chattel paper is treated in a manner similar to perfection of a security interest in chattel paper. Under the pooling and servicing agreement, the master servicer or the depositor, as the case may be, will transfer physical possession of the contracts to the trustee or its custodian. In addition, the master servicer will make an appropriate filing of a financing statement in the appropriate states to give notice of the trustee’s ownership of the contracts. The contracts will not be stamped or marked otherwise to reflect their assignment from the depositor to the trustee. Therefore, if a subsequent purchaser were able to take physical possession of the contracts without notice of the assignment, the trustee’s interest in the contracts could be defeated. To the extent that manufactured homes are treated as real property under applicable state law, contracts will be treated in a manner similar to that described above with regard to mortgage loans. See “—The Mortgage Loans” above.

Enforcement of Security Interests in Manufactured Homes

The servicer or the master servicer on behalf of the trustee, to the extent required by the related pooling and servicing agreement, may take

action to enforce the trustee's security interest with respect to contracts in default by repossession and sale of the manufactured homes securing the defaulted contracts. So long as the manufactured home has not become subject to real estate law, a creditor generally can repossess a manufactured home securing a contract by voluntary surrender, by "self-help" repossession that is "peaceful" or, in the absence of voluntary surrender and the ability to repossess without breach of the peace, by judicial process. The holder of a manufactured housing contract generally must give the debtor a number of days' notice prior to commencement of any repossession. The UCC and consumer protection laws in most states place restrictions on repossession sales, including prior notice to the debtor and commercial reasonableness in effecting a repossession sale. The laws in most states also require that the debtor be given notice of any sales prior to resale of the unit so that the debtor may redeem the manufactured home at or before the resale.

Under the laws applicable in most states, a creditor is entitled to obtain a deficiency judgment from a debtor for any deficiency on repossession and resale of the manufactured home securing the related obligor's contract. However, some states impose prohibitions or limitations on deficiency judgments, and in many cases the defaulting debtor would have no assets with which to pay a judgment.

Certain statutory provisions, including federal and state bankruptcy and insolvency laws and general equitable principles, may limit or delay the ability of a lender to repossess and resell a manufactured home or enforce a deficiency judgment. For a discussion of deficiency judgments, see "—The Mortgage Loans — Anti-Deficiency Legislation and Other Limitations on Lenders" above.

Consumer Protection Laws

If the transferor of a consumer credit contract is also the seller of goods that give rise to the transaction, and, in certain cases, related lenders and assignees, the "Holder-in-Due-Course" rule of the Federal Trade Commission, or the FTC Rule, is intended to defeat the ability of the transferor to transfer the contract free of notice of claims by the debtor thereunder. The effect of this rule is to subject the assignee of the contract to all claims and defenses that the debtor could assert against the seller of goods. Liability under this rule is limited to amounts paid under a contract; however, the mortgagor also may be able to assert the rule to set off remaining amounts due as a defense against a claim brought against the mortgagor.

Numerous other federal and state consumer protection laws impose substantial requirements upon creditors involved in consumer finance. These laws include the federal Truth-in-Lending Act, as implemented by Regulation Z, the Equal Credit Opportunity Act, as implemented by Regulation B, the Fair Credit Reporting Act, the Real Estate Settlement Procedures Act, as implemented by Regulation X, the Fair Housing Act and related statutes. These laws can impose specific statutory liabilities upon creditors who fail to comply with their provisions. In some cases, this liability may affect an assignee's ability to enforce the related contract. In particular, the originator's failure to comply with certain requirements of the federal Truth-in-Lending Act, as implemented by Regulation Z, could subject both originators and assignees of such obligations to monetary penalties and could result in obligors' rescinding contracts against either the originators or assignees. In addition, some of the contracts may be subject to special rules, disclosure requirements and other provisions as discussed under "—The Mortgage Loans—Homeownership Act and Similar State Laws."

"Due-on-Sale" Clauses

The contracts, in general, prohibit the sale or transfer of the related manufactured homes without the consent of the depositor, the master

servicer or the servicer and permit the acceleration of the maturity of the contracts by the depositor, the master servicer or the servicer upon any sale or transfer that is not consented to. The depositor, the master servicer or the servicer generally will permit most transfers of manufactured homes and not accelerate the maturity of the related contracts. In certain cases, the transfer may be made by a delinquent mortgagor in order to avoid a repossession proceeding with respect to a manufactured home.

In the case of a transfer of a manufactured home after which the depositor desires to accelerate the maturity of the related contract, the depositor's ability to do so will depend on the enforceability under state law of the "due-on-sale" clause. The Garn-St Germain Act preempts, subject to certain exceptions and conditions, state laws prohibiting enforcement of "due-on-sale" clauses applicable to the manufactured homes. In some states the depositor or the master servicer may be prohibited from enforcing "due-on-sale" clauses in contracts relating to certain manufactured homes.

Applicability of Usury Laws

Title V provides that, subject to certain conditions, state usury limitations shall not apply to any loan that is secured by a first lien on certain kinds of manufactured housing. For a discussion of Title V, see "—The Mortgage Loans — Applicability of Usury Laws" above. Residential Funding Company, LLC or a designated seller specified in the accompanying prospectus supplement will represent that all of the contracts comply with applicable usury laws.

Environmental Legislation

Under the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or CERCLA, and under state law in some states, a secured party that takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, or operates a mortgaged property may become liable in some circumstances for the costs of cleaning up hazardous substances regardless of whether they have contaminated the property. CERCLA imposes strict, as well as joint and several, liability on several classes of potentially responsible parties, including current owners and operators of the property who did not cause or contribute to the contamination. Furthermore, liability under CERCLA is not limited to the original or unamortized principal balance of a loan or to the value of the property securing a loan. Lenders may be held liable under CERCLA as owners or operators unless they qualify for the secured creditor exemption to CERCLA. This exemption exempts from the definition of owners and operators those who, without participating in the management of a facility, hold indicia of ownership primarily to protect a security interest in the facility.

The Asset Conservation, Lender Liability and Deposit Insurance Act of 1996, or Conservation Act amended, among other things, the provisions of CERCLA with respect to lender liability and the secured creditor exemption. The Conservation Act offers substantial protection to lenders by defining the activities in which a lender can engage and still have the benefit of the secured creditor exemption. For a lender to be deemed to have participated in the management of a mortgaged property, the lender must actually participate in the operational affairs of the mortgaged property. The Conservation Act provides that "merely having the capacity to influence, or unexercised right to control" operations does not constitute participation in management. A lender will lose the protection of the secured creditor exemption only if it exercises decision-making control over the mortgagor's environmental compliance and hazardous substance handling and disposal practices, or assumes day-to-day management of substantially all operational functions of the mortgaged property. The Conservation Act also provides that a lender will continue to have the benefit of the secured creditor exemption even if it forecloses on a mortgaged property, purchases it at a foreclosure sale or accepts a

deed-in-lieu of foreclosure provided that the lender seeks to sell the mortgaged property at the earliest practicable commercially reasonable time on commercially reasonable terms.

Other federal and state laws in some circumstances may impose liability on a secured party that takes a deed-in-lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, or operates a mortgaged property on which contaminants other than CERCLA hazardous substances are present, including petroleum, agricultural chemicals, hazardous wastes, asbestos, radon, and lead-based paint. These cleanup costs may be substantial. It is possible that the cleanup costs could become a liability of a trust and reduce the amounts otherwise distributable to the holders of the related series of certificates. Moreover, some federal statutes and some states by statute impose an Environmental Lien. All subsequent liens on that property are usually subordinated to an Environmental Lien and, in some states, even prior recorded liens are subordinated to Environmental Liens. In the latter states, the security interest of the trustee in a related parcel of real property that is subject to an Environmental Lien could be adversely affected.

Traditionally, many residential mortgage lenders have not taken steps to evaluate whether contaminants are present with respect to any mortgaged property prior to the origination of the mortgage loan or prior to foreclosure or accepting a deed-in-lieu of foreclosure. Neither the depositor nor any master servicer will be required by any agreement to undertake any of these evaluations prior to foreclosure or accepting a deed-in-lieu of foreclosure. The depositor does not make any representations or warranties or assume any liability with respect to the absence or effect of contaminants on any mortgaged property or any casualty resulting from the presence or effect of contaminants. However, the master servicer will not be obligated to foreclose on any mortgaged property or accept a deed-in-lieu of foreclosure if it knows or reasonably believes that there are material contaminated conditions on the property. A failure so to foreclose may reduce the amounts otherwise available to certificateholders of the related series.

At the time the mortgage loans or contracts were originated, no environmental assessment or a very limited environment assessment of the mortgaged properties will have been conducted.

Servicemembers Civil Relief Act

Under the terms of the Relief Act a borrower who enters military service after the origination of the borrower's mortgage loan or contract, including a borrower who was in reserve status and is called to active duty after origination of the mortgage loan or contract, may not be charged interest, including fees and charges, above an annual rate of 6% during the period of the borrower's active duty status, unless a court orders otherwise upon application of the lender. The Relief Act applies to borrowers who are members of the Air Force, Army, Marines, Navy, National Guard, Reserves or Coast Guard, and officers of the U.S. Public Health Service or the National Oceanic and Atmospheric Administration and assigned to duty with the military.

Because the Relief Act applies to borrowers who enter military service, including reservists who are called to active duty, after origination of the related mortgage loan or contract, no information can be provided as to the number of mortgage loans or contracts that may be affected by the Relief Act. For mortgage loans or contracts included in a trust, application of the Relief Act would adversely affect, for an indeterminate period of time, the ability of the servicer or the master servicer, as applicable, to collect full amounts of interest on the mortgage collateral. Any shortfall in interest collections resulting from the application of the Relief Act or similar legislation or regulations, which would not be recoverable from the related mortgage loans or contracts, would result in a reduction of the amounts distributable to the holders of the related certificates, and

would not be covered by Advances or any form of credit enhancement provided in connection with the related series of certificates. In addition, the Relief Act imposes limitations that would impair the ability of the servicer or the master servicer, as applicable, to foreclose on an affected mortgage loan or contract during the mortgagor's period of active duty status, and, under some circumstances, during an additional three month period thereafter. Thus, if the Relief Act or similar legislation or regulations applies to any mortgage loan or contract that goes into default, there may be delays in payment and losses on the related certificates in connection therewith. Any other interest shortfalls, deferrals or forgiveness of payments on the mortgage loans or contracts resulting from similar legislation or regulations may result in delays in payments or losses to certificateholders of the related series.

Default Interest and Limitations on Prepayments

Forms of notes and mortgages used by lenders may contain provisions that obligate the borrower to pay a late charge or additional interest if payments are not timely made, and in some circumstances, may prohibit prepayments for a specified period and/or condition prepayments upon the borrower's payment of prepayment fees or yield maintenance penalties if the obligation is paid prior to maturity. In some states, there are or may be specific limitations upon the late charges that a lender may collect from a borrower for delinquent payments. Some states also limit the amounts that a lender may collect from a borrower as an additional charge if the loan is prepaid. In addition, the enforceability of provisions that provide for prepayment fees or penalties upon an involuntary prepayment is unclear under the laws of many states. Most conventional single-family mortgage loans may be prepaid in full or in part without penalty. The regulations of the Federal Home Loan Bank Board, as succeeded by the OTS, prohibit the imposition of a prepayment penalty or equivalent fee for or in connection with the acceleration of a loan by exercise of a due-on-sale clause. A mortgagee to whom a prepayment in full has been tendered may be compelled to give either a release of the mortgage or an instrument assigning the existing mortgage. The absence of a restraint on prepayment, particularly with respect to mortgage loans and/or contracts having higher mortgage rates, may increase the likelihood of refinancing or other early retirements of the mortgage loans and/or contracts.

Some state laws restrict the imposition of prepayment charges even when the loans expressly provide for the collection of those charges. The Alternative Mortgage Transaction Parity Act of 1982, or the Parity Act, permits the collection of prepayment charges in connection with some types of loans subject to the Parity Act, or Parity Act loans, preempting any contrary state law prohibitions. However, some states may not recognize the preemptive authority of the Parity Act or have opted out of the Parity Act. Moreover, the OTS, the agency that administers the application of the Parity Act to some types of mortgage lenders that are not chartered under federal law, withdrew its favorable regulations and opinions that previously authorized those lenders, notwithstanding contrary state law, to charge prepayment charges and late fees on Parity Act loans in accordance with OTS rules. The withdrawal is effective with respect to Parity Act loans originated on or after July 1, 2003. The OTS's action does not affect Parity Act loans originated before July 1, 2003. It is possible that prepayment charges may not be collected even on loans that provide for the payment of these charges. The master servicer or another entity identified in the accompanying prospectus supplement will be entitled to all prepayment charges and late payment charges received on the loans and these amounts will not be available for payment on the certificates.

Forfeitures in Drug and RICO Proceedings

Federal law provides that property owned by persons convicted of drug-related crimes or of criminal violations of the Racketeer Influenced and Corrupt Organizations, or RICO, statute can be seized by the government if the property was used in, or purchased with the proceeds of, those crimes. Under procedures contained in the Comprehensive Crime Control Act of 1984, the government may seize the property even before

conviction. The government must publish notice of the forfeiture proceeding and may give notice to all parties “known to have an alleged interest in the property,” including the holders of mortgage loans.

A lender may avoid forfeiture of its interest in the property if it establishes that: (i) its mortgage was executed and recorded before commission of the crime upon which the forfeiture is based, or (ii) the lender was, at the time of execution of the mortgage, “reasonably without cause to believe” that the property was used in, or purchased with the proceeds of, illegal drug or RICO activities.

MATERIAL FEDERAL INCOME TAX CONSEQUENCES

General

The following is a discussion of the material federal income tax consequences of the purchase, ownership and disposition of the certificates. The following discussion is based on the advice of Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP as to the anticipated material federal income tax consequences of the purchase, ownership and disposition of the certificates offered hereunder. This discussion is directed solely to certificateholders that hold the certificates as capital assets within the meaning of Section 1221 of the Internal Revenue Code and does not purport to discuss all federal income tax consequences that may be applicable to particular individual circumstances,, including those of banks, insurance companies, foreign investors, tax-exempt organizations, dealers in securities or currencies, mutual funds, real estate investment trusts, S corporations, estates and trusts, securityholders that hold the securities as part of a hedge, straddle, integrated or conversion transaction, or securityholders whose functional currency is not the United States dollar. Also, it does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a securityholder.

The following discussion addresses REMIC certificates representing interests in a trust, or a portion thereof, which the master servicer or Certificate Administrator, as applicable, will covenant to elect to have treated as a REMIC under Sections 860A through 860G or REMIC Provisions of the Internal Revenue Code. The prospectus supplement for each series of certificates will indicate whether a REMIC election or elections will be made for the related trust and, if that election is to be made, will identify all “regular interests” and “residual interests” in the REMIC. If a REMIC election will not be made for a trust, the federal income consequences of the purchase, ownership and disposition of the related certificates will be described in the accompanying prospectus supplement. For purposes of this tax discussion, references to a “certificateholder” or a “holder” are to the beneficial owner of a certificate.

If a REMIC election is not made upon the issuance of a particular series because, for example, a structure is being used whereby notes are being issued by and owner trust, an opinion of counsel relating to the tax consequences of that structure will be filed prior to the initial sale of the related certificates. Furthermore, the tax discussion relating to that structure will be provided in the prospectus supplement for that series.

The following discussion is based in part upon the OID regulations and in part upon the REMIC regulations. The OID regulations, which are effective with respect to debt instruments issued on or after April 4, 1994, do not adequately address some issues relevant to, and in some instances provide that they are not applicable to, securities similar to the certificates.

In addition, the authorities on which this discussion, and the opinion referred to below, are based are subject to change or differing interpretations, which could apply retroactively. An opinion of counsel is not binding on the Internal Revenue Service or the courts, and no rulings

have been or will be sought from the IRS with respect to any of the federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Taxpayers and preparers of tax returns, including those filed by any REMIC or other issuer, should be aware that under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice (i) is given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions, and (ii) is directly relevant to the determination of an entry on a tax return. This summary and the opinions contained herein may not be able to be relied upon to avoid any income tax penalties that may be imposed with respect to the Securities. Accordingly, taxpayers are encouraged to consult their tax advisors and tax return preparers regarding the preparation of any item on a tax return and the application of United States federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdictions, to their particular situations, even where the anticipated tax treatment has been discussed in this prospectus or in a prospectus supplement. See “State and Other Tax Consequences.”

Opinions

Upon the issuance of each series of REMIC Certificates, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP, counsel to the depositor, will provide its opinion generally to the effect that, assuming (i) compliance with all provisions of the related pooling and servicing agreement, (ii) certain representations set forth in the related pooling and servicing agreement are true, (iii) there is continued compliance with applicable provisions of the Internal Revenue Code, as it may be amended from time to time, and applicable Treasury regulations issued thereunder and (iv) a REMIC election is made timely in the required form, for federal income tax purposes, the related trust, or each applicable group of assets held by the related trust as to which an election to be treated as a REMIC will be made, will qualify as a REMIC and the offered REMIC Certificates will be considered to evidence ownership of REMIC regular interests or REMIC residual interests in that REMIC within the meaning of the REMIC Provisions.

Neither Orrick, Herrington & Sutcliffe LLP nor Mayer, Brown, Rowe & Maw LLP has been asked to opine on any other material federal income tax matter, and the balance of this summary is a discussion of the United States federal income taxation of pools of assets for which a REMIC election is made and of the regular and residual interests in such pools of assets generally, and does not purport to set forth any opinion of counsel concerning any other particular federal income tax matter. For example, the discussion under “REMICs—Taxation of Owners of REMIC Residual Certificates—Excess Inclusions” below is a general summary of federal income tax consequences relating to an investment in a REMIC residual interest that has “excess inclusion income;” however, that summary does not set forth any opinion as to whether any particular class of REMIC residual interests will be treated as having excess inclusion income.

In addition, Orrick, Herrington & Sutcliffe LLP or Mayer, Brown, Rowe & Maw LLP will render its opinion that the statements made in the following discussion, as supplemented by the discussion under the heading “Federal Income Tax Consequences”, if any, in the prospectus supplement accompanying this prospectus, to the extent that they constitute matters of law or legal conclusions, provide a fair and accurate summary of the United States federal income taxation of pools of assets for which a REMIC election is made and of the regular and residual interests therein, as of the date of such prospectus supplement.

Orrick, Herrington & Sutcliffe LLP and Mayer, Brown, Rowe & Maw LLP have not been asked to, and do not, render any opinion regarding the state or local income tax consequences of the purchase, ownership and disposition of a beneficial interest in the certificates. See “—State and Local Tax Consequences.”

REMICs

Classification of REMICs

If an entity electing to be treated as a REMIC fails to comply with one or more of the ongoing requirements of the Internal Revenue Code for that status during any taxable year, the Internal Revenue Code provides that the entity will not be treated as a REMIC for that year and thereafter. In that event, the entity may be taxable as a separate corporation under Treasury regulations, and the related REMIC certificates may not be accorded the status or given the tax treatment described in this prospectus under “Material Federal Income Tax Consequences.” Although the Internal Revenue Code authorizes the Treasury Department to issue regulations providing relief in the event of an inadvertent termination of REMIC status, no regulations have been issued. Any relief, moreover, may be accompanied by sanctions, including the imposition of a corporate tax on all or a portion of the trust’s income for the period in which the requirements for that status are not satisfied. The pooling and servicing agreement or trust agreement with respect to each REMIC will include provisions designed to maintain the trust’s status as a REMIC under the REMIC Provisions. It is not anticipated that the status of any trust as a REMIC will be terminated.

Characterization of Investments in REMIC Certificates

In general, the REMIC certificates will be “real estate assets” within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code and assets described in Section 7701(a)(19)(C) of the Internal Revenue Code in the same proportion that the assets of the REMIC underlying the certificates would be so treated. Moreover, if 95% or more of the assets of the REMIC qualify for any of the foregoing treatments at all times during a calendar year, the REMIC certificates will qualify for the corresponding status in their entirety for that calendar year. Interest, including original issue discount, on the REMIC regular certificates and income allocated to the class of REMIC residual certificates will be interest described in Section 856(c)(3)(B) of the Internal Revenue Code to the extent that those certificates are treated as “real estate assets” within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code. In addition, the REMIC regular certificates will be “qualified mortgages” within the meaning of Section 860G(a)(3)(C) of the Internal Revenue Code if transferred to another REMIC on its startup day in exchange for regular or residual interests in that REMIC. The determination as to the percentage of the REMIC’s assets that constitute assets described in the foregoing sections of the Internal Revenue Code will be made with respect to each calendar quarter based on the average adjusted basis of each category of the assets held by the REMIC during that calendar quarter. The master servicer or the Certificate Administrator, as applicable, will report those determinations to certificateholders in the manner and at the times required by applicable Treasury regulations.

The assets of the REMIC will include, in addition to mortgage collateral, payments on mortgage collateral held pending distribution on the REMIC certificates and property acquired by foreclosure held pending sale, and may include amounts in reserve accounts. It is unclear whether property acquired by foreclosure held pending sale and amounts in reserve accounts would be considered to be part of the mortgage collateral, or whether those assets, to the extent not invested in assets described in the foregoing sections, otherwise would receive the same treatment as the mortgage collateral for purposes of all of the foregoing sections. In addition, in some instances mortgage loans, including Additional Collateral Loans or Pledged Asset Mortgage Loans, may not be treated entirely as assets described in the foregoing sections. If the assets of a REMIC include Additional Collateral Loans or Pledged Asset Mortgage Loans, the non-real property collateral, while itself not an asset of the REMIC, could cause the mortgage loans not to qualify for one or more of those characterizations. If so, the related prospectus supplement will describe the mortgage loans, including Additional Collateral Loans or Pledged Asset Mortgage Loans, that may not be so treated. The REMIC regulations do

provide, however, that payments on mortgage loans held pending distribution are considered part of the mortgage loans for purposes of Section 856(c)(4)(A) of the Internal Revenue Code. Furthermore, foreclosure property will qualify as “real estate assets” under Section 856(c)(4)(A) of the Internal Revenue Code.

Tiered REMIC Structures

For some series of REMIC certificates, two or more separate elections may be made to treat designated portions of the related trust as REMICs for federal income tax purposes.

Solely for purposes of determining whether the REMIC certificates will be “real estate assets” within the meaning of Section 856(c)(4)(A) of the Internal Revenue Code, and “loans secured by an interest in real property” under Section 7701(a)(19)(C) of the Internal Revenue Code, and whether the income on the certificates is interest described in Section 856(c)(3)(B) of the Internal Revenue Code, the Tiered REMICs will be treated as one REMIC.

Taxation of Owners of REMIC Regular Certificates

General

Except as otherwise stated in this discussion, REMIC regular certificates will be treated for federal income tax purposes as debt instruments issued by the REMIC and not as ownership interests in the REMIC or its assets. Moreover, holders of REMIC regular certificates that otherwise report income under a cash method of accounting will be required to report income with respect to REMIC regular certificates under an accrual method.

Original Issue Discount

Some REMIC regular certificates may be issued with “original issue discount” within the meaning of Section 1273(a) of the Internal Revenue Code. Any holders of REMIC regular certificates issued with original issue discount typically will be required to include original issue discount in income as it accrues, in accordance with the method described below, in advance of the receipt of the cash attributable to that income. In addition, Section 1272(a)(6) of the Internal Revenue Code provides special rules applicable to REMIC regular certificates and certain other debt instruments issued with original issue discount. Regulations have not been issued under that section.

The Internal Revenue Code requires that a prepayment assumption be used with respect to mortgage collateral held by a REMIC in computing the accrual of original issue discount on REMIC regular certificates issued by that REMIC, and that adjustments be made in the amount and rate of accrual of the discount to reflect differences between the actual prepayment rate and the prepayment assumption. The prepayment assumption is to be determined in a manner prescribed in Treasury regulations; as noted above, those regulations have not been issued. The conference committee report accompanying the Tax Reform Act of 1986 indicates that the regulations will provide that the prepayment assumption used with respect to a REMIC regular certificate must be the same as that used in pricing the initial offering of the REMIC regular certificate. The prepayment assumption used by the master servicer or the Certificate Administrator, as applicable, in reporting original issue discount for each series of REMIC regular certificates will be consistent with this standard and will be disclosed in the accompanying prospectus

supplement. However, neither the depositor, the master servicer nor the Certificate Administrator will make any representation that the mortgage collateral will in fact prepay at a rate conforming to the prepayment assumption or at any other rate.

The original issue discount, if any, on a REMIC regular certificate will be the excess of its stated redemption price at maturity over its issue price. The issue price of a particular class of REMIC regular certificates will be the first cash price at which a substantial amount of REMIC regular certificates of that class is sold, excluding sales to bond houses, brokers and underwriters. If less than a substantial amount of a particular class of REMIC regular certificates is sold for cash on or prior to the date of their initial issuance, or the closing date, the issue price for that class will be treated as the fair market value of the class on the closing date. Under the OID regulations, the stated redemption price of a REMIC regular certificate is equal to the total of all payments to be made on that certificate other than “qualified stated interest.” Qualified stated interest includes interest that is unconditionally payable at least annually at a single fixed-rate, or in the case of a variable rate debt instrument, at a “qualified floating rate,” an “objective rate,” a combination of a single fixed-rate and one or more “qualified floating rates” or one “qualified inverse floating rate,” or a combination of “qualified floating rates” that generally does not operate in a manner that accelerates or defers interest payments on a REMIC regular certificate.

In the case of REMIC regular certificates bearing adjustable interest rates, the determination of the total amount of original issue discount and the timing of the inclusion of the original issue discount will vary according to the characteristics of the REMIC regular certificates. If the original issue discount rules apply to the certificates, the accompanying prospectus supplement will describe the manner in which the rules will be applied by the master servicer or the Certificate Administrator, as applicable, with respect to those certificates in preparing information returns to the certificateholders and the Internal Revenue Service, or IRS.

Some classes of the REMIC regular certificates may provide for the first interest payment with respect to their certificates to be made more than one month after the date of issuance, a period which is longer than the subsequent monthly intervals between interest payments. Assuming the “accrual period” (as defined below) for original issue discount is each monthly period that begins or ends on a distribution date, in some cases, as a consequence of this “long first accrual period,” some or all interest payments may be required to be included in the stated redemption price of the REMIC regular certificate and accounted for as original issue discount. Because interest on REMIC regular certificates must in any event be accounted for under an accrual method, applying this analysis would result in only a slight difference in the timing of the inclusion in income of the yield on the REMIC regular certificates.

In addition, if the accrued interest to be paid on the first distribution date is computed with respect to a period that begins prior to the closing date, a portion of the purchase price paid for a REMIC regular certificate will reflect the accrued interest. In these cases, information returns to the certificateholders and the IRS will be based on the position that the portion of the purchase price paid for the interest accrued with respect to periods prior to the closing date is treated as part of the overall cost of the REMIC regular certificate, and not as a separate asset the cost of which is recovered entirely out of interest received on the next distribution date, and that portion of the interest paid on the first distribution date in excess of interest accrued for a number of days corresponding to the number of days from the closing date to the first distribution date should be included in the stated redemption price of the REMIC regular certificate. However, the OID regulations state that all or some portion of the accrued interest may be treated as a separate asset the cost of which is recovered entirely out of interest paid on the first distribution date. It is unclear how an election to do so would be made under the OID regulations and whether that election could be made unilaterally by a certificateholder.

Notwithstanding the general definition of original issue discount, original issue discount on a REMIC regular certificate will be considered to be de minimis if it is less than 0.25% of the stated redemption price of the REMIC regular certificate multiplied by its weighted average life. For this purpose, the weighted average life of the REMIC regular certificate is computed as the sum of the amounts determined, as to each payment included in the stated redemption price of the REMIC regular certificate, by multiplying (i) the number of complete years, rounding down for partial years, from the issue date until the payment is expected to be made, presumably taking into account the prepayment assumption, by (ii) a fraction, the numerator of which is the amount of the payment, and the denominator of which is the stated redemption price at maturity of the REMIC regular certificate. Under the OID regulations, original issue discount of only a de minimis amount, other than de minimis original issue discount attributable to a so-called “teaser” interest rate or an initial interest holiday, will be included in income as each payment of stated principal is made, based on the product of the total remaining amount of the de minimis original issue discount and a fraction, the numerator of which is the amount of the principal payment, and the denominator of which is the outstanding stated principal amount of the REMIC regular certificate. The OID regulations also would permit a certificateholder to elect to accrue de minimis original issue discount into income currently based on a constant yield method. See “—Market Discount” below for a description of that election under the OID regulations.

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

The accompanying prospectus supplement will describe the applicable accrual period. In general, each “accrual period,” that begins or ends on a date that corresponds to a distribution date and begins on the first day following the immediately preceding accrual period, or in the case of the first accrual period, begins on the closing date, a calculation will be made of the portion of the original issue discount that accrued during that accrual period. The portion of original issue discount that accrues in any accrual period will equal the excess, if any, of (i) the sum of (A) the present value, as of the end of the accrual period, of all of the distributions remaining to be made on the REMIC regular certificate, if any, in future periods and (B) the distributions made on the REMIC regular certificate during the accrual period of amounts included in the stated redemption price, over (ii) the adjusted issue price of the REMIC regular certificate at the beginning of the accrual period. The present value of the remaining distributions referred to in the preceding sentence will be calculated (1) assuming that distributions on the REMIC regular certificate will be received in future periods based on the mortgage collateral being prepaid at a rate equal to the prepayment assumption and (2) using a discount rate equal to the original yield to maturity of the certificate. For these purposes, the original yield to maturity of the certificate will be calculated based on its issue price and assuming that distributions on the certificate will be made in all accrual periods based on the mortgage collateral being prepaid at a rate equal to the prepayment assumption. The adjusted issue price of a REMIC regular certificate at the beginning of any accrual period will equal the issue price of the certificate, increased by the aggregate amount of original issue discount that accrued with respect to that certificate in prior accrual periods, and reduced by the amount of any distributions made on that REMIC regular certificate in prior accrual periods of amounts included in its stated redemption price. The original issue discount accruing during any accrual period, computed as described above, will be allocated ratably to each day during the accrual period to determine the daily portion of original issue discount for that day.

The OID regulations suggest that original issue discount with respect to securities that represent multiple uncertificated REMIC regular interests, in which ownership interests will be issued simultaneously to the same buyer and which may be required under the related pooling and servicing agreement to be transferred together, should be computed on an aggregate method. In the absence of further guidance from the IRS, original issue discount with respect to securities that represent the ownership of multiple uncertificated REMIC regular interests will be reported to

the IRS and the certificateholders on an aggregate method based on a single overall constant yield and the prepayment assumption stated in the accompanying prospectus supplement, treating all uncertificated regular interests as a single debt instrument as described in the OID regulations, so long as the pooling and servicing agreement requires that the uncertificated regular interests be transferred together.

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

Market Discount

A certificateholder that purchases a REMIC regular certificate at a market discount, that is, in the case of a REMIC regular certificate issued without original issue discount, at a purchase price less than its remaining stated principal amount, or in the case of a REMIC regular certificate issued with original issue discount, at a purchase price less than its adjusted issue price will recognize income upon receipt of each distribution representing stated redemption price. In particular, under Section 1276 of the Internal Revenue Code such a certificateholder generally will be required to allocate the portion of each distribution representing stated redemption price first to accrued market discount not previously included in income, and to recognize ordinary income to that extent.

A certificateholder may elect to include market discount in income currently as it accrues rather than including it on a deferred basis in accordance with the foregoing. If made, the election will apply to all market discount bonds acquired by the certificateholder on or after the first day of the first taxable year to which the election applies. In addition, the OID regulations permit a certificateholder to elect to accrue all interest, discount, including de minimis market or original issue discount, and premium in income as interest, based on a constant yield method. If the election were made with respect to a REMIC regular certificate with market discount, the certificateholder would be deemed to have made an election to include currently market discount in income with respect to all other debt instruments having market discount that the certificateholder acquires during the taxable year of the election or thereafter. Similarly, a certificateholder that made this election for a certificate that is acquired at a premium would be deemed to have made an election to amortize bond premium with respect to all debt instruments having amortizable bond premium that the certificateholder owns or acquires. See “—Premium” below. Each of these elections to accrue interest, discount and premium with respect to a certificate on a constant yield method or as interest may not be revoked without the consent of the IRS.

However, market discount with respect to a REMIC regular certificate will be considered to be de minimis for purposes of Section 1276 of the Internal Revenue Code if the market discount is less than 0.25% of the remaining stated redemption price of the REMIC regular certificate multiplied by the number of complete years to maturity remaining after the date of its purchase. In interpreting a similar rule with respect to original issue discount on obligations payable in installments, the OID regulations refer to the weighted average maturity of obligations, and it is likely that the same rule will be applied with respect to market discount, presumably taking into account the prepayment assumption. If market discount is treated as de minimis under this rule, it appears that the actual discount would be treated in a manner similar to original issue discount of

a de minimis amount. See “— Original Issue Discount.” This treatment may result in discount being included in income at a slower rate than discount would be required to be included in income using the method described above.

Section 1276(b)(3) of the Internal Revenue Code specifically authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments, the principal of which is payable in more than one installment. Until regulations are issued by the Treasury Department, certain rules described in the Committee Report apply. The Committee Report indicates that in each accrual period market discount on REMIC regular certificates should accrue, at the certificateholder’s option:

- on the basis of a constant yield method,
- in the case of a REMIC regular certificate issued without original issue discount, in an amount that bears the same ratio to the total remaining market discount as the stated interest paid in the accrual period bears to the total amount of stated interest remaining to be paid on the REMIC regular certificate as of the beginning of the accrual period, or
- in the case of a REMIC regular certificate issued with original issue discount, in an amount that bears the same ratio to the total remaining market discount as the original issue discount accrued in the accrual period bears to the total original issue discount remaining on the REMIC regular certificate at the beginning of the accrual period.

Moreover, the prepayment assumption used in calculating the accrual of original issue discount is to be used in calculating the accrual of market discount. Because the regulations referred to in this paragraph have not been issued, it is not possible to predict what effect those regulations might have on the tax treatment of a REMIC regular certificate purchased at a discount in the secondary market.

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

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

Premium

A REMIC regular certificate purchased at a cost, excluding any portion of that cost attributable to accrued qualified stated interest, greater than its remaining stated redemption price will be considered to be purchased at a premium. The holder of a REMIC regular certificate may elect

under Section 171 of the Internal Revenue Code to amortize that premium under the constant yield method over the life of the certificate. If made, this election will apply to all debt instruments having amortizable bond premium that the holder owns or subsequently acquires. Amortizable premium will be treated as an offset to interest income on the related REMIC regular certificate, rather than as a separate interest deduction. The OID regulations also permit certificateholders to elect to include all interest, discount and premium in income based on a constant yield method, further treating the certificateholder as having made the election to amortize premium generally. See “—Market Discount.” The conference committee report states that the same rules that apply to accrual of market discount, which rules will require use of a prepayment assumption in accruing market discount with respect to REMIC regular certificates without regard to whether those certificates have original issue discount, will also apply in amortizing bond premium under Section 171 of the Internal Revenue Code. It is possible that the use of an assumption that there will be no prepayments may be required in calculating the amortization of premium.

Realized Losses

Under Section 166 of the Internal Revenue Code, both corporate holders of the REMIC regular certificates and noncorporate holders of the REMIC regular certificates that acquire those certificates in connection with a trade or business should be allowed to deduct, as ordinary losses, any losses sustained during a taxable year in which their certificates become wholly or partially worthless as the result of one or more Realized Losses on the mortgage collateral. However, it appears that a noncorporate holder that does not acquire a REMIC regular certificate in connection with a trade or business will not be entitled to deduct a loss under Section 166 of the Internal Revenue Code until the holder’s certificate becomes wholly worthless--until its outstanding principal balance has been reduced to zero--and that the loss will be characterized as a short-term capital loss.

Each holder of a REMIC regular certificate will be required to accrue interest and original issue discount with respect to that certificate, without giving effect to any reductions in distributions attributable to defaults or delinquencies on the mortgage collateral or the underlying certificates until it can be established that any reduction ultimately will not be recoverable. As a result, the amount of taxable income reported in any period by the holder of a REMIC regular certificate could exceed the amount of economic income actually realized by the holder in that period. Although the holder of a REMIC regular certificate eventually will recognize a loss or reduction in income attributable to previously accrued and included income that, as the result of a Realized Loss, ultimately will not be realized, the law is unclear with respect to the timing and character of the loss or reduction in income.

Taxation of Owners of REMIC Residual Certificates

General

As residual interests, the REMIC residual certificates will be subject to tax rules that differ significantly from those that would apply if the REMIC residual certificates were treated for federal income tax purposes as direct ownership interests in the mortgage collateral or as debt instruments issued by the REMIC.

A holder of a REMIC residual certificate generally will be required to report its daily portion of the taxable income or, in accordance with the limitations noted in this discussion, the net loss of the REMIC for each day during a calendar quarter that the holder owned the REMIC residual certificate. For this purpose, the taxable income or net loss of the REMIC will be allocated to each day in the calendar quarter ratably using a “30

days per month/90 days per quarter/360 days per year” convention. The daily amounts will then be allocated among the REMIC residual certificateholders in proportion to their respective ownership interests on that day. Any amount included in the gross income or allowed as a loss of any REMIC residual certificateholder by virtue of this allocation will be treated as ordinary income or loss. The taxable income of the REMIC will be determined under the rules described in this prospectus in “—Taxable Income of the REMIC” and will be taxable to the REMIC residual certificateholders without regard to the timing or amount of cash distributions by the REMIC. Ordinary income derived from REMIC residual certificates will be “portfolio income” for purposes of the taxation of taxpayers in accordance with limitations under Section 469 of the Internal Revenue Code on the deductibility of “passive losses.”

A holder of a REMIC residual certificate that purchased the certificate from a prior holder of that certificate also will be required to report on its federal income tax return amounts representing its daily portion of the taxable income or net loss of the REMIC for each day that it holds the REMIC residual certificate. These daily portions generally will equal the amounts of taxable income or net loss determined as described above. The committee report indicates that modifications of the general rules may be made, by regulations, legislation or otherwise, to reduce, or increase, the income or loss of a REMIC residual certificateholder that purchased the REMIC residual certificate from a prior holder of such certificate at a price greater than, or less than, the adjusted basis (as defined below) that REMIC residual certificate would have had in the hands of an original holder of that certificate. The REMIC regulations, however, do not provide for any such modifications.

Any payments received by a holder of a REMIC residual certificate in connection with the acquisition of that Certificate will be taken into account in determining the income of that holder for federal income tax purposes. On May 11, 2004, the IRS issued final regulations that require such payment to be included in income over time according to an amortization schedule that reasonably reflects the costs and benefits of holding the REMIC residual certificate over its expected life. The regulations also provide two more specific methods that will be accepted as meeting the general test set forth above for determining the timing and amount of income inclusion. One method generally follows the method of inclusion used by the taxpayer for GAAP purposes, but not over a period shorter than the period over which the REMIC is expected to generate income. The other method calls for ratable inclusion over the remaining anticipated weighted average life of the REMIC as of the time the REMIC residual certificate is transferred to the taxpayer. Holders of REMIC residual certificates are encouraged to consult their tax advisors concerning the treatment of these payments for income tax purposes under the regulations.

The amount of income REMIC residual certificateholders will be required to report, or the tax liability associated with that income, may exceed the amount of cash distributions received from the REMIC for the corresponding period. Consequently, REMIC residual certificateholders should have other sources of funds sufficient to pay any federal income taxes due as a result of their ownership of REMIC residual certificates or unrelated deductions against which income may be offset, subject to the rules relating to “excess inclusions” and “noneconomic” residual interests discussed below. The fact that the tax liability associated with the income allocated to REMIC residual certificateholders may exceed the cash distributions received by the REMIC residual certificateholders for the corresponding period may significantly adversely affect the REMIC residual certificateholders’ after-tax rate of return.

Taxable Income of the REMIC

The taxable income of the REMIC will equal the income from the mortgage collateral and other assets of the REMIC plus any cancellation of indebtedness income due to the allocation of Realized Losses to REMIC regular certificates, less the deductions allowed to the REMIC for interest, including original issue discount and reduced by the amortization of any premium received on issuance, on the REMIC regular certificates,

and any other class of REMIC certificates constituting “regular interests” in the REMIC not offered hereby, amortization of any premium on the mortgage collateral, bad debt deductions with respect to the mortgage collateral and, except as described below, for servicing, administrative and other expenses.

For purposes of determining its taxable income, the REMIC will have an initial aggregate basis in its assets equal to their fair market value immediately after their transfer to the REMIC. For this purpose, the master servicer or the Certificate Administrator, as applicable, intends to treat the fair market value of the mortgage collateral as being equal to the aggregate issue prices of the REMIC regular certificates and REMIC residual certificates. The aggregate basis will be allocated among the mortgage collateral collectively and the other assets of the REMIC in proportion to their respective fair market values. The issue price of any REMIC certificates offered hereby will be determined in the manner described above under “— Taxation of Owners of REMIC Regular Certificates—Original Issue Discount.” Accordingly, if one or more classes of REMIC certificates are retained initially rather than sold, the master servicer or the Certificate Administrator, as applicable, may be required to estimate the fair market value of those interests in order to determine the basis of the REMIC in the mortgage collateral and other property held by the REMIC.

Subject to the possible application of the de minimis rules, the method of accrual by the REMIC of original issue discount income and market discount income with respect to mortgage collateral that it holds will be equivalent to the method of accruing original issue discount income for REMIC regular certificateholders--under the constant yield method taking into account the prepayment assumption. However, a REMIC that acquires collateral at a market discount must include the discount in income currently, as it accrues, on a constant interest basis. See “— Taxation of Owners of REMIC Regular Certificates” above, which describes a method of accruing discount income that is analogous to that required to be used by a REMIC as to mortgage collateral with market discount that it holds.

An item of mortgage collateral will be deemed to have been acquired with discount or premium to the extent that the REMIC’s basis therein, determined as described in the preceding paragraph, is less than or greater than its stated redemption price. Any discount will be includible in the income of the REMIC as it accrues, in advance of receipt of the cash attributable to that income, under a method similar to the method described above for accruing original issue discount on the REMIC regular certificates. It is anticipated that each REMIC will elect under Section 171 of the Internal Revenue Code to amortize any premium on the mortgage collateral. Premium on any item of mortgage collateral to which the election applies may be amortized under a constant yield method, presumably taking into account a prepayment assumption.

A REMIC will be allowed deductions for interest, including original issue discount, on the REMIC regular certificates, including any other class of REMIC certificates constituting “regular interests” in the REMIC not offered hereby, equal to the deductions that would be allowed if the REMIC regular certificates, including any other class of REMIC certificates constituting “regular interests” in the REMIC not offered hereby, were indebtedness of the REMIC. Original issue discount will be considered to accrue for this purpose as described above under “— Taxation of Owners of REMIC Regular Certificates—Original Issue Discount,” except that the de minimis rule and the adjustments for subsequent holders of REMIC regular certificates, including any other class of certificates constituting “regular interests” in the REMIC not offered hereby, described therein will not apply.

If a class of REMIC regular certificates is issued at an Issue Premium, the net amount of interest deductions that are allowed the REMIC in each taxable year with respect to the REMIC regular certificates of that class will be reduced by an amount equal to the portion of the Issue Premium that is considered to be amortized or repaid in that year. Although the matter is not entirely certain, it is likely that Issue Premium would be amortized under a constant yield method in a manner analogous to the method of accruing original issue discount described above under

“—Taxation of Owners of REMIC Regular Certificates—Original Issue Discount.”

As a general rule, the taxable income of the REMIC will be determined in the same manner as if the REMIC were an individual having the calendar year as its taxable year and using the accrual method of accounting. However, no item of income, gain, loss or deduction allocable to a prohibited transaction will be taken into account. See “—Prohibited Transactions and Other Possible REMIC Taxes” below. Further, the limitation on miscellaneous itemized deductions imposed on individuals by Section 67 of the Internal Revenue Code, which allows those deductions only to the extent they exceed in the aggregate two percent of the taxpayer’s adjusted gross income, will not be applied at the REMIC level so that the REMIC will be allowed deductions for servicing, administrative and other non-interest expenses in determining its taxable income. All of these expenses will be allocated as a separate item to the holders of REMIC residual certificates, subject to the limitation of Section 67 of the Internal Revenue Code. See “—Possible Pass-Through of Miscellaneous Itemized Deductions.” If the deductions allowed to the REMIC exceed its gross income for a calendar quarter, the excess will be the net loss for the REMIC for that calendar quarter.

Basis Rules, Net Losses and Distributions

The adjusted basis of a REMIC residual certificate will be equal to the amount paid for that REMIC residual certificate, increased by amounts included in the income of the related certificateholder and decreased, but not below zero, by distributions made, and by net losses allocated, to the related certificateholder.

A REMIC residual certificateholder is not allowed to take into account any net loss for any calendar quarter to the extent the net loss exceeds the REMIC residual certificateholder’s adjusted basis in its REMIC residual certificate as of the close of that calendar quarter, determined without regard to the net loss. Any loss that is not currently deductible by reason of this limitation may be carried forward indefinitely to future calendar quarters and, in accordance with the same limitation, may be used only to offset income from the REMIC residual certificate. The ability of REMIC residual certificateholders to deduct net losses may be subject to additional limitations under the Internal Revenue Code, as to which the certificateholders are encouraged to consult their tax advisors.

Any distribution on a REMIC residual certificate will be treated as a non-taxable return of capital to the extent it does not exceed the holder’s adjusted basis in the REMIC residual certificate. To the extent a distribution on a REMIC residual certificate exceeds the adjusted basis, it will be treated as gain from the sale of the REMIC residual certificate. Holders of REMIC residual certificates may be entitled to distributions early in the term of the related REMIC under circumstances in which their bases in the REMIC residual certificates will not be sufficiently large that distributions will be treated as nontaxable returns of capital. Their bases in the REMIC residual certificates will initially equal the amount paid for such REMIC residual certificates and will be increased by their allocable shares of taxable income of the trust. However, their basis increases may not occur until the end of the calendar quarter, or perhaps the end of the calendar year, with respect to which the REMIC taxable income is allocated to the REMIC residual certificateholders. To the extent the REMIC residual certificateholders’ initial bases are less than the distributions to the REMIC residual certificateholders, and increases in the initial bases either occur after distributions or, together with their initial bases, are less than the amount of the distributions, gain will be recognized to the REMIC residual certificateholders on those distributions and will be treated as gain from the sale of their REMIC residual certificates.

The effect of these rules is that a certificateholder may not amortize its basis in a REMIC residual certificate, but may only recover its basis through distributions, through the deduction of its share of any net losses of the REMIC or upon the sale of its REMIC residual certificate. See “—

Sales of REMIC Certificates.” For a discussion of possible modifications of these rules that may require adjustments to income of a holder of a REMIC residual certificate other than an original holder in order to reflect any difference between the cost of the REMIC residual certificate to its holder and the adjusted basis the REMIC residual certificate would have had in the hands of the original holder, see “—General.”

Excess Inclusions

Any “excess inclusions” with respect to a REMIC residual certificate will be subject to federal income tax in all events.

In general, the “excess inclusions” with respect to a REMIC residual certificate for any calendar quarter will be the excess, if any, of (i) the sum of the daily portions of REMIC taxable income allocable to the REMIC residual certificate over (ii) the sum of the “daily accruals” (as defined below) for each day during that quarter that the REMIC residual certificate was held by the REMIC residual certificateholder. The daily accruals of a REMIC residual certificateholder will be determined by allocating to each day during a calendar quarter its ratable portion of the product of the “adjusted issue price” of the REMIC residual certificate at the beginning of the calendar quarter and 120% of the “long-term Federal rate” in effect on the closing date. For this purpose, the adjusted issue price of a REMIC residual certificate as of the beginning of any calendar quarter will be equal to the issue price of the REMIC residual certificate, increased by the sum of the daily accruals for all prior quarters and decreased, but not below zero, by any distributions made with respect to the REMIC residual certificate before the beginning of that quarter. The issue price of a REMIC residual certificate is the initial offering price to the public, excluding bond houses, brokers and underwriters, at which a substantial amount of the REMIC residual certificates were sold. If less than a substantial amount of a particular class of REMIC residual certificates is sold for cash on or prior to the closing date, the issue price of that class will be treated as the fair market value of that class on the closing date. The “long-term Federal rate” is an average of current yields on Treasury securities with a remaining term of greater than nine years, computed and published monthly by the IRS.

For REMIC residual certificateholders, an excess inclusion:

- will not be permitted to be offset by deductions, losses or loss carryovers from other activities,
- will be treated as “unrelated business taxable income” to an otherwise tax-exempt organization and
- will not be eligible for any rate reduction or exemption under any applicable tax treaty with respect to the 30% United States withholding tax imposed on distributions to REMIC residual certificateholders that are foreign investors.

See, however, “—Foreign Investors in REMIC Certificates.”

Furthermore, for purposes of the alternative minimum tax, (i) excess inclusions will not be permitted to be offset by the alternative tax net operating loss deduction and (ii) alternative minimum taxable income may not be less than the taxpayer’s excess inclusions; provided, however, that for purposes of (ii), alternative minimum taxable income is determined without regard to the special rule that taxable income cannot be less than excess inclusions. The latter rule has the effect of preventing nonrefundable tax credits from reducing the taxpayer’s income tax to an amount lower than the alternative minimum tax on excess inclusions.

In the case of any REMIC residual certificates held by a real estate investment trust, the aggregate excess inclusions with respect to the REMIC residual certificates, reduced, but not below zero, by the real estate investment trust taxable income, within the meaning of Section 857(b)(2) of the Internal Revenue Code, excluding any net capital gain, will be allocated among the shareholders of the trust in proportion to the dividends received by the shareholders from the trust, and any amount so allocated will be treated as an excess inclusion with respect to a REMIC residual certificate as if held directly by the shareholder. Treasury regulations yet to be issued could apply a similar rule to regulated investment companies, common trust funds and some cooperatives; the REMIC regulations currently do not address this subject.

Effective August 1, 2006, temporary regulations issued by the IRS (the “Temporary regulations”) have modified the general rule that excess inclusions from a REMIC residual interest are not includible in the income of a nonresident alien individual or foreign corporation for purposes of the 30% United States withholding tax until paid or distributed or when the REMIC residual interest is disposed of. The Temporary regulations accelerate the time both for reporting of, and withholding tax on, excess inclusions allocated to the foreign equity holders of domestic partnerships and certain other pass-through entities. The new rules also provide that excess inclusions are United States sourced income. The timing rules apply to a particular residual interest and a particular foreign person if the first allocation of income from the residual interest to the foreign person occurs after July 31, 2006. The source rules apply for taxable years ending after August 1, 2006.

Under the Temporary regulations, in the case of REMIC residual interests held by a foreign person through a domestic partnership, the amount of excess inclusion income allocated to the foreign partner is deemed to be received by the foreign partner on the last day of the partnership's taxable year except to the extent that the excess inclusion was required to be taken into account by the foreign partner at an earlier time under section 860G(b) of the Internal Revenue Code as a result of a distribution by the partnership to the foreign partner or a disposition in whole or in part of the foreign partner's indirect interest in the REMIC residual interest. A disposition in whole or in part of the foreign partner's indirect interest in the REMIC residual interest may occur as a result of a termination of the REMIC, a disposition of the partnership's residual interest in the REMIC, a disposition of the foreign partner's interest in the partnership, or any other reduction in the foreign partner's allocable share of the portion of the REMIC net income or deduction allocated to the partnership.

Similarly, in the case of a residual interest held by a foreign person indirectly as a shareholder of a real estate investment trust or regulated investment company, as a participant in a common trust fund or as a patron in an organization subject to part I of subchapter T (cooperatives), the amount of excess inclusion allocated to the foreign person must be taken into account for purposes of the 30% United States withholding tax at the same time that other income from the trust, company, fund, or organization would be taken into account.

Under the Temporary regulations, excess inclusions allocated to a foreign person (whether as a partner or holder of an interest in a pass-through entity) are expressly made subject to withholding tax. In addition, in the case of excess inclusions allocable to a foreign person as a partner, the Temporary regulations eliminate an exception to the withholding requirements under which a withholding agent unrelated to a payee is obligated to withhold on a payment only to the extent that the withholding agent has control over the payee's money or property and knows the facts giving rise to the payment.

Noneconomic REMIC Residual Certificates

Under the REMIC regulations, transfers of “noneconomic” REMIC residual certificates will be disregarded for all federal income tax purposes if “a significant purpose of the transfer was to enable the transferor to impede the assessment or collection of tax.” If the transfer is

disregarded, the purported transferor will continue to remain liable for any taxes due with respect to the income on the “noneconomic” REMIC residual certificate. The REMIC regulations provide that a REMIC residual certificate is noneconomic unless, based on the prepayment assumption and on any required or permitted clean up calls, or required qualified liquidation provided for in the REMIC’s organizational documents, (1) the present value of the expected future distributions (discounted using the “applicable Federal rate” for obligations whose term ends on the close of the last quarter in which excess inclusions are expected to accrue with respect to the REMIC residual certificate, which rate is computed and published monthly by the IRS) on the REMIC residual certificate equals at least the present value of the expected tax on the anticipated excess inclusions, and (2) the transferor reasonably expects that the transferee will receive distributions with respect to the REMIC residual certificate at or after the time the taxes accrue on the anticipated excess inclusions in an amount sufficient to satisfy the accrued taxes. Accordingly, all transfers of REMIC residual certificates that may constitute noneconomic residual interests will be subject to restrictions under the terms of the related pooling and servicing agreement or trust agreement that are intended to reduce the possibility of any transfer being disregarded. The restrictions will require each party to a transfer to provide an affidavit that no purpose of the transfer is to impede the assessment or collection of tax, including representations as to the financial condition of the prospective transferee, as to which the transferor also is required to make a reasonable investigation to determine the transferee’s historic payment of its debts and ability to continue to pay its debts as they come due in the future. Prior to purchasing a REMIC residual certificate, prospective purchasers should consider the possibility that a purported transfer of the REMIC residual certificate by such a purchaser to another purchaser at some future date may be disregarded in accordance with the above-described rules which would result in the retention of tax liability by that purchaser.

The IRS has issued final REMIC regulations that add to the conditions necessary to assure that a transfer of a non-economic residual interest would be respected. The additional conditions require that in order to qualify as a safe harbor transfer of a residual interest, the transferee must represent that it will not cause the income “to be attributable to a foreign permanent establishment or fixed base (within the meaning of an applicable income tax treaty) of the transferee or another U.S. taxpayer” and either (i) the amount received by the transferee be no less on a present value basis (determined using the short-term rate provided by Section 1274(d) of the Internal Revenue Code) than the present value of the net tax detriment attributable to holding the residual interest reduced by the present value of the projected payments to be received on the residual interest or (ii) the transfer is to a domestic taxable corporation with specified large amounts of gross and net assets and that meets certain other requirements where agreement is made that all future transfers will be to taxable domestic corporations in transactions that qualify for the same “safe harbor” provision. Eligibility for the safe harbor requires, among other things, that the facts and circumstances known to the transferor at the time of transfer not indicate to a reasonable person that the taxes with respect to the residual interest will not be paid, with an unreasonably low cost for the transfer specifically mentioned as negating eligibility.

The accompanying prospectus supplement will disclose whether offered REMIC residual certificates may be considered “noneconomic” residual interests under the REMIC regulations. Any disclosure that a REMIC residual certificate will not be considered “noneconomic” will be based upon some assumptions, and the depositor will make no representation that a REMIC residual certificate will not be considered “noneconomic” for purposes of the above-described rules. See “—Foreign Investors in REMIC Certificates” for additional restrictions applicable to transfers of certain REMIC residual certificates to foreign persons.

Mark-to-Market Rules

The mark-to-market requirement applies to all securities owned by a dealer, except to the extent that the dealer has specifically identified a security as held for investment. The Mark-to-Market Regulations provide that for purposes of this mark-to-market requirement, a REMIC residual

certificate acquired on or after January 4, 1995 is not treated as a security and thus may not be marked to market. Prospective purchasers of a REMIC residual certificate are encouraged to consult their tax advisors regarding the possible application of the mark-to-market requirement to REMIC residual certificates.

Possible Pass-Through of Miscellaneous Itemized Deductions

Fees and expenses of a REMIC generally will be allocated to the holders of the related REMIC residual certificates. The applicable Treasury regulations indicate, however, that in the case of a REMIC that is similar to a single class grantor trust, all or a portion of those fees and expenses should be allocated to the holders of the related REMIC regular certificates. Fees and expenses will be allocated to holders of the related REMIC residual certificates in their entirety and not to the holders of the related REMIC regular certificates.

With respect to REMIC residual certificates or REMIC regular certificates the holders of which receive an allocation of fees and expenses in accordance with the preceding discussion, if any holder thereof is an individual, estate or trust, or a Pass-Through Entity beneficially owned by one or more individuals, estates or trusts, (i) an amount equal to the individual's, estate's or trust's share of fees and expenses will be added to the gross income of that holder and (ii) the individual's, estate's or trust's share of fees and expenses will be treated as a miscellaneous itemized deduction allowable in accordance with the limitation of Section 67 of the Internal Revenue Code, which permits those deductions only to the extent they exceed in the aggregate two percent of a taxpayer's adjusted gross income. In addition, Section 68 of the Internal Revenue Code provides that the amount of itemized deductions otherwise allowable for an individual whose adjusted gross income exceeds a specified amount will be reduced. The amount of additional taxable income reportable by REMIC certificateholders that are covered by the limitations of either Section 67 or Section 68 of the Internal Revenue Code may be substantial. Furthermore, in determining the alternative minimum taxable income of such a holder of a REMIC certificate that is an individual, estate or trust, or a Pass-Through Entity beneficially owned by one or more individuals, estates or trusts, no deduction will be allowed for such holder's allocable portion of servicing fees and other miscellaneous itemized deductions of the REMIC, even though an amount equal to the amount of such fees and other deductions will be included in the holder's gross income. Accordingly, the REMIC certificates may not be appropriate investments for individuals, estates, or trusts, or pass-through entities beneficially owned by one or more individuals, estates or trusts. Any prospective investors are encouraged to consult with their tax advisors prior to making an investment in these certificates.

Tax and Restrictions on Transfers of REMIC Residual Certificates to Certain Organizations

If a REMIC residual certificate is transferred to a Disqualified Organization, a tax would be imposed in an amount, determined under the REMIC regulations, equal to the product of:

- (1) the present value, discounted using the "applicable Federal rate" for obligations whose term ends on the close of the last quarter in which excess inclusions are expected to accrue with respect to the certificate, which rate is computed and published monthly by the IRS, of the total anticipated excess inclusions with respect to the REMIC residual certificate for periods after the transfer; and
- (2) the highest marginal federal income tax rate applicable to corporations.

The anticipated excess inclusions must be determined as of the date that the REMIC residual certificate is transferred and must be based on

events that have occurred up to the time of transfer, the prepayment assumption and any required or permitted clean up calls or required liquidation provided for in the REMIC's organizational documents. This tax generally would be imposed on the transferor of the REMIC residual certificate, except that where the transfer is through an agent for a Disqualified Organization, the tax would instead be imposed on that agent. However, a transferor of a REMIC residual certificate would in no event be liable for the tax with respect to a transfer if the transferee furnishes to the transferor an affidavit that the transferee is not a Disqualified Organization and, as of the time of the transfer, the transferor does not have actual knowledge that the affidavit is false. Moreover, an entity will not qualify as a REMIC unless there are reasonable arrangements designed to ensure that:

- residual interests in the entity are not held by Disqualified Organizations; and
- information necessary for the application of the tax described in this prospectus will be made available.

Restrictions on the transfer of REMIC residual certificates and other provisions that are intended to meet this requirement will be included in the pooling and servicing agreement, including provisions:

- (1) requiring any transferee of a REMIC residual certificate to provide an affidavit representing that it is not a Disqualified Organization and is not acquiring the REMIC residual certificate on behalf of a Disqualified Organization, undertaking to maintain that status and agreeing to obtain a similar affidavit from any person to whom it shall transfer the REMIC residual certificate;
- (2) providing that any transfer of a REMIC residual certificate to a Disqualified Organization shall be null and void; and
- (3) granting to the master servicer the right, without notice to the holder or any prior holder, to sell to a purchaser of its choice any REMIC residual certificate that shall become owned by a Disqualified Organization despite (1) and (2) above.

In addition, if a Pass-Through Entity includes in income excess inclusions with respect to a REMIC residual certificate, and a Disqualified Organization is the record holder of an interest in that entity, then a tax will be imposed on the entity equal to the product of (i) the amount of excess inclusions on the REMIC residual certificate that are allocable to the interest in the Pass-Through Entity held by the Disqualified Organization and (ii) the highest marginal federal income tax rate imposed on corporations. A Pass-Through Entity will not be subject to this tax for any period, however, if each record holder of an interest in the Pass-Through Entity furnishes to that Pass-Through Entity (i) the holder's social security number and a statement under penalties of perjury that the social security number is that of the record holder or (ii) a statement under penalties of perjury that the record holder is not a Disqualified Organization. For taxable years beginning after December 31, 1997, notwithstanding the preceding two sentences, in the case of a REMIC residual certificate held by an "electing large partnership," all interests in such partnership shall be treated as held by Disqualified Organizations, without regard to whether the record holders of the partnership furnish statements described in the preceding sentence, and the amount that is subject to tax under the second preceding sentence is excluded from the gross income of the partnership allocated to the partners, in lieu of allocating to the partners a deduction for the tax paid by the partners.

Sales of REMIC Certificates

If a REMIC certificate is sold, the selling certificateholder will recognize gain or loss equal to the difference between the amount realized

on the sale and its adjusted basis in the REMIC certificate. The adjusted basis of a REMIC regular certificate generally will equal the cost of that REMIC regular certificate to that certificateholder, increased by income reported by the certificateholder with respect to that REMIC regular certificate, including original issue discount and market discount income, and reduced, but not below zero, by distributions on the REMIC regular certificate received by the certificateholder and by any amortized premium. The adjusted basis of a REMIC residual certificate will be determined as described under “—Taxation of Owners of REMIC Residual Certificates—Basis Rules, Net Losses and Distributions.” Except as described below, any gain or loss generally will be capital gain or loss.

Gain from the sale of a REMIC regular certificate that might otherwise be capital gain will be treated as ordinary income to the extent the gain does not exceed the excess, if any, of (i) the amount that would have been includible in the seller’s income with respect to the REMIC regular certificate had income accrued thereon at a rate equal to 110% of the “applicable federal rate,” which is typically a rate based on an average of current yields on Treasury securities having a maturity comparable to that of the certificate, which rate is computed and published monthly by the IRS, determined as of the date of purchase of the REMIC regular certificate, over (ii) the amount of ordinary income actually includible in the seller’s income prior to the sale. In addition, gain recognized on the sale of a REMIC regular certificate by a seller who purchased the REMIC regular certificate at a market discount will be taxable as ordinary income to the extent of any accrued and previously unrecognized market discount that accrued during the period the certificate was held. See “—Taxation of Owners of REMIC Regular Certificates— Discount.”

REMIC certificates will be “evidences of indebtedness” within the meaning of Section 582(c)(1) of the Internal Revenue Code, so that gain or loss recognized from the sale of a REMIC certificate by a bank or thrift institution to which that section applies will be ordinary income or loss.

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

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

If the seller of a REMIC residual certificate reacquires the certificate, any other residual interest in a REMIC or any similar interest in a “taxable mortgage pool” (as defined in Section 7701(i) of the Internal Revenue Code) within six months of the date of the sale, the sale will be subject to the “wash sale” rules of Section 1091 of the Internal Revenue Code. In that event, any loss realized by the REMIC residual certificateholders on the sale will not be deductible, but instead will be added to the REMIC residual certificateholders’ adjusted basis in the newly-acquired asset.

Losses on the sale of a REMIC residual certificate in excess of a threshold amount (which amount could need to be aggregated with similar

or previous losses) may require disclosure of such loss on an IRS Form 8886. Investors are encouraged to consult with their tax advisors as to the need to file such forms.

Tax Return Disclosure and Investor List Requirements

Recent Treasury regulations directed at potentially abusive tax shelter activity appear to apply to transactions not conventionally regarded as tax shelters. The regulations require taxpayers to report certain disclosures on IRS Form 8886 if they participate in a “reportable transaction.” Organizers and sellers of the transaction are required to maintain records including investor lists containing identifying information and to furnish those records to the IRS upon demand. A transaction may be a “reportable transaction” based upon any of several indicia, one or more of which may be present with respect to your investment in the certificates. There are significant penalties for failure to comply with these disclosure requirements. Investors in REMIC residual certificates are encouraged to consult their own tax advisers concerning any possible disclosure obligation with respect to their investment, and should be aware that the depositor and other participants in the transaction intend to comply with such disclosure and investor list maintenance requirements as they determine apply to them with respect to the transaction.

Prohibited Transactions and Other Possible REMIC Taxes

The Internal Revenue Code imposes a prohibited transactions tax, which is a tax on REMICs equal to 100% of the net income derived from prohibited transactions. In general, subject to specified exceptions a prohibited transaction means the disposition of an item of mortgage collateral, the receipt of income from a source other than an item of mortgage collateral or other Permitted Investments, the receipt of compensation for services, or gain from the disposition of an asset purchased with the payments on the mortgage collateral for temporary investment pending distribution on the REMIC certificates. It is not anticipated that any REMIC will engage in any prohibited transactions in which it would recognize a material amount of net income. In addition, some contributions to a REMIC made after the day on which the REMIC issues all of its interests could result in the imposition of a contributions tax, which is a tax on the REMIC equal to 100% of the value of the contributed property. Each pooling and servicing agreement or trust agreement will include provisions designed to prevent the acceptance of any contributions that would be subject to the tax.

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

It is not anticipated that any material state or local income or franchise tax will be imposed on any REMIC.

To the extent permitted by then applicable laws, any prohibited transactions tax, contributions tax, tax on “net income from foreclosure property” or state or local income or franchise tax that may be imposed on the REMIC will be borne by the related master servicer, the Certificate Administrator or the trustee in any case out of its own funds, provided that the master servicer, the Certificate Administrator or the trustee, as the case may be, has sufficient assets to do so, and provided further that the tax arises out of a breach of the master servicer’s, the Certificate Administrator’s or the trustee’s obligations, as the case may be, under the related pooling and servicing agreement or trust agreement and relating

to compliance with applicable laws and regulations. Any tax not borne by the master servicer, the Certificate Administrator or the trustee will be payable out of the related trust resulting in a reduction in amounts payable to holders of the related REMIC certificates.

Termination

A REMIC will terminate immediately after the distribution date following receipt by the REMIC of the final payment from the mortgage collateral or upon a sale of the REMIC's assets following the adoption by the REMIC of a plan of complete liquidation. The last distribution on a REMIC regular certificate will be treated as a payment in retirement of a debt instrument. In the case of a REMIC residual certificate, if the last distribution on the REMIC residual certificate is less than the certificateholder's adjusted basis in the certificate, the certificateholder should be treated as realizing a loss equal to the amount of the difference, and the loss may be treated as a capital loss.

Reporting and Other Administrative Matters

Solely for purposes of the administrative provisions of the Internal Revenue Code, the REMIC will be treated as a partnership and REMIC residual certificateholders will be treated as partners. The master servicer or the Certificate Administrator, as applicable, will file REMIC federal income tax returns on behalf of the related REMIC and will act as the "tax matters person" for the REMIC in all respects, and may hold a nominal amount of REMIC residual certificates.

As the tax matters person, the master servicer or the Certificate Administrator, as applicable, will have the authority to act on behalf of the REMIC and the REMIC residual certificateholders in connection with the administrative and judicial review of items of income, deduction, gain or loss of the REMIC, as well as the REMIC's classification. REMIC residual certificateholders will be required to report the REMIC items consistently with their treatment on the related REMIC's tax return and may in some circumstances be bound by a settlement agreement between the master servicer, or the Certificate Administrator, as applicable, as tax matters person, and the IRS concerning any REMIC item.

Adjustments made to the REMIC tax return may require a REMIC residual certificateholder to make corresponding adjustments on its return, and an audit of the REMIC's tax return, or the adjustments resulting from an audit, could result in an audit of the certificateholder's return. No REMIC will be registered as a tax shelter under Section 6111 of the Internal Revenue Code because it is not anticipated that any REMIC will have a net loss for any of the first five taxable years of its existence. Any person that holds a REMIC residual certificate as a nominee for another person may be required to furnish to the related REMIC, in a manner to be provided in Treasury regulations, the name and address of that person and other information.

Reporting of interest income, including any original issue discount, with respect to REMIC regular certificates is required annually, and may be required more frequently under Treasury regulations. These information reports are required to be sent to individual holders of REMIC regular Interests and the IRS; holders of REMIC regular certificates that are corporations, trusts, securities dealers and other non-individuals will be provided interest and original issue discount income information and the information in the following paragraph upon request in accordance with the requirements of the applicable regulations. The information must be provided by the later of 30 days after the end of the quarter for which the information was requested, or two weeks after the receipt of the request. The REMIC must also comply with rules requiring certain information to be reported to the IRS. Reporting with respect to the REMIC residual certificates, including income, excess inclusions, investment expenses and relevant information regarding qualification of the REMIC's assets will be made as required under the Treasury regulations, typically on a quarterly

basis.

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

The responsibility for complying with the foregoing reporting rules will be borne by the master servicer or the Certificate Administrator. Certificateholders may request any information with respect to the returns described in Section 1.6049-7(e)(2) of the Treasury regulations. Any request should be directed to the master servicer or Certificate Administrator, as applicable, at Residential Funding Company, LLC, 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437.

Backup Withholding with Respect to REMIC Certificates

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

Foreign Investors in REMIC Certificates

A REMIC regular certificateholder that is not a United States person and is not subject to federal income tax as a result of any direct or indirect connection to the United States in addition to its ownership of a REMIC regular certificate will not be subject to United States federal income or withholding tax on a distribution on a REMIC regular certificate, provided that the holder complies to the extent necessary with certain identification requirements, including delivery of a statement, signed by the certificateholder under penalties of perjury, certifying that the certificateholder is not a United States person and providing the name and address of the certificateholder; this statement is generally made on IRS Form W-8BEN and must be updated whenever required information has changed or within three calendar years after the statement is first delivered. For these purposes, United States person means a citizen or resident of the United States, a corporation, partnership or other entity created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia, except, in the case of a partnership, to the extent provided in regulations, provided that, for purposes solely of the restrictions on the transfer of residual interests, no partnership or other entity treated as a partnership for United States federal income tax purposes shall be treated as a United States person unless all persons that own an interest in such partnership either directly or through any entity that is not a corporation for United States federal income tax purposes are required by the applicable operating agreement to be United States persons or an estate whose income is subject to United States federal income tax regardless of its source, or a trust if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. To the extent prescribed in regulations by the Secretary of the Treasury, which regulations have not yet been issued, a trust which was in existence on August 20, 1996 (other than a trust treated

as owned by the grantor under subpart E of part I of subchapter J of chapter 1 of the Internal Revenue Code), and which was treated as a United States person on August 19, 1996, may elect to continue to be treated as a United States person notwithstanding the previous sentence. It is possible that the IRS may assert that the foregoing tax exemption should not apply with respect to a REMIC regular certificate held by a REMIC residual certificateholder that owns directly or indirectly a 10% or greater interest in the REMIC residual certificates. If the holder does not qualify for exemption, distributions of interest, including distributions of accrued original issue discount, to the holder may be subject to a tax rate of 30%, subject to reduction under any applicable tax treaty.

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

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

Further, it appears that a REMIC regular certificate would not be included in the estate of a non-resident alien individual and would not be subject to United States estate taxes. However, certificateholders who are non-resident alien individuals are encouraged to consult their tax advisors concerning this question.

Transfers of REMIC residual certificates to investors that are not United States persons will be prohibited under the related pooling and servicing agreement or trust agreement.

Taxation of Classes of Exchangeable Certificates

General

The arrangement pursuant to which the classes of exchangeable certificates are created, sold and administered (referred to herein as the exchangeable certificate trust fund) will be classified as a grantor trust under subpart E, part I of subchapter J of the Code. The interests in the classes of certificates that have been exchanged for exchangeable certificates will be the assets of the exchangeable certificate trust fund, and the exchangeable certificates will represent beneficial ownership of these interests in the classes of certificates.

Tax Status

Exchangeable certificates will represent "real estate assets" within the meaning of Code Section 856(c)(4)(A) and assets described in Section 7701(a)(19)(C) of the Code, and original issue discount and interest accruing on the exchangeable certificates will represent "interest on obligations secured by mortgages on real property" within the meaning of Section 856(c)(3)(B) of the Code, in each case, to the extent the certificates that have been exchanged or income thereon would be qualifying if held directly (although the matter is not entirely clear for Strips, defined below). Exchangeable certificates will be "qualified mortgages" under Section 860G(a) (3) of the Code for a REMIC to the extent the certificates, the interest in which is represented by such exchangeable certificates would be qualifying if held directly.

Tax Accounting for Exchangeable Certificates

An exchangeable certificate represents beneficial ownership of an interest in one or more classes of certificates on deposit in an exchangeable certificate trust fund, as specified in the applicable prospectus supplement. If it represents an interest in more than one class of certificates, a purchaser must allocate its basis in the exchangeable certificate among the interests in the classes of certificates in accordance with their relative fair market values as of the time of acquisition. Similarly, on the sale of such an exchangeable certificate, the holder must allocate the amount received on the sale among the interests in the classes of certificates in accordance with their relative fair market values as of the time of sale.

The holder of an exchangeable certificate must account separately for each interest in a class of certificates (there may be only one such interest). Where the interest represents a pro rata portion of a class of certificates that are REMIC regular certificates, the holder of the exchangeable certificate should account for such interest as described under "REMICs— Taxation of Owners of REMIC Regular Certificates" above. Where the interest represents beneficial ownership of a disproportionate part of the principal and interest payments on a class of certificates (a "Strip"), the holder is treated as owning, pursuant to Section 1286 of the Code, "stripped bonds" to the extent of its share of principal payments and "stripped coupons" to the extent of its share of interest payments on such class of certificates. The master servicer or the Certificate Administrator, as applicable, intends to treat each Strip as a single debt instrument for purposes of information reporting. The IRS, however, could take a different position. For example, the IRS could contend that a Strip should be treated as a pro rata part of the class of certificates to the extent that the Strip represents a pro rata portion thereof, and "stripped bonds" or "stripped coupons" with respect to the remainder. An investor is encouraged to consult its tax advisor regarding this matter.

A holder of an exchangeable certificate should calculate original issue discount with respect to each Strip and include it in ordinary income as it accrues, which may be before the receipt of cash attributable to such income, in accordance with a constant interest method that takes into account the compounding of interest. The holder should determine its yield to maturity based on its purchase price allocated to the Strip and on a schedule of payments projected using a prepayment assumption, and then make periodic adjustments to take into account actual prepayment experience. With respect to a particular holder, Treasury regulations do not address whether the prepayment assumption used to calculate original issue discount would be determined at the time of purchase of the Strip or would be the original prepayment assumption with respect to the related class of certificates. Further, if the related class of certificates is subject to redemption as described in the applicable prospectus supplement, Treasury regulations do not address the extent to which such prepayment assumption should take into account the possibility of the retirement of the Strip concurrently with the redemption of such class of certificates. An investor is encouraged to consult its tax advisor regarding these matters. For purposes of information reporting relating to original issue discount, the original yield to maturity of the Strip, determined as of the date of issuance of the series, will be calculated based on the original prepayment assumption.

If original issue discount accruing with respect to a Strip, computed as described above, is negative for any period, the holder may be entitled to offset such amount only against future positive original issue discount accruing from such Strip (or possibly also against original issue discount from prior periods). The master servicer or the Certificate Administrator, as applicable, intends to report by offsetting negative OID accruals only against future positive accruals of OID. Although not entirely free from doubt, such a holder may be entitled to deduct a loss to the extent that its remaining basis would exceed the maximum amount of future payments to which the holder is entitled with respect to such Strip, assuming no further prepayments of the mortgage loans (or, perhaps, assuming prepayments at a rate equal to the prepayment assumption). Although the issue is not free from doubt, all or a portion of such loss may be treated as a capital loss if the Strip is a capital asset in the hands of the holder.

A holder realizes gain or loss on the sale of a Strip in an amount equal to the difference between the amount realized and its adjusted basis in such Strip. The holder's adjusted basis generally is equal to the holder's allocated cost of the Strip, increased by income previously included, and reduced (but not below zero) by distributions previously received. Except as described below, any gain or loss on such sale generally is capital gain or loss if the holder has held its interest as a capital asset and is long-term if the interest has been held for the long-term capital gain holding period (more than one year). Such gain or loss will be ordinary income or loss (1) for a bank or thrift institution or (2) if the certificates are REMIC regular certificates to the extent income recognized by the holder is less than the income that would have been recognized if the yield on such interest were 110% of the applicable federal rate under Section 1274(d) of the Code.

If a holder exchanges a single exchangeable certificate, an "Exchanged Certificate", for several exchangeable certificates, each, a "Received Certificate," and then sells one of the Received Certificates, the sale may be subject the investor to the coupon stripping rules of Section 1286 of the Code. The holder must allocate its basis in the Exchanged Certificate between the portion of such Exchanged Certificate underlying the Received Certificate that was sold and the portion of the Exchanged Certificate underlying the Received Certificates that were retained, in proportion to their relative fair market values as of the date of such sale. The holder is treated as purchasing the interest retained for the amount of basis allocated to such interest. The holder must calculate original issue discount with respect to the retained interest as described above.

Although the matter is not free from doubt, a holder that acquires in one transaction a combination of exchangeable certificates that may be exchanged for a single exchangeable certificate that is identical to a class of certificates that is on deposit in the related exchangeable certificate trust fund should be treated as owning the relevant class of certificates.

Exchanges of Exchangeable Certificates

An exchange of an interest in one or more exchangeable certificates for an interest in one or more other related exchangeable certificates that are part of the same combination, or vice versa, will not be a taxable exchange. After the exchange, the holder is treated as continuing to own the interests in the exchangeable certificates that it owned immediately before the exchange.

Tax Treatment of Foreign Investors

A foreign holder of an exchangeable certificate is subject to taxation in the same manner as foreign holders of REMIC Regular Certificates. Such manner of taxation is discussed under the heading "REMICs— Foreign Investors in REMIC Certificates."

Backup Withholding

A holder of an exchangeable certificate is subject to backup withholding rules similar to those applicable to REMIC Regular Certificates. Such manner of taxation is discussed under the heading "REMICs— Backup Withholding With Respect to REMIC Certificates."

Reporting and Administrative Matters

Reports will be made to the IRS and to holders of record of exchangeable certificates that are not excepted from the reporting requirements.

STATE AND OTHER TAX CONSEQUENCES

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

ERISA CONSIDERATIONS

Sections 404 and 406 of the Employee Retirement Income Security Act of 1974, as amended, or ERISA, impose fiduciary and prohibited transaction restrictions on employee pension and welfare benefit plans subject to ERISA and various other retirement plans and arrangements, including bank collective investment funds and insurance company general and separate accounts in which those employee benefit plans and arrangements are invested. Section 4975 of the Internal Revenue Code imposes essentially the same prohibited transaction restrictions on certain tax-favored plans, including tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code and individual retirement accounts described in Section 408 of the Internal Revenue Code.

Some employee benefit plans, including governmental plans, as defined in Section 3(32) of ERISA, and, if no election has been made under Section 410(d) of the Internal Revenue Code, church plans, as defined in Section 3(33) of ERISA, are not subject to the ERISA requirements discussed in this prospectus. Accordingly, assets of these plans may be invested in certificates without regard to the ERISA considerations described below, subject to the provisions of applicable federal and state law. Any plan that is a tax-qualified plan and exempt from taxation under Sections 401(a) and 501(a) of the Internal Revenue Code, however, is subject to the prohibited transaction rules in Section 503(b) of the Internal Revenue Code.

Section 404 of ERISA imposes general fiduciary requirements, including those of investment prudence and diversification and the requirement that a plan’s investment be made in accordance with the documents governing the plan. In addition, Section 406 of ERISA and Section 4975 of the Internal Revenue Code prohibit a broad range of transactions involving assets of employee benefit plans and arrangements and tax-favored plans, which are collectively referred to in this prospectus as “ERISA plans,” and persons, called “parties in interest” under ERISA or “disqualified persons” under the Internal Revenue Code, which are collectively referred to in this prospectus as “parties in interest,” who have specified relationships to the ERISA plans, unless a statutory, regulatory or administrative exemption is available. Some parties in interest that participate in a prohibited transaction may be subject to a penalty (or an excise tax) imposed under Section 502(i) of ERISA or Section 4975 of the Internal Revenue Code, unless a statutory, regulatory or administrative exemption is available with respect to any transaction of this sort.

ERISA Plan Asset Regulations

An investment of assets of an ERISA plan in certificates may cause the underlying mortgage loans, contracts, mortgage securities or any other assets held in a trust to be deemed ERISA plan assets of the ERISA plan. The U.S. Department of Labor, or DOL, has promulgated regulations at 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA, concerning whether or not an ERISA plan’s assets would be

deemed to include an interest in the underlying assets of an entity, including a trust, for purposes of applying the general fiduciary responsibility provisions of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code, when an ERISA plan acquires an “equity interest,” such as a certificate, in that entity.

Some of the rules contained in the DOL regulations provide that ERISA plan assets may be deemed to include an undivided interest in each asset of an entity, such as a trust, in which an ERISA plan makes an equity investment. Therefore, ERISA plans and entities deemed to hold ERISA plan assets should not acquire or hold certificates in reliance upon the availability of any exception under the DOL regulations. For purposes of this section, the terms “ERISA plan assets” and “assets of an ERISA plan” have the meanings specified in the DOL regulations and include an undivided interest in the underlying assets of entities in which an ERISA plan holds an equity interest.

Under the DOL regulations, the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code may apply to the assets of a trust and cause the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the obligor under any credit enhancement mechanism or affiliates of those entities to be considered or become parties in interest for an investing ERISA plan or an ERISA plan holding an interest in an ERISA-subject investment entity. If so, the acquisition or holding of certificates by or on behalf of the investing ERISA plan could also give rise to a prohibited transaction under ERISA and Section 4975 of the Internal Revenue Code, unless some statutory, regulatory or administrative exemption is available. Certificates acquired by an ERISA plan would be assets of that ERISA plan. Under the DOL regulations, a trust, including the mortgage loans, contracts, mortgage securities or any other assets held in the trust, may also be deemed to be assets of each ERISA plan that acquires certificates. Special caution should be exercised before ERISA plan assets are used to acquire a certificate in those circumstances, especially if, for the ERISA plan assets, the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the obligor under any credit enhancement mechanism or an affiliate thereof either (i) has investment discretion with respect to the investment of the ERISA plan assets; or (ii) has authority or responsibility to give, or regularly gives, investment advice (direct or indirect) with respect to the ERISA plan assets for a fee under an agreement or understanding that this advice will serve as a primary basis for investment decisions with respect to the ERISA plan assets.

Any person who has discretionary authority or control with respect to the management or disposition of ERISA plan assets, and any person who provides investment advice with respect to the ERISA plan assets for a fee (in the manner described above), is a fiduciary of the investing ERISA plan. If the mortgage loans, contracts, mortgage securities or any other assets held in a trust were to constitute ERISA plan assets, then any party exercising management or discretionary control with respect to those ERISA plan assets may be deemed to be a “fiduciary,” and thus subject to the general fiduciary requirements of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Internal Revenue Code, for any investing ERISA plan. In addition, if the mortgage loans, contracts, mortgage securities or any other assets held in a trust were to constitute ERISA plan assets, then the acquisition or holding of certificates by or on behalf of an ERISA plan or with ERISA plan assets, as well as the operation of the trust, may constitute or result in a prohibited transaction under ERISA and Section 4975 of the Internal Revenue Code.

Prohibited Transaction Exemptions

The DOL has issued an individual prohibited transaction exemption, or PTE, 94-29, 59 Fed. Reg. 14674 (March 29, 1994), as most recently amended by 2002-41, 67 Fed. Reg. 54487 (August 22, 2002), referred to in this prospectus as the “RFC exemption,” to Residential Funding Company, LLC and a number of its affiliates. The RFC exemption generally exempts, from the application of the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Internal Revenue Code, various transactions, among others, relating to the servicing and

operation of pools of secured obligations of some types, including mortgage loans, contracts or mortgage securities, which are held in a trust or by another “issuer” and the purchase, sale and holding of pass-through certificates or other “securities” issued by a trust or other issuer as to which:

- the depositor or any of its affiliates is the sponsor if any entity which has received from the DOL an individual prohibited transaction exemption which is substantially similar to the RFC exemption is the sole underwriter, a manager or co-manager of the underwriting syndicate or a selling or placement agent; or
- the depositor or an affiliate is the underwriter or placement agent,

provided that the conditions of the exemption are satisfied. For purposes of this section, the term “underwriter” includes:

- the depositor and a number of its affiliates;
- any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with the depositor and certain of its affiliates;
- any member of the underwriting syndicate or selling group of which a person described in the two clauses just above is a manager or co-manager with respect to a class of certificates; or
- any entity which has received from the DOL an exemption, called an asset-backed exemption, relating to securities which is substantially similar to the RFC exemption.

The RFC exemption sets forth several general conditions (certain of which are described below) which must be satisfied for a transaction involving the purchase, sale and holding of certificates to be eligible for exemptive relief thereunder.

- The certificates issued by an issuer must represent a beneficial ownership interest in the assets of an issuer that is a trust and which interest entitles the holder of the certificates to certain payments with respect to the assets of the trust.
- The assets of the trust must consist solely of certain types of obligations, property, cash accounts or certain permitted contractual rights. There are six permitted types of obligations including certain consumer receivables, credit instruments, obligations secured by residential or commercial real property, obligations secured by motor vehicles or equipment, guaranteed governmental mortgage pool certificates and fractional undivided interests in any of the above. Permitted contractual rights include rights of the trustee under the relevant pooling and servicing agreement, rights under any insurance policies, and rights under eligible yield supplement agreements, eligible swap agreements or other credit support arrangements. The RFC exemption also requires that each trust meet the following requirements:
 - the trust must consist solely of assets of the type that have been included in other investment pools;
 - securities evidencing interests in those other investment pools must have been rated in one of the four highest categories of one of

the exemption rating agencies for at least one year prior to the acquisition of certificates by or on behalf of an ERISA plan or with ERISA plan assets in reliance on an asset-backed exemption; and

- securities in the other investment pools must have been purchased by investors other than ERISA plans for at least one year prior to any acquisition of certificates by or on behalf of an ERISA plan or with ERISA plan assets in reliance on an asset-backed exemption.
- The acquisition of certificates by an ERISA plan or with ERISA plan assets must be on terms that are at least as favorable to the ERISA plan as they would be in an arm's length transaction with an unrelated party.
- Certificates must evidence rights and interests that are not subordinated to the rights and interests evidenced by the other certificates of the same trust, unless none of the mortgage loans or other assets has an LTV ratio or CLTV ratio that exceeds 100% at the date of issuance of the certificates.
- At the time of acquisition by an ERISA plan or with ERISA plan assets, the certificates must be rated in one of the four highest generic rating categories by Standard & Poor's, a division of The McGraw Hill Companies, Inc., Moody's Investors Service, Inc. or Fitch Ratings, called the exemption rating agencies, if none of the mortgage loans or other assets has an LTV ratio or CLTV ratio that exceeds 100% at the date of issuance of the certificates.
- If the LTV ratio or CLTV ratio of any one- to four-family residential mortgage loan or home equity loan held in the trust exceeds 100% but does not exceed 125% (based on fair market value at the date of issuance of the certificates), the certificates must (a) be rated in one of the two highest generic categories by the exemption rating agencies and (b) not be subordinate to other certificates issued by the issuer.
- The RFC exemption will not apply to any of the certificates if:
 - any mortgage loan or other asset held in the trust (other than a one- to four family residential mortgage loan or closed-end home equity loan) has an LTV ratio or CLTV ratio that exceeds 100% at the date of issuance of the certificates; or
 - any one- to four-family residential mortgage loan or closed-end home equity loan has an LTV ratio or CLTV ratio that exceeds 125% at the date of issuance of the certificates.
- The trustee cannot be an affiliate of any other member of the restricted group (which consists of any underwriter, the depositor, the master servicer, the Certificate Administrator, any servicer, any subservicer, the trustee, the swap counterparty in any eligible swap arrangement and any mortgagor with respect to assets of a trust constituting more than 5% of the aggregate unamortized principal balance of the assets in the related trust as of the date of initial issuance of the certificates) other than an underwriter.
- The sum of all payments made to and retained by the underwriters must represent not more than reasonable compensation for underwriting the certificates; the sum of all payments made to and retained by the depositor pursuant to the assignment of the assets to

the related trust must represent not more than the fair market value of those obligations; and the sum of all payments made to and retained by the master servicer, the Certificate Administrator, any servicer and any subservicer must represent not more than reasonable compensation for that person's services under the related pooling and servicing agreement or trust agreement and reimbursement of that person's reasonable expenses in connection therewith.

- The investing ERISA plan or ERISA plan asset investor must be an accredited investor as defined in Rule 501(a)(1) of Regulation D of the Securities and Exchange Commission under the Securities Act of 1933, as amended.
- For issuers other than common law trusts, the documents establishing the issuer and governing the transaction must contain provisions as described in the RFC exemption that are intended to protect the assets of the issuer from creditors of the depositor.
- If a particular class of securities held by an ERISA plan involves a "ratings dependent swap" or a "non-ratings dependent swap" (collectively, a "swap" or "swap agreement") entered into by the trust that issued such securities, then each particular swap transaction relating to such securities must be (a) an "eligible swap," (b) with an "eligible counterparty," (c) meet certain additional conditions which depend on whether the swap is a "ratings dependent swap" or a "non-ratings dependent swap" and (d) permit the trust to make termination payments to the swap counterparty (other than currently scheduled payments) solely from excess spread or amounts otherwise payable to the servicer, depositor or seller. Securities to which one or more swap agreements apply may be acquired or held only by "qualified plan investors."

An "eligible swap" is one which: (a) is denominated in U.S. dollars; (b) pursuant to which the trust pays or receives on or immediately prior to the respective payment or distribution date for the class of securities to which the swap relates, a fixed rate of interest or a floating rate of interest based on a publicly available index (e.g., LIBOR or the U.S. Federal Reserve's Cost of Funds Index (COFI)), with the trust receiving such payments on at least a quarterly basis and obligated to make separate payments no more frequently than the counterparty, with all simultaneous payments being netted ("allowable interest rate"); (c) has a notional amount that does not exceed either: (i) the principal balance of the class of securities to which the swap related, or (ii) the portion of the principal balance of such class represented by obligations ("allowable notional amount"); (d) is not leveraged (i.e., payments are based on the applicable notional amount, the day count fractions, the fixed or floating rates permitted above, and the difference between the products thereof, calculated on a one-to-one ratio and not on a multiplier of such difference) ("leveraged"); (e) has a final termination date that is either the earlier of the date on which the issuer terminates or the related class of securities are fully repaid and (f) does not incorporate any provision which could cause a unilateral alteration in the requirements described in (a) through (d) above.

An "eligible counterparty" means a bank or other financial institution that has a rating at the date of issuance of the securities that is in one of the three highest long-term credit rating categories or one of the two highest short-term credit rating categories, utilized by at least one of the exemption rating agencies rating the securities; provided that, if a counterparty is relying on its short-term rating to establish eligibility, such counterparty must either have a long-term rating in one of the three highest long-term rating categories or not have a long-term rating from the applicable exemption rating agency.

A "qualified plan investor" is a plan for which the decision to buy such class of securities is made by an independent fiduciary qualified to understand the swap transaction and the effect the swap would have on the rating of the securities, which fiduciary must (a) be a "qualified

professional asset manager” (“QPAM”) under PTCE 84-14, (b) be an “in-house asset manager” under PTCE 96-23 or (c) have total assets (both plan and non-plan) under management of at least \$100 million at the time the securities are acquired by the plan.

In “ratings dependent swaps” (where the rating of a class of securities is dependent on the terms and conditions of the swap and the rating of the counterparty), the swap agreement must provide that if the credit rating of the counterparty is withdrawn or reduced by any exemption rating agency below a level specified by the exemption rating agency, the servicer must, within the period specified under the Pooling and Servicing Agreement: (a) obtain a replacement swap agreement with an eligible counterparty which is acceptable to the exemption rating agency and the terms of which are substantially the same as the current swap agreement (at which time the earlier swap agreement must terminate); or (b) cause the swap counterparty to establish any collateralization or other arrangement satisfactory to the exemption rating agency such that the then current rating by the exemption rating agency of the particular class of securities will not be withdrawn or reduced (and the terms of the swap agreement must specifically obligate the counterparty to perform these duties for any class of securities with a term of more than one year). In the event that the servicer fails to meet these obligations, holders of the securities that are employee benefit plans or other retirement arrangements must be notified in the immediately following periodic report which is provided to the holders of the securities but in no event later than the end of the second month beginning after the date of such failure. Sixty days after the receipt of such report, the exemptive relief provided under the underwriter exemption will prospectively cease to be applicable to any class of securities held by an employee benefit plan or other retirement arrangement which involves such ratings dependent swap.

“Non-ratings dependent swaps” (those where the rating of the securities does not depend on the terms and conditions of the swap or the rating of the counterparty) are subject to the following conditions. If the credit rating of the counterparty is withdrawn or reduced below the lowest level permitted above, the servicer will, within a specified period after such rating withdrawal or reduction: (a) obtain a replacement swap agreement with an eligible counterparty, the terms of which are substantially the same as the current swap agreement (at which time the earlier swap agreement must terminate); (b) cause the counterparty to post collateral with the trust in an amount equal to all payments owed by the counterparty if the swap transaction were terminated; or (c) terminate the swap agreement in accordance with its terms. With respect to a non-ratings dependent swap, each exemption rating agency must confirm, as of the date of issuance of securities by the Trust, that entering into such swap will not affect the rating of the securities.

The RFC exemption also permits yield supplement agreements to be assets of a trust fund if certain conditions are satisfied.

An “eligible yield supplement agreement” is any yield supplement agreement or similar arrangement or (if purchased by or on behalf of the trust) an interest rate cap contract to supplement the interest rates otherwise payable on obligations held by the trust fund (“EYS Agreement”). If the EYS Agreement has a notional principal amount, the EYS Agreement may only be held as an asset of the trust fund if it meets the following conditions: (a) it is denominated in U.S. dollars; (b) it pays an allowable interest rate; (c) it is not leveraged; (d) it does not allow any of these three preceding requirements to be unilaterally altered without the consent of the trustee; (e) it is entered into between the trust and an eligible counterparty and (f) it has an allowable notional amount.

An ERISA Plan fiduciary or other investor of ERISA plan assets contemplating purchasing a certificate must make its own determination that the general conditions described above will be satisfied with respect to that certificate.

If the general conditions of the RFC exemption are satisfied, the RFC exemption may provide an exemption, from the application of the

prohibited transaction provisions of Sections 406(a) and 407(a) of ERISA and Sections 4975(c)(1)(A) through (D) of the Internal Revenue Code, in connection with the direct or indirect sale, exchange, transfer, holding or the direct or indirect acquisition or disposition in the secondary market of certificates by an ERISA plan or with ERISA plan assets. However, no exemption is provided from the restrictions of Sections 406(a)(1)(E) and 406(a)(2) of ERISA for the acquisition or holding of a certificate by an excluded ERISA plan or with ERISA plan assets of an excluded ERISA plan by any person who has discretionary authority or renders investment advice with respect to ERISA plan assets of the excluded ERISA plan. For purposes of the certificates, an “excluded ERISA plan” is an ERISA plan sponsored by any member of the restricted group.

If specific conditions of the RFC exemption are also satisfied, the RFC exemption may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(b)(1) and (b)(2) of ERISA and Section 4975(c)(1)(E) of the Internal Revenue Code, in connection with the following:

- the direct or indirect sale, exchange or transfer of certificates in the initial issuance of certificates between the depositor or an underwriter and an ERISA plan when the person who has discretionary authority or renders investment advice with respect to the investment of the relevant ERISA plan assets in the certificates is:
 - a mortgagor with respect to 5% or less of the fair market value of the assets of a trust; or
 - an affiliate of that person;

provided that, if the certificates are acquired in connection with their initial issuance, the quantitative restrictions described in the RFC exemption are met;

- the direct or indirect acquisition or disposition in the secondary market of certificates by an ERISA plan or by a person investing ERISA plan assets; and
- the holding of certificates by an ERISA plan or with ERISA plan assets.

Additionally, if specific conditions of the RFC exemption are satisfied, the RFC exemption may provide an exemption from the application of the prohibited transaction provisions of Sections 406(a), 406(b) and 407(a) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools or contract pools. The accompanying prospectus supplement will specify whether the depositor expects that the specific conditions of the RFC exemption will be satisfied with respect to the certificates so that the RFC exemption would provide an exemption from the application of the prohibited transaction provisions of Sections 406(a) and (b) of ERISA and Section 4975(c) of the Internal Revenue Code, for transactions in connection with the servicing, management and operation of the mortgage pools and contract pools, provided that the general conditions of the RFC exemption are satisfied.

The RFC exemption also may provide an exemption, from the application of the prohibited transaction provisions of Sections 406(a) and 407(a) of ERISA and Sections 4975(c)(1)(A) through (D) of the Internal Revenue Code, if those restrictions are deemed to otherwise apply merely because a person is deemed to be a party in interest with respect to an investing ERISA plan, or an ERISA plan holding interests in the investing entity holding ERISA plan assets, by virtue of providing services to the ERISA plan or by virtue of having specified relationships to such a person,

solely as a result of the ERISA plan's ownership of certificates.

The issuer may include certain residential financing transactions that are structured so as to be permissible under Islamic law utilizing declining balance co-ownership structures ("Sharia Mortgage Loans"). The DOL has not specifically considered the eligibility or treatment of Sharia Mortgage Loans under the RFC exemption, including whether they would be treated in the same manner as other single family residential mortgages. Since the remedies in the event of default and certain other provisions of the Sharia Mortgage Loans held by the issuer are similar to the remedial and other provisions in the residential mortgage loans contemplated by the DOL at the time the RFC exemption was granted, the depositor believes that the Sharia Mortgage Loans should be treated as other single family residential mortgages under the RFC exemption.

Before purchasing a certificate, a fiduciary or other investor of ERISA plan assets should itself confirm that the certificates constitute "securities" for purposes of the RFC exemption and that the specific and general conditions and the other requirements described in the RFC exemption would be satisfied. In addition to making its own determination as to the availability of the exemptive relief provided in the RFC exemption, the fiduciary or other ERISA plan asset investor should consider its general fiduciary obligations under ERISA in determining whether to purchase any certificates with ERISA plan assets.

Any fiduciary or other ERISA plan asset investor that proposes to purchase certificates on behalf of an ERISA plan or with ERISA plan assets are encouraged to consult with its counsel on the potential applicability of ERISA and the Internal Revenue Code to that investment and the availability of the RFC exemption or any DOL prohibited transaction class exemption, or PTCE, in connection therewith. In particular, in connection with a contemplated purchase of certificates representing a beneficial ownership interest in a pool of single-family residential first mortgage loans or Agency Securities, the fiduciary or other ERISA plan asset investor should consider the availability of PTCE 83-1 for various transactions involving mortgage pool investment trusts. However, PTCE 83-1 does not provide exemptive relief with respect to certificates evidencing interests in trusts which include contracts or Cooperative Loans, or some types of private securities, or which contain a swap. In addition, the fiduciary or other ERISA plan asset investor should consider the availability of other class exemptions granted by the DOL, which provide relief from certain of the prohibited transaction provisions of ERISA and the related excise tax provisions of Section 4975 of the Internal Revenue Code, including PTCE 95-60, regarding transactions by insurance company general accounts; PTCE 84-14, regarding transactions effected by a "qualified professional asset manager"; PTCE 90-1, regarding transactions by insurance company pooled separate accounts; PTCE 91-38, regarding investments by bank collective investment funds; and PTCE 96-23, regarding transactions effected by an "in-house asset manager" (each, an "Investor-Based Exemption"). In addition to the Investor-Based Exemptions listed above, Section 408(b)(17) of ERISA provides a statutory exemption for certain prohibited transactions between an ERISA plan and a person or an entity that is a party in interest to such ERISA plan (other than a party in interest that is a fiduciary, or its affiliate, that has or exercises discretionary authority or control or renders investment advice with respect to the assets of the ERISA plan involved in the transaction) solely by reason of providing services to the ERISA plan, but only if the ERISA plan pays no more, or receives no less, than adequate consideration (the "Service Provider Exemption"). The Investor-Based Exemptions and the Service Provider Exemption may not provide exemptive relief for all transactions for which exemptive relief is provided by the Issuer Exemption. The accompanying prospectus supplement may contain additional information regarding the application of the RFC exemption, the Investor-Based Exemptions, other DOL exemptions or the Service Provider Exemption for the certificates offered thereby. There can be no assurance that any of these exemptions will apply with respect to any particular ERISA plan's or other ERISA plan asset investor's investment in the certificates or, even if an exemption were deemed to apply, that any exemption would apply to all prohibited transactions that may occur in connection with this form of investment.

Insurance Company General Accounts

Insurance companies contemplating the investment of general account assets in the certificates are encouraged to consult with their legal advisors with respect to the applicability of Section 401(c) of ERISA. The DOL issued final regulations under Section 401(c) which were published in the Federal Register on January 5, 2000 and became generally applicable on July 5, 2001.

Representations From Investing ERISA Plans

If the criteria specified in the RFC exemption as described above are not satisfied by (a) one or more classes of certificates, or (b) a trust or the mortgage loans, contracts, mortgage securities and other assets held by the trust, then the accompanying prospectus supplement will specify whether or not transfers of those certificates to (i) an ERISA plan, (ii) a trustee or other person acting on behalf of any ERISA plan, or (iii) any other person using ERISA plan assets to effect the acquisition, will be registered by the trustee, and whether or not such registration shall be subject to the condition that the transferee provides the depositor, the trustee and the master servicer with an opinion of counsel satisfactory to the depositor, the trustee and the master servicer, which opinion will not be at the expense of the depositor, the trustee or the master servicer, that the purchase of the certificates by or on behalf of the ERISA plan or with ERISA plan assets:

- is permissible under applicable law;
- will not constitute or result in any non-exempt prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code; and
- will not subject the depositor, the trustee or the master servicer to any obligation in addition to those undertaken in the pooling and servicing or trust agreement.

The accompanying prospectus supplement will specify whether or not each beneficial owner of a subordinate certificate offered by this prospectus and the accompanying prospectus supplement (or any interest therein) shall be deemed to have represented, by virtue of its acquisition or holding of such certificate (or interest therein), that either:

- it is not an ERISA plan, a trustee or other person acting on behalf of an ERISA plan, or any other person using ERISA plan assets to effect such acquisition or holding;
- it has acquired and is holding such subordinate certificate in reliance on the RFC exemption and it understands that there are certain conditions to the availability of the RFC exemption including that the subordinate certificates must be rated, at the time of acquisition, in one of the four highest generic rating categories by at least one of the exemption rating agencies; or
- (1) such acquirer or holder is an insurance company, (2) the source of funds used to acquire or hold such certificate (or interest therein) is an “insurance company general account” (as defined in PTCE 95-60), and (3) the conditions set forth in Sections I and III of PTCE 95-60 have been satisfied.

If any subordinate certificate (or any interest therein) is acquired or held in violation of the conditions described in the preceding paragraph,

the next preceding permitted beneficial owner will be treated as the beneficial owner of the subordinate certificate, retroactive to the date of transfer to the purported beneficial owner. Any purported beneficial owner whose acquisition or holding of any subordinate certificate (or interest therein) was effected in violation of the conditions described in the preceding paragraph shall indemnify and hold harmless the depositor, the trustee, the master servicer, any subservicer and the trust from and against any and all liabilities, claims, costs or expenses incurred by such parties as a result of such acquisition or holding.

Tax-Exempt Investors; REMIC Residual Certificates

An ERISA plan that is a Tax-Exempt Investor nonetheless will be subject to federal income taxation to the extent that its income is “unrelated business taxable income,” or UBTI, within the meaning of Section 512 of the Internal Revenue Code. All “excess inclusions” of a REMIC allocated to a REMIC residual certificate held by a Tax-Exempt Investor will be considered UBTI and thus will be subject to federal income tax. See “Material Federal Income Tax Consequences—Taxation of Owners of REMIC Residual Certificates—Excess Inclusions.” In addition, the exemptive relief afforded by the RFC exemption does not apply to the purchase, sale or holding of any class of REMIC residual certificates.

Consultation With Counsel

There can be no assurance that the RFC exemption or any other DOL exemption will apply with respect to any particular ERISA plan that acquires the certificates or, even if all of the specified conditions were satisfied, that the exemption would apply to all transactions involving a trust. Prospective ERISA plan investors are encouraged to consult with their legal counsel concerning the impact of ERISA and the Internal Revenue Code and the potential consequences to their specific circumstances prior to making an investment in the certificates.

Before purchasing a certificate, a fiduciary of an ERISA plan should itself confirm that all of the specific and general conditions described in the RFC exemption or one of the other DOL exemptions would be satisfied. Before purchasing a certificate in reliance on the RFC exemption, an ERISA plan fiduciary should itself confirm that the certificate constitutes a “security” for purposes of the RFC exemption. In addition to making its own determination as to the availability of the exemptive relief provided in the RFC exemption or any other DOL exemption, an ERISA plan fiduciary should consider its general fiduciary obligations under ERISA in determining whether to purchase a security on behalf of an ERISA plan.

LEGAL INVESTMENT MATTERS

Each class of certificates offered hereby and by the accompanying prospectus supplement will be rated at the date of issuance in one of the four highest rating categories by at least one rating agency. If stated in the accompanying prospectus supplement, classes that are, and continue to be, rated in one of the two highest rating categories by at least one nationally recognized statistical rating organization will constitute “mortgage related securities” for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended, or SMMEA, and, as such, will be legal investments for persons, trusts, corporations, partnerships, associations, business trusts and business entities (including depository institutions, life insurance companies and pension funds) created under or existing under the laws of the United States or of any State whose authorized investments are subject to state regulation to the same extent that, under applicable law, obligations issued by or guaranteed as to principal and interest by the United States or any agency or instrumentality thereof constitute legal investments for those entities. Under SMMEA, if a State enacted legislation

on or prior to October 3, 1991 specifically limiting the legal investment authority of any of these entities with respect to “mortgage related securities,” these securities will constitute legal investments for entities subject to the legislation only to the extent provided therein. Certain States enacted legislation which overrides the preemption provisions of SMMEA. SMMEA provides, however, that in no event will the enactment of any such legislation affect the validity of any contractual commitment to purchase, hold or invest in “mortgage related securities,” or require the sale or other disposition of the securities, so long as the contractual commitment was made or the securities acquired prior to the enactment of the legislation.

SMMEA also amended the legal investment authority of federally-chartered depository institutions as follows: federal savings and loan associations and federal savings banks may invest in, sell or otherwise deal with “mortgage related securities” without limitation as to the percentage of their assets represented thereby, federal credit unions may invest in these securities, and national banks may purchase these securities for their own account without regard to the limitations generally applicable to investment securities described in 12 U.S.C. §24 (Seventh), subject in each case to any regulations that the applicable federal regulatory authority may prescribe.

The 1998 Policy Statement was adopted by the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the National Credit Union Administration, or NCUA and the OTS with an effective date of May 26, 1998. The 1998 Policy Statement rescinded a 1992 policy statement that had required, prior to purchase, a depository institution to determine whether a mortgage derivative product that it was considering acquiring was high-risk, and, if so, required that the proposed acquisition would reduce the institution’s overall interest rate risk. The 1998 Policy Statement eliminates constraints on investing in certain “high-risk” mortgage derivative products and substitutes broader guidelines for evaluating and monitoring investment risk.

The OTS has issued Thrift Bulletin 73a, entitled “Investing in Complex Securities” or TB 73a, which is effective as of December 18, 2001 and applies to savings associations regulated by the OTS, and Thrift Bulletin 13a, entitled “Management of Interest Rate Risk, Investment Securities, and Derivatives Activities”, or TB 13a, which is effective as of December 1, 1998, and applies to thrift institutions regulated by the OTS.

One of the primary purposes of TB 73a is to require savings associations, prior to taking any investment position, to determine that the investment position meets applicable regulatory and policy requirements (including those set forth TB 13a (see below)) and internal guidelines, is suitable for the institution, and is safe and sound. The OTS recommends, with respect to purchases of specific securities, additional analysis, including, among others, analysis of repayment terms, legal structure, expected performance of the issuing entity and any underlying assets as well as analysis of the effects of payment priority, with respect to a security which is divided into separate tranches with unequal payments, and collateral investment parameters, with respect to a security that is prefunded or involves a revolving period. TB 73a reiterates the OTS’s due diligence requirements for investing in all securities and warns that if a savings association makes an investment that does not meet the applicable regulatory requirements, the savings association’s investment practices will be subject to criticism, and the OTS may require divestiture of such securities. The OTS also recommends, with respect to an investment in any “complex securities,” that savings associations should take into account quality and suitability, marketability, interest rate risk, and classification factors. For the purposes of each of TB 73a and TB 13a, “complex security” includes among other things any collateralized mortgage obligation or real estate mortgage investment conduit security, other than any “plain vanilla” mortgage pass-through security (that is, securities that are part of a single class of securities in the related pool that are non-callable and do not have any special features). Accordingly, all classes of the offered certificates would likely be viewed as “complex securities.” With respect to quality and suitability factors, TB 73a warns:

- that a savings association's sole reliance on outside ratings for material purchases of complex securities is an unsafe and unsound practice,
- that a savings association should only use ratings and analyses from nationally recognized rating agencies in conjunction with, and in validation of, its own underwriting processes, and
- that it should not use ratings as a substitute for its own thorough underwriting analyses.

With respect to the interest rate risk factor, TB 73a recommends that savings associations should follow the guidance set forth in TB 13a.

One of the primary purposes of TB 13a is to require thrift institutions, prior to taking any investment position, to:

- conduct a pre-purchase portfolio sensitivity analysis for any "significant transaction" involving securities or financial derivatives, and
- conduct a pre-purchase price sensitivity analysis of any "complex security" or financial derivative.

The OTS recommends that while a thrift institution should conduct its own in-house pre-acquisition analysis, it may rely on an analysis conducted by an independent third-party as long as management understands the analysis and its key assumptions. Further, TB 13a recommends that the use of "complex securities with high price sensitivity" be limited to transactions and strategies that lower a thrift institution's portfolio interest rate risk. TB 13a warns that investment in complex securities by thrift institutions that do not have adequate risk measurement, monitoring and control systems may be viewed by the OTS examiners as an unsafe and unsound practice.

Prospective investors in the certificates, including in particular the classes of certificates that do not constitute "mortgage related securities" for purposes of SMMEA, should consider the matters discussed in the following paragraph.

There may be other restrictions on the ability of some investors either to purchase some classes of certificates or to purchase any class of certificates representing more than a specified percentage of the investors' assets. The depositor will make no representations as to the proper characterization of any class of certificates for legal investment or other purposes, or as to the ability of particular investors to purchase any class of certificates under applicable legal investment restrictions. These uncertainties may adversely affect the liquidity of any class of certificates. Accordingly, all investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities are encouraged to consult with their own legal advisors in determining whether and to what extent the certificates of any class constitute legal investments or are subject to investment, capital or other restrictions, and, if applicable, whether SMMEA has been overridden in any jurisdiction relevant to the investor.

USE OF PROCEEDS

Substantially all of the net proceeds to be received by the depositor from the sale of certificates will be applied by the depositor to finance

the purchase of, or to repay short-term loans incurred to finance the purchase of, the mortgage collateral underlying the certificates or will be used by the depositor for general corporate purposes. The depositor expects that it will make additional sales of securities similar to the certificates from time to time, but the timing and amount of any additional offerings will be dependent upon a number of factors, including the volume of mortgage loans, contracts or mortgage securities purchased by the depositor, prevailing interest rates, availability of funds and general market conditions.

METHODS OF DISTRIBUTION

The certificates offered hereby and by the accompanying prospectus supplements will be offered in series through one or more of the methods described below. The prospectus supplement prepared for each series will describe the method of offering being utilized for that series and will state the net proceeds to the depositor from that sale.

The depositor intends that certificates will be offered through the following methods from time to time and that offerings may be made concurrently through more than one of these methods or that an offering of a particular series of certificates may be made through a combination of two or more of the following methods:

- by negotiated firm commitment or best efforts underwriting and public re-offering by underwriters;
- by placements by the depositor with institutional investors through dealers; and
- by direct placements by the depositor with institutional investors.

In addition, if specified in the accompanying prospectus supplement, a series of certificates may be offered in whole or in part in exchange for the mortgage collateral, and other assets, if applicable, that would comprise the trust securing the certificates.

If underwriters are used in a sale of any certificates, other than in connection with an underwriting on a best efforts basis, the certificates will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at fixed public offering prices or at varying prices to be determined at the time of sale or at the time of commitment therefor. These underwriters may be broker-dealers affiliated with the depositor whose identities and relationships to the depositor will be as described in the accompanying prospectus supplement. The managing underwriter or underwriters with respect to the offer and sale of a particular series of certificates will be listed on the cover of the prospectus supplement relating to that series and the members of the underwriting syndicate, if any, will be named in the accompanying prospectus supplement.

In connection with the sale of the certificates, underwriters may receive compensation from the depositor or from purchasers of the certificates in the form of discounts, concessions or commissions. Underwriters and dealers participating in the distribution of the certificates are underwriters, as defined under the Securities Act of 1933, as amended, in connection with the certificates, and any discounts or commissions received by them from the depositor and any profit on the resale of certificates by them would be underwriting discounts and commissions under the Securities Act of 1933, as amended.

It is anticipated that the underwriting agreement pertaining to the sale of any series of certificates will provide that the obligations of the

underwriters will be subject to certain conditions precedent, that the underwriters will be obligated to purchase all of the certificates if any are purchased (other than in connection with an underwriting on a best efforts basis) and that, in limited circumstances, the depositor will indemnify the several underwriters and the underwriters will indemnify the depositor against certain civil liabilities, including liabilities under the Securities Act of 1933, as amended, or will contribute to payments required to be made in respect thereof.

The prospectus supplement with respect to any series offered by placements through dealers will contain information regarding the nature of the offering and any agreements to be entered into between the depositor and purchasers of certificates of that series.

The depositor anticipates that the certificates offered hereby will be sold primarily to institutional investors or sophisticated non-institutional investors. Purchasers of certificates, including dealers, may, depending on the facts and circumstances of the purchases, be deemed to be “underwriters” within the meaning of the Securities Act of 1933, as amended, in connection with reoffers and sales by them of certificates. Holders of certificates are encouraged to consult with their legal advisors in this regard prior to any reoffer or sale.

Securities offered hereby and by an accompanying prospectus supplement may be distributed in connection with resecuritization transactions. In a resecuritization transaction, securities offered hereby will be transferred to a trust (or other type of issuing entity) and securities backed by those securities will in turn be offered to investors. There is no assurance that any particular class of security offered hereby will be suitable for inclusion in a resecuritization transaction.

LEGAL MATTERS

Certain legal matters, including certain federal income tax matters, will be passed upon for the depositor by Orrick, Herrington & Sutcliffe LLP, New York, New York, or Mayer, Brown, Rowe & Maw LLP, New York, New York, as specified in the prospectus supplement.

ADDITIONAL INFORMATION

The depositor has filed the registration statement, file number 333-140610, with the Securities and Exchange Commission, or Commission. The depositor and each issuing entity are also subject to some of the information requirements of the Securities Exchange Act of 1934, as amended, or Exchange Act, and, accordingly, each issuing entity will file reports thereunder with the Commission. The registration statement and the exhibits thereto, and reports and other information filed by the depositor and each issuing entity pursuant to the Exchange Act can be read and copied at the Commission’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. In addition, the Commission maintains an internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the Commission at <http://www.sec.gov>. For purposes of any electronic version of this prospectus, the preceding uniform resource locator, or URL, is an inactive textual reference only. We have taken steps to ensure that this URL reference was inactive at the time the electronic version of this prospectus was created.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The Commission allows the depositor to “incorporate by reference” the information filed with the Commission by the depositor, under

Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, that relates to any trust fund for the certificates. This means that the depositor can disclose important information to any investor by referring the investor to these documents. The information incorporated by reference is an important part of this prospectus, and information filed by the depositor with the Commission that relates to the trust fund for the certificates will automatically update and supersede this information. Documents that may be incorporated by reference with respect to a particular series of certificates include an insurer's financials, a certificate policy, mortgage pool policy, computational materials, collateral term sheets, the related pooling and servicing agreement and amendments thereto, other documents on Form 8-K and Section 13(a), 13(c), 14 or 15(d) of Exchange Act as may be required in connection with the related trust fund.

The depositor will provide or cause to be provided without charge to each person to whom this prospectus and accompanying prospectus supplement is delivered in connection with the offering of one or more classes of the related series of certificates, upon written or oral request of that person, a copy of any or all reports incorporated in this prospectus by reference, in each case to the extent the reports relate to one or more of the classes of the related series of certificates, other than the exhibits to those documents, unless the exhibits are specifically incorporated by reference in the documents. Requests should be directed in writing to Residential Accredit Loans, Inc., 8400 Normandale Lake Boulevard, Suite 250, Minneapolis, Minnesota 55437, or by telephone at (952) 857-7000.

The depositor may provide static pool information, in response to Item 1105 of Regulation AB, through an Internet Web site, and if the depositor decides to provide information through such means, the accompanying prospectus supplement accompanying this prospectus will disclose the specific Internet address where such information is posted.

GLOSSARY

1998 Policy Statement—The revised supervisory statement listing the guidelines for investments in “high risk mortgage securities,” and adopted by the Federal Reserve Board, the Office of the Comptroller of the Currency, the FDIC, the National Credit Union Administration, or NCUA and the OTS with an effective date of May 26, 1998.

Additional Collateral—With respect to an Additional Collateral Loan, (1) financial assets owned by the mortgagor, which will consist of securities, insurance policies, annuities, certificates of deposit, cash, accounts or similar assets and/or (2) a third party guarantee, usually by a relative of the mortgagor, which in turn is secured by a security interest in financial assets.

Additional Collateral Loans—A mortgage loan with an LTV ratio at origination in excess of 80%, but not greater than 100% and is secured by Additional Collateral, in addition to the related mortgaged property and in lieu of any primary mortgage insurance by Additional Collateral.

Additional Collateral Requirement—The amount of Additional Collateral required for any Additional Collateral Loan, which in most cases will not exceed 30% of the principal amount of such mortgage loan.

Advance—As to any mortgage loan and any distribution date, an amount equal to the scheduled payments of principal (other than any Balloon Amount in the case of a Balloon Loan) and interest on the mortgage loan due during the related Due Period which was not received as of the close of business on the business day preceding the related determination date.

Agency Securities—Any securities issued by Freddie Mac, Fannie Mae or Ginnie Mae. Such Agency Securities may represent whole or partial interests in pools of (1) mortgage loans or contracts or (2) Agency Securities. The accompanying prospectus supplement will specify whether the Ginnie Mae securities will be backed by the full faith and credit of the United States. None of the Freddie Mac securities or Fannie Mae securities will be backed, directly or indirectly, by the full faith and credit of the United States. Agency Securities may be backed by fixed or adjustable-rate mortgage loans or other types of mortgage loans or contracts specified in the accompanying prospectus supplement.

Balloon Amount—The full outstanding principal balance on a Balloon Loan due and payable on the maturity date.

Balloon Loans—Mortgage loans or contracts with level monthly payments of principal and interest based on a 30 year amortization schedule, or such other amortization schedule as specified in the accompanying prospectus supplement, and having original or modified terms to maturity shorter than the term of the related amortization schedule.

Bankruptcy Amount—The amount of Bankruptcy Losses that may be borne solely by the subordinate certificates of the related series.

Bankruptcy Losses—A Realized Loss attributable to certain actions which may be taken by a bankruptcy court in connection with a mortgage loan or contract, including a reduction by a bankruptcy court of the principal balance of or the mortgage rate on a mortgage loan or an extension of its maturity.

Buy-Down Account—As to a Buy-Down Mortgage Loan, the custodial account where Buy-Down Funds are deposited.

Buy-Down Funds—As to a Buy-Down Mortgage Loan, the amount contributed by the seller of the mortgaged property or another source and placed in the Buy-Down Account.

Buy-Down Mortgage Loan—A mortgage loan subject to a temporary buy-down plan.

Buy-Down Period—The early years of the term of or Buy-Down Mortgage Loan when payments will be less than the scheduled monthly payments on the Mortgage Loan, the resulting difference to be made up from the Buy-Down Funds.

Call Certificate—Any certificate evidencing an interest in a Call Class.

Call Class—A class of certificates under which the holder will have the right, at its sole discretion, to terminate the related trust, resulting in early retirement of the certificates of the series.

Call Price—In the case of a call with respect to a Call Class, a price equal to 100% of the principal balance of the related certificates as of the day of that purchase plus accrued interest at the applicable pass-through rate.

Certificate Account—An account established and maintained by the master servicer in the name of the trustee for the benefit of the holders of each series of certificates, for the disbursement of payments on the mortgage loans evidenced by each series of certificates.

Certificate Administrator—In addition to or in lieu of the master servicer for a series of certificates, the accompanying prospectus supplement may identify a Certificate Administrator for the trust, which will have administrative responsibilities with respect to such trust. The Certificate Administrator may be an affiliate of the depositor or the master servicer.

Compensating Interest—As to any distribution date, for any mortgage loan or contract that prepaid in full during the portion of the related Prepayment Period that occurs during the prior calendar month or that prepaid in part during the prior calendar month, an additional payment made by the master servicer, to the extent funds are available from the servicing fee or some investment earnings, equal to the amount of Prepayment Interest Shortfalls due to those prepayments.

Convertible Mortgage Loan—ARM loans which allow the mortgagors to convert the adjustable-rates on those mortgage loans to a fixed-rate at one or more specified periods during the life of the mortgage loans, in most cases not later than ten years subsequent to the date of origination.

Cooperative—For a Cooperative Loan, the corporation that owns the related apartment building.

Cooperative Loans—Cooperative apartment loans evidenced by Cooperative Notes secured by security interests in shares issued by Cooperatives and in the related proprietary leases or occupancy agreements granting exclusive rights to occupy specific dwelling units in the

related buildings.

Cooperative Notes—A promissory note for a Cooperative Loan.

Credit Scores—A measurement of the relative degree of risk a borrower represents to a lender obtained from credit reports utilizing, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience.

Custodial Account—The custodial account or accounts created and maintained under the pooling and servicing agreement in the name of a depository institution, as custodian for the holders of the certificates, for the holders of certain other interests in mortgage loans serviced or sold by the master servicer and for the master servicer, into which the amounts shall be deposited directly. Any such account or accounts shall be an Eligible Account.

Debt Service Reduction—Modifications of the terms of a mortgage loan resulting from a bankruptcy proceeding, including a reduction in the amount of the monthly payment on the related mortgage loan, but not any permanent forgiveness of principal.

Defaulted Mortgage Losses—A Realized Loss attributable to the mortgagor's failure to make any payment of principal or interest as required under the mortgage note or contract, but not including Special Hazard Losses, Extraordinary Losses or other losses resulting from damage to a mortgaged property, Bankruptcy Losses or Fraud Losses.

Deficient Valuation—In connection with the personal bankruptcy of a mortgagor, the difference between the outstanding principal balance of the mortgage loan or contract and a lower value established by the bankruptcy court or any reduction in the amount of principal to be paid that results in a permanent forgiveness of principal.

Designated Seller Transaction—A transaction in which the mortgage loans are provided to the depositor by an unaffiliated seller described in the prospectus supplement.

Direct Puerto Rico Mortgage—For any Puerto Rico Mortgage Loan, a Mortgage to secure a specific obligation for the benefit of a specified person.

Disqualified Organization—For these purposes means:

- the United States, any State or political subdivision thereof, any foreign government, any international organization, or any agency or instrumentality of the foregoing (but would not include instrumentalities described in Section 168(h)(2)(D) of the Internal Revenue Code or Freddie Mac),
- any organization (other than a cooperative described in Section 521 of the Internal Revenue Code) that is exempt from federal income tax, unless it is subject to the tax imposed by Section 511 of the Internal Revenue Code,

- any organization described in Section 1381(a)(2)(C) of the Internal Revenue Code,
- an “electing large partnership” (as described in Section 775 of the Internal Revenue Code), or
- any other person so designated by the trustee based upon an opinion of counsel that the holding of an ownership interest in a REMIC certificate by that person may cause the related trust or any person having an ownership interest in the REMIC certificate, other than such person, to incur a liability for any federal tax imposed under the Internal Revenue Code that would not otherwise be imposed but for the transfer of an ownership interest in a REMIC certificate to that person.

Distribution Amount—As to a class of certificates for any distribution date will be the portion, if any, of the amount to be distributed to that class for that distribution date of principal, plus, if the class is entitled to payments of interest on that distribution date, interest accrued during the related interest accrual period at the applicable pass-through rate on the principal balance or notional amount of that class specified in the accompanying prospectus supplement, less certain interest shortfalls, which will include:

- any deferred interest added to the principal balance of the mortgage loans and/or the outstanding balance of one or more classes of certificates on the related due date;
- any other interest shortfalls, including, without limitation, shortfalls resulting from application of the Relief Act or similar legislation or regulations as in effect from time to time, allocable to certificateholders which are not covered by advances or the applicable credit enhancement; and
- Prepayment Interest Shortfalls not covered by Compensating Interest, in each case in an amount that is allocated to that class on the basis set forth in the prospectus supplement.

Due Period—As to any distribution date, the period starting on the second day of the month prior to such distribution date, and ending on the first day of the month of such distribution date, or such other period as specified in the accompanying prospectus supplement.

Eligible Account—An account acceptable to the applicable rating agency.

Endorsable Puerto Rico Mortgage—As to any Puerto Rico Mortgage Loan, a mortgage to secure an instrument transferable by endorsement.

Environmental Lien—A lien imposed by federal or state statute, for any cleanup costs incurred by a state on the property that is the subject of the cleanup costs.

Expanded Criteria Program—Residential Funding Company, LLC’s mortgage loan origination program for mortgage loans with loan characteristics that are not permitted under some of Residential Funding Company, LLC’s other mortgage loan purchase programs.

Expanded Criteria Program Seller—A mortgage collateral seller that participates in the Expanded Criteria Program.

Extraordinary Loss—A Realized Loss resulting from damage to a mortgaged property that was occasioned by war, civil insurrection, certain governmental actions, nuclear reaction, and certain other risks.

Fraud Loss Amount—The amount of Fraud Losses that may be borne solely by the subordinate certificates of the related series.

Fraud Losses—A Realized Loss incurred on defaulted mortgage loans or contracts as to which there was fraud in the origination of the mortgage loans.

Funding Account—An account established for the purpose of funding the transfer of additional mortgage loans into the related trust.

GPM Loan— A mortgage loan under which the monthly payments by the mortgagor during the early years of the mortgage are less than the amount of interest that would otherwise be payable thereon, with the interest not so paid added to the outstanding principal balance of such mortgage loan.

Gross Margin—For an ARM loan, the fixed percentage set forth in the related mortgage note, which when added to the related index, provides the mortgage rate for the ARM loan.

Insurance Proceeds—Proceeds of any special hazard insurance policy, bankruptcy bond, mortgage pool insurance policy, primary insurance policy and any title, hazard or other insurance policy or guaranty covering any mortgage loan in the mortgage pool together with any payments under any letter of credit.

Interest Only Loans—Mortgage loans with payments of interest only during the early years of the term, followed by fixed monthly payments of principal and interest or periodically increasing monthly payments of principal and interest for the duration of the term or for a specified number of years, as described in the related prospectus supplement.

Issue Premium—As to a class of REMIC Regular Certificates, the issue price in excess of the stated redemption price of that class.

Liquidated Contract—A defaulted contract for which the related mortgaged property has been sold by the related trust and all recoverable Liquidation Proceeds and Insurance Proceeds have been received.

Liquidated Mortgage Loan—A defaulted mortgage loan for which the related mortgaged property has been sold by the related trust and all recoverable Liquidation Proceeds and Insurance Proceeds have been received.

Liquidation Proceeds—Amounts collected by the subservicer in connection with the liquidation of a mortgage loan, by foreclosure or otherwise.

Mark-to-Market Regulations—The final regulations of the IRS, released on December 24, 1996, relating to the requirement that a securities dealer mark to market securities held for sale to customers.

Net Mortgage Rate—As to a mortgage loan, the mortgage rate net of servicing fees, other administrative fees and any Spread.

Nonrecoverable Advance—Any Advance or Servicing Advance previously made which the Master Servicer has determined to not be ultimately recoverable from Liquidation Proceeds, Insurance Proceeds or otherwise.

Note Margin—For an ARM loan, the fixed percentage set forth in the related mortgage note, which when added to the related index, provides the mortgage rate for the ARM loan.

OID – Original issue discount, as determined in accordance with the Internal Revenue Code.

Pass-Through Entity—Any regulated investment company, real estate investment trust, trust, partnership or other entities described in Section 860E(e)(6) of the Internal Revenue Code. In addition, a person holding an interest in a pass-through entity as a nominee for another person will, with respect to that interest, be treated as a pass-through entity.

Permitted Investments—United States government securities and other investment grade obligations specified in the related pooling and servicing agreement.

Pledged Asset Mortgage Loans—Mortgage loans that have LTV ratios at origination of up to 100% and are secured, in addition to the related mortgaged property, by Pledged Assets.

Pledged Assets—As to a Pledged Asset Mortgage Loan, (1) financial assets owned by the mortgagor, which will consist of securities, insurance policies, annuities, certificates of deposit, cash, accounts or similar assets and/or (2) a third party guarantee, usually by a relative of the mortgagor, which in turn is secured by a security interest in financial assets or residential property owned by the guarantor.

Prepayment Interest Shortfall—With respect to a mortgage loan that is subject to a mortgagor prepayment and any distribution date, an amount equal to the aggregate shortfall, if any, in collections of interest, adjusted to the related Net Mortgage Rate, resulting from partial mortgagor prepayments on the related mortgage loan during the preceding calendar month or from mortgagor prepayments in full on the related mortgage loan during the related Prepayment Period but prior to the calendar month of the distribution date.

Prepayment Period—With respect to each distribution date and Principal Prepayments in full, the period commencing on the 16th day of the month prior to that distribution date and ending on the 15th day of the month of that distribution date, or another period specified in the accompanying prospectus supplement.

Principal Prepayments—Any principal payments received with respect to a mortgage loan, in advance of the scheduled due date and not accompanied by a payment of interest for any period following the date of payment.

Qualified Insurer—As to a mortgage pool insurance policy, special hazard insurance policy, bankruptcy policy, certificate insurance policy or surety bond, an insurer qualified under applicable law to transact the insurance business or coverage as applicable.

Realized Loss—As to any defaulted mortgage loan that is finally liquidated, the amount of loss realized, if any, will equal the portion of the Stated Principal Balance plus accrued and unpaid interest remaining after application of all amounts recovered, net of amounts reimbursable to the master servicer for related Advances, Servicing Advances and other expenses, towards interest and principal owing on the mortgage loan. For a mortgage loan the principal balance of which has been reduced in connection with bankruptcy proceedings, the amount of the reduction will be treated as a Realized Loss. As to any mortgage loan that has been the subject of a Debt Service Reduction, the amount of the reduction will be treated as a Realized Loss as incurred. For a mortgage loan that has been modified, following a default or if a default was reasonably foreseeable, the amount of principal that has been forgiven, the amount by which a monthly payment has been reduced due to a reduction of the interest rate, and any Servicing Advances that are forgiven and reimbursable to the master servicer or servicer.

REMIC – A real estate mortgage investment conduit as described in section 860D of the Internal Revenue Code.

REMIC Provisions – Sections 860A through 860G of the Internal Revenue Code.

REO Contract—A contract where title to the related mortgaged property has been obtained by the trustee or its nominee on behalf of certificateholders of the related series.

REO Mortgage Loan—A mortgage loan where title to the related mortgaged property has been obtained by the trustee or its nominee on behalf of certificateholders of the related series.

Servicing Advances—Amounts advanced on any mortgage loan to cover taxes, insurance premiums, foreclosure costs or similar expenses, including amounts representing the cost of some related services, if the master servicer and any affiliate of the master servicer provides services such as appraisals and brokerage services that are customarily provided by persons other than servicers of mortgage loans.

Special Hazard Amount—The amount of Special Hazard Losses that may be allocated to the subordinate certificates of the related series.

Special Hazard Losses—A Realized Loss incurred, to the extent that the loss was attributable to (i) direct physical damage to a mortgaged property other than any loss of a type covered by a hazard insurance policy or a flood insurance policy, if applicable, and (ii) any shortfall in insurance proceeds for partial damage due to the application of the co-insurance clauses contained in hazard insurance policies. The amount of the Special Hazard Loss is limited to the lesser of the cost of repair or replacement of the mortgaged property; any loss above that amount would be a Defaulted Mortgage Loss or other applicable type of loss. Special Hazard Losses does not include losses occasioned by war, civil insurrection, certain governmental actions, errors in design, faulty workmanship or materials (except under certain circumstances), nuclear reaction, chemical contamination or waste by the mortgagor.

Special Servicer—A special servicer named under the pooling and servicing agreement for a series of certificates, which will be responsible for the servicing of delinquent loans.

Spread—A portion of interest due with respect to the mortgage loans or mortgage securities transferred as part of the assets of the related trust.

Stated Principal Balance—As to any mortgage loan as of any date of determination, its principal balance as of the cut-off date, after application of all scheduled principal payments due on or before the cut-off date, whether received or not, reduced by all amounts allocable to principal that are distributed to certificateholders before the date of determination, further reduced to the extent that any Realized Loss has been allocated to any certificates before that date, and increased by the amount of any interest or other amounts owing on the mortgage loan that have been capitalized in connection with a modification.

Subordinate Amount—A specified portion of subordinated distributions with respect to the mortgage loans, allocated to the holders of the subordinate certificates as set forth in the accompanying prospectus supplement.

Subsequent Recoveries – Subsequent recoveries, net of reimbursable expenses, with respect to mortgage loans that have been previously liquidated and that resulted in a Realized Loss.

Subservicing Account—An account established and maintained by a subservicer which meets the requirements described in the Seller Guide and is otherwise acceptable to the master servicer.

Tax-Exempt Investor—Tax-qualified retirement plans described in Section 401(a) of the Internal Revenue Code and on individual retirement accounts described in Section 408 of the Internal Revenue Code.

Tiered REMICs – Two or more REMICs created pursuant to Treasury Regulation Section 1.860F-2(a)(2).

Residential Accredit Loans, Inc.

\$118,331,330

Mortgage Asset-Backed Pass-Through Certificates

Series 2008-QR1

Prospectus Supplement

Credit Suisse

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the prospectus. We have not authorized anyone to provide you with different information.

We are not offering the certificates offered hereby in any state where the offer is not permitted.

Dealers will be required to deliver a prospectus supplement and prospectus when acting as underwriter of the certificates offered hereby and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the certificates, whether or not participating in this offering, may be required to deliver a prospectus supplement and prospectus for ninety days following the date of this prospectus supplement. Such delivery obligation generally may be satisfied through the filing of the prospectus supplement and prospectus with the Securities and Exchange Commission.

FILED

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

2012 NOV 20 AM 9:02

CLERK, U.S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE, FLORIDA

UNITED STATES OF AMERICA

Case No. 3:12-cr-198-J-25MCR

v.

Count 1: 18 U.S.C. § 371

LORRAINE BROWN

INFORMATION

The United States Attorney charges:

COUNT ONE
(Conspiracy to Commit Mail and Wire Fraud)

Background

At all times material herein, unless otherwise specified:

1. LORRAINE BROWN, a resident of Georgia, founded DocX LLC (hereinafter, "DocX") in the 1990s in Ohio. In the early 2000s, Brown relocated the bulk of DocX's operations to Alpharetta, Georgia (the Alpharetta operations of DocX LLC are referred to herein as "DocX" regardless of the time frame).
2. In mid-2005, Jacksonville, Florida based Fidelity National Financial, Inc. ("FNF") purchased DocX from Brown and her partners. Through corporate reorganizations within FNF, DocX later fell under ownership of Fidelity National Information Services, Inc. ("FNIS"). In mid-2008, FNIS spun off a number of business lines into a new publicly-traded entity, Lender Processing Services, Inc. ("LPS"), based in Jacksonville, Florida. At that time, DocX was rebranded as

“LPS Document Solutions, a Division of LPS.” Following this spin-off, Brown was the President and Senior Managing Director of LPS Document Solutions, which constituted DocX’s operations in Alpharetta. At all times relevant to this Information, Brown was the chief executive of the DocX operations.

3. DocX’s main clients were residential mortgage servicers (the “servicers”), which typically undertake certain actions for the owners of mortgage-backed promissory notes. These duties include, among others, accepting and recording mortgage payments, paying taxes and insurance from borrower escrow accounts, and conducting or supervising the foreclosure process when necessary.

4. Servicers hired DocX to perform a number of these actions, including assisting in creating and executing mortgage-related documents filed with recorders’ offices. The majority of documents created and recorded by DocX between 2003 and 2009 were lien releases, which evidence payment in full of a mortgage-backed note. DocX also executed mortgage assignments, which purport to transfer the note’s ownership interest. Mortgage assignments were typically created during the foreclosure process, and the volume of these documents dramatically increased at DocX during the foreclosure crisis of 2007 to 2009. DocX also signed lost note and lost assignment affidavits related to mortgage documents.

5. From at least March 2003 through November 2009, Brown marketed DocX as an outsourcing solution to mortgage servicers for filing and recording mortgage documents throughout the United States. Brown represented to clients that DocX had robust quality control procedures in place to ensure a thorough and proper signing, notarization, and recordation process. As a result of these representations, clients hired DocX.

6. When hiring DocX to sign documents, servicers typically issued special corporate resolutions delegating document execution authority to specific, authorized, and trained personnel at DocX. The DocX employees who were given express signing authority from DocX's clients and who, as represented by Brown, were purportedly trained to ensure that the clients' documents were properly created, signed, and notarized were called "Authorized Signers." These documents were then generally recorded by DocX with the appropriate local property recorders' offices throughout the country.

The Conspiracy and its Objects

7. From in or about 2005 through in or about October 2009 at Jacksonville in the Middle District of Florida, Alpharetta, Georgia, and elsewhere throughout the United States,

LORRAINE BROWN,

the defendant herein, did knowingly and willfully combine, conspire, confederate and agree with others to commit certain offenses, to wit:

a. execute and attempt to execute a scheme and artifice to defraud, and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, by utilizing the United States mail and private and commercial interstate carriers, for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1341; and,

b. execute and attempt to execute a scheme and artifice to defraud, and to obtain money and property by means of material false and fraudulent pretenses, representations, and promises, by transmitting and causing to be transmitted by means of wire communications in interstate and foreign commerce, writings, signs, visual pictures, and sounds, for the purpose of executing such scheme and artifice, in violation of Title 18, United States Code, Section 1343.

Manner and Means of the Conspiracy and Scheme and Artifice

8. The manner and means by which Brown, co-conspirators, and others sought to accomplish the purposes and objectives of the conspiracy include, but are not limited to, the following:

a. Beginning in or about 2005, employees of DocX, at the direction of Brown and others, began forging and falsifying signatures on the mortgage-related documents that they had been hired to prepare and file with property recorders' offices throughout the United States.

b. Unbeknownst to DocX's clients, the Authorized Signers were instructed by Brown and other DocX employees to allow other, unauthorized, DocX employees to sign, and to have the document notarized as if the actual Authorized Singer had executed the document.

c. Brown also hired temporary workers to sign as Authorized Signers. These temporary employees worked for much lower costs and without the quality control represented by Brown to DocX's clients. In fact, some of these temporary workers were able to sign thousands of documents a day. These mortgage-related documents were fraudulently notarized by DocX employees even though the Authorized Signer did not actually sign the document.

d. These unauthorized signing and notarization practices allowed DocX, Brown, and others to generate greater profit and make more money.

e. After these false documents were signed and notarized, DocX filed them through the mails or by electronic methods with local county property records offices. Many of these documents, particularly mortgage assignments and lost note or assignment affidavits, were later relied upon in court proceedings, including property foreclosures and in federal bankruptcy court. Brown knew that these property recorders, as well as those who received the documents such as courts, title insurers, and homeowners, relied on these documents as genuine.

f. Brown and others also took various steps to conceal their actions from detection from clients, LPS corporate headquarters, law enforcement authorities, and others.

Overt Acts


9. On or about August 13, 2008, Brown caused to be delivered to Jacksonville, Florida, by commercial interstate carrier from DocX, an Assignment of Mortgage filed with the Clerk of Circuit Court, Duval County, Florida, which Assignment of Mortgage had been executed on August 12, 2008, with false and fraudulent signatures of Authorized Signers and which bore a false and fraudulent notarization attestation.


10. On or about February 23, 2009, Brown caused a DocX business client to make a payment by electronic funds transfer of \$357,185.60, in

interstate commerce, from a financial institution in Iowa to a DocX account held
at a financial institution in Georgia.


In violation of Title 18, United States Code, Section 371.

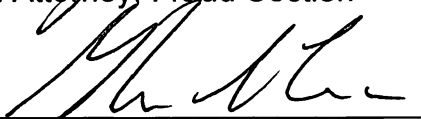
ROBERT E. O'NEILL
United States Attorney

By: 
MARK B. DEVEREAUX
Assistant United States Attorney


MAC D. HEAVENER, III
Assistant United States Attorney
Deputy Chief, Jacksonville Division

DENIS McINERNEY
Chief, Fraud Section - Criminal Division
United States Dept. of Justice

By: 
RYAN ROHLFSEN
Trial Attorney, Fraud Section


GLENN LEON
Assistant Chief, Fraud Section

FILED IN OPEN COURT

11.20.12

CLERK, U.S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE, FLORIDA

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE

UNITED STATES OF AMERICA

v.

LORRAINE BROWN

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:
:

CASE NO. 3:12 - CR. 198 - J. 25 - MCR

PLEA AGREEMENT

Pursuant to Fed. R. Crim. P. 11(c), the United States of America by and through United States Attorney for the Middle District of Florida Robert E. O'Neill and United States Department of Justice Criminal Division - Fraud Section Chief Denis McNerney (hereinafter also referred to as "the Government" or the "United States"), and the defendant Lorraine Brown with defendant's attorney Mark Rosenblum, Esq., agree as follows:

A. **Particularized Terms**

1. **Count Pleading To**

The defendant shall enter a plea of guilty to Count One of the Information. Count One charges the defendant with Conspiracy to Commit Mail and Wire Fraud, in violation of 18 U.S.C. § 371.


2. **Maximum Penalties**

Count One carries a maximum sentence of up to five (5) years imprisonment, a fine of up to a fine of up to \$250,000 or twice the gross pecuniary gain or twice the gross pecuniary loss occasioned by the offense, a term of supervised

Defendant's Initials



AF Approval



release of not more than three (3) years, and a special assessment of \$100, said special assessment to be due on the date of sentencing. With respect to certain offenses, the Court shall order the defendant to make restitution to any victim of the offense, and with respect to other offenses, the Court may order the defendant to make restitution to any victim of the offense, or to the community, as set forth below.

3. Elements of the Offense

The defendant acknowledges understanding the nature and elements of the offense with which defendant has been charged and to which defendant is pleading guilty. The elements of Count One are:

- First: That two or more persons, in some way or manner, agreed to try to accomplish a common and unlawful plan to commit mail fraud or wire fraud, as charged in the information;
- Second: The Defendant knew the unlawful purpose of the plan and willfully joined in it; and
- Third: One of the conspirators committed an overt act in furtherance of the conspiracy.

4. No Further Charges

If the Court accepts this plea agreement, the United States Attorney's Office for the Middle District of Florida and the United States Department of Justice agree not to charge defendant with committing any other federal criminal offenses known to the Government at the time of the execution of this agreement related to the conduct giving rise to this plea agreement.

Defendant's Initials



5. **Mandatory Restitution to Victim of Offense of Conviction**


Pursuant to 18 U.S.C. §§ 3663A(a) and (b), defendant agrees to make full restitution to any victims of the offense, as determined by the Court at sentencing.

6. **Acceptance of Responsibility - Three Levels**

At the time of sentencing, and in the event that no adverse information is received suggesting such a recommendation to be unwarranted, the United States will not oppose the defendant's request to the Court that the defendant receive a two-level downward adjustment for acceptance of responsibility, pursuant to USSG §3E1.1(a). The defendant understands that this recommendation or request is not binding on the Court, and if not accepted by the Court, the defendant will not be allowed to withdraw from the plea.

Further, at the time of sentencing, if the defendant's offense level prior to operation of subsection (a) is level 16 or greater, and if the defendant complies with the provisions of USSG §3E1.1(b), the United States agrees to file a motion pursuant to USSG §3E1.1(b) for a downward adjustment of one additional level. The defendant understands that the determination as to whether the defendant has qualified for a downward adjustment of a third level for acceptance of responsibility rests solely with the United States Attorney for the Middle District of Florida, and the defendant agrees that the defendant cannot and will not challenge that determination, whether by appeal, collateral attack, or otherwise.

Defendant's Initials

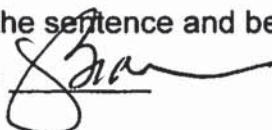


7. **Forfeiture of Assets**

The defendant agrees to forfeit to the United States immediately and voluntarily any and all assets and property, or portions thereof, subject to forfeiture, pursuant to 18 U.S.C. 981 and 28 U.S.C. § 2461(c), whether in the possession or control of the United States or in the possession or control of the defendant or defendant's nominees. The property and the amount of proceeds to be forfeited to the United States will be determined by the Court at or before the sentencing hearing. The defendant agrees and consents to the forfeiture of these assets pursuant to any federal criminal, civil, and/or administrative forfeiture action. The defendant also hereby agrees that the forfeiture described herein is not excessive and, in any event, the defendant waives any constitutional claims that the defendant may have that the forfeiture constitutes an excessive fine. ^{NBD} The defendant agrees that the United States shall, at its option, be entitled to the forfeiture of any property (substitute assets) of the defendant up to the value of the money judgment. ^{NBD}

The defendant admits and agrees that the conduct described in the Factual Basis below provides a sufficient factual and statutory basis for the forfeiture of the property sought by the Government. Pursuant to the provisions of Rule 32.2(b)(1), the United States and the defendant request that at the time of accepting this plea agreement, the court make a determination that the Government has established the requisite nexus between the property subject to forfeiture and the offense(s) to which defendant is pleading guilty and enter a preliminary order of forfeiture. Pursuant to Rule 32.2(b)(4), the defendant agrees that the preliminary order of forfeiture shall be final as to the defendant at the time it is entered, notwithstanding the requirement that it be made a part of the sentence and be included in the judgment.

Defendant's Initials



The defendant agrees to forfeit all interests in the properties described above and to take whatever steps are necessary to pass clear title to the United States. These steps include, but are not limited to, the surrender of title, the signing of a consent decree of forfeiture, and signing of any other documents necessary to effectuate such transfers.

Defendant further agrees to take all steps necessary to locate property and to pass title to the United States before the defendant's sentencing. To that end, defendant agrees to fully assist the Government in the recovery and return to the United States of any assets, or portions thereof, as described above wherever located. The defendant agrees to make a full and complete disclosure of all assets over which defendant exercises control and those which are held or controlled by a nominee. The defendant further agrees to be polygraphed on the issue of assets, if it is deemed necessary by the United States.

The defendant agrees that the United States is not limited to forfeiture of the property described above. If the United States determines that property of the defendant identified for forfeiture cannot be located upon the exercise of due diligence; has been transferred or sold to, or deposited with, a third party; has been placed beyond the jurisdiction of the Court; has been substantially diminished in value; or has been commingled with other property which cannot be divided without difficulty; then the United States shall, at its option, be entitled to forfeiture of any other property (substitute assets) of the defendant up to the value of any property described above. This Court shall retain jurisdiction to settle any disputes arising from application of this clause. The

Defendant's Initials



defendant agrees that forfeiture of substitute assets as authorized herein shall not be deemed an alteration of the defendant's sentence.

Forfeiture of the defendant's assets shall not be treated as satisfaction of any fine, restitution, cost of imprisonment, or any other penalty this Court may impose upon the defendant in addition to forfeiture.

8. **Concurrent Sentencing**

The United States agrees not to oppose any argument by the Defendant with the sentencing Court that any sentence imposed by the Court run concurrent with any sentences imposed by any state courts for state criminal charges generally based upon the conduct underlying the instant plea. Should there be a sentence imposed by any other state court, it is the parties' intention that any sentence ordered by the Court in this case be served prior to any remaining time on any such state terms of imprisonment. This agreement in no way limits the Court's authority to render whatever lawful sentence it deems appropriate in this case.

9. **Cooperation with Ongoing Prosecutions of Others**

Defendant agrees to cooperate fully with the United States in the investigation and prosecution of other persons or entities, and to testify, subject to a prosecution for perjury or making a false statement, fully and truthfully before any federal court proceeding or federal grand jury in connection with the charges in this case and other matters. Such cooperation includes a full and complete disclosure of all relevant information, including production of any and all books, papers, documents, and

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other objects in defendant's possession or control, and to be reasonably available for interviews which the United States may require.

B. Standard Terms and Conditions

1. Restitution, Special Assessment and Fine

The defendant understands and agrees that the Court, in addition to or in lieu of any other penalty, shall order the defendant to make restitution to any victim of the offense(s), pursuant to 18 U.S.C. § 3663A, for all offenses described in 18 U.S.C. § 3663A(c)(1) (limited to offenses committed on or after April 24, 1996); and the Court may order the defendant to make restitution to any victim of the offense(s), pursuant to 18 U.S.C. § 3663 (limited to offenses committed on or after November 1, 1987), including restitution as to all counts charged, whether or not the defendant enters a plea of guilty to such counts, and whether or not such counts are dismissed pursuant to this agreement. On each count to which a plea of guilty is entered, the Court shall impose a special assessment, to be payable to the Clerk's Office, United States District Court, and due on date of sentencing. The defendant understands that this agreement imposes no limitation as to fine.

2. Supervised Release

The defendant understands that the offense(s) to which the defendant is pleading provide(s) for imposition of a term of supervised release upon release from imprisonment, and that, if the defendant should violate the conditions of release, the defendant would be subject to a further term of imprisonment.

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3. **Sentencing Information**

The United States reserves its right and obligation to report to the Court and the United States Probation Office all information concerning the background, character, and conduct of the defendant, to provide relevant factual information, including the totality of the defendant's criminal activities, if any, not limited to the count(s) to which defendant pleads, to respond to comments made by the defendant or defendant's counsel, and to correct any misstatements or inaccuracies. The United States further reserves its right to make any recommendations it deems appropriate regarding the disposition of this case, subject to any limitations set forth herein, if any.

Pursuant to 18 U.S.C. § 3664(d)(3) and Fed. R. Crim. P. 32(d)(2)(A)(ii), the defendant agrees to complete and submit, upon execution of this plea agreement, an affidavit reflecting the defendant's financial condition. The defendant further agrees, and by the execution of this plea agreement, authorizes the United States Attorney's Office to provide to, and obtain from, the United States Probation Office, the financial affidavit, any of the defendant's federal, state, and local tax returns, bank records and any other financial information concerning the defendant, for the purpose of making any recommendations to the Court and for collecting any assessments, fines, restitution, or forfeiture ordered by the Court.

4. **Sentencing Recommendations**

It is understood by the parties that the Court is neither a party to nor bound by this agreement. The Court may accept or reject the agreement, or defer a decision until it has had an opportunity to consider the presentence report prepared by

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the United States Probation Office. The defendant understands and acknowledges that, although the parties are permitted to make recommendations and present arguments to the Court, the sentence will be determined solely by the Court, with the assistance of the United States Probation Office. Defendant further understands and acknowledges that any discussions between defendant or defendant's attorney and the attorney or other agents for the Government regarding any recommendations by the Government are not binding on the Court and that, should any recommendations be rejected, defendant will not be permitted to withdraw defendant's plea pursuant to this plea agreement. The Government expressly reserves the right to support and defend any decision that the Court may make with regard to the defendant's sentence, whether or not such decision is consistent with the Government's recommendations contained herein.

5. **Defendant's Waiver of Right to Appeal**

The defendant agrees that this Court has jurisdiction and authority to impose any sentence up to the statutory maximum and expressly waives the right to appeal defendant's sentence on any ground, including the ground that the Court erred in determining the applicable guidelines range pursuant to the United States Sentencing Guidelines, except (a) the ground that the sentence exceeds the defendant's applicable guidelines range as determined by the Court pursuant to the United States Sentencing Guidelines; (b) the ground that the sentence exceeds the statutory maximum penalty; or (c) the ground that the sentence violates the Eighth Amendment to the Constitution; provided, however, that if the Government exercises its right to appeal the sentence

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imposed, as authorized by 18 U.S.C. § 3742(b), then the defendant is released from his waiver and may appeal the sentence as authorized by 18 U.S.C. § 3742(a).

6. **Middle District of Florida and Criminal Division Agreement**

It is further understood that this agreement is limited to the Office of the United States Attorney for the Middle District of Florida and the United States Department of Justice Criminal Division - Fraud Section and cannot bind other federal, state, or local prosecuting authorities, although these offices will bring defendant's cooperation, if any, to the attention of other prosecuting officers or others, if requested.

7. **Filing of Agreement**

This agreement shall be presented to the Court, in open court or in camera, in whole or in part, upon a showing of good cause, and filed in this cause, at the time of defendant's entry of a plea of guilty pursuant hereto.

8. **Voluntariness**

The defendant acknowledges that defendant is entering into this agreement and is pleading guilty freely and voluntarily without reliance upon any discussions between the attorneys for the Government and the defendant and defendant's attorney and without promise of benefit of any kind (other than the concessions contained herein), and without threats, force, intimidation, or coercion of any kind. The defendant further acknowledges defendant's understanding of the nature of the offense or offenses to which defendant is pleading guilty and the elements thereof, including the penalties provided by law, and defendant's complete satisfaction with the representation and advice received from defendant's undersigned counsel (if

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any). The defendant also understands that defendant has the right to plead not guilty or to persist in that plea if it has already been made, and that defendant has the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against defendant, the right against compulsory self-incrimination, and the right to compulsory process for the attendance of witnesses to testify in defendant's defense; but, by pleading guilty, defendant waives or gives up those rights and there will be no trial. The defendant further understands that if defendant pleads guilty, the Court may ask defendant questions about the offense or offenses to which defendant pleaded, and if defendant answers those questions under oath, on the record, and in the presence of counsel (if any), defendant's answers may later be used against defendant in a prosecution for perjury or false statement. The defendant also understands that defendant will be adjudicated guilty of the offenses to which defendant has pleaded and, if any of such offenses are felonies, may thereby be deprived of certain rights, such as the right to vote, to hold public office, to serve on a jury, or to have possession of firearms.

9. **Factual Basis**

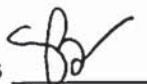
Defendant is pleading guilty because defendant is in fact guilty. The defendant certifies that defendant does hereby admit that the facts set forth in the attached "Factual Basis," which is incorporated herein by reference, are true, and were this case to go to trial, the United States would be able to prove those specific facts and others beyond a reasonable doubt.

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10. **Entire Agreement**

This plea agreement constitutes the entire agreement between the Government and the defendant with respect to the aforementioned guilty plea and no other promises, agreements, or representations exist or have been made to the defendant or defendant's attorney with regard to such guilty plea.

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11. Certification


The defendant and defendant's counsel certify that this plea agreement has been read in its entirety by (or has been read to) the defendant and that defendant fully understands its terms.

DATED this 13 day of November, 2012.


LORRAINE BROWN
Defendant


MARK ROSENBLUM, Esq.
Attorney for Defendant

ROBERT E. O'NEILL
United States Attorney

By: 
MARK B. DEVERERAUX
Assistant United States Attorney


MAC D. HEAVENER, III
Assistant United States Attorney
Deputy Chief, Jacksonville Division

DENIS MCINERNEY
Chief, Fraud Section - Criminal Division
United States Dept. of Justice

By: 
RYAN ROHLFSEN
Trial Attorney, Fraud Section


Glenn Leon
Assistant Chief, Fraud Section

Defendant's Initials 

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

UNITED STATES OF AMERICA

v.

Case No. 3:12

LORRAINE BROWN

PERSONALIZATION OF ELEMENTS

1. Do you admit that at least from 2005 and continuing thereafter until in or about October 2009, in Duval county, in the Middle District of Florida, Alpharetta, Georgia, and elsewhere, that two or more persons, in some way or manner, agreed to try to accomplish a common and unlawful plan to commit mail and wire fraud, as charged in the information?

2. Do you admit you knew the unlawful purpose of the plan and willfully joined in it?

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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

UNITED STATES OF AMERICA

v.

Case No. 3:12

LORRAINE BROWN

FACTUAL BASIS

At a trial of this case, the United States would be prepared to prove beyond reasonable doubt the following facts:

BACKGROUND

Brown, DocX, and LPS

The defendant, Lorraine Brown (hereinafter "Brown"), founded DocX LLC in the 1990s in Ohio. As discussed more fully below, DocX LLC was involved in the preparation and recordation of mortgage-related documents throughout the country. In the early 2000s, Brown relocated the bulk of DocX LLC's operations to Alpharetta, Georgia – a suburb of Atlanta. (The Alpharetta operations of DocX LLC are referred to herein as "DocX" regardless of the timeframe and corporate ownership.)

In mid-2005, Jacksonville, Florida-based Fidelity National Financial, Inc. ("FNF") purchased DocX from Brown and her partners for approximately \$6 million. Through corporate reorganizations within FNF, DocX later fell under ownership of Fidelity National Information Services, Inc. ("FNIS"). In mid-2008, FNIS spun off a number of business lines into a new publicly-traded entity, Lender Processing Services, Inc.

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("LPS"), based in Jacksonville, Florida. At that time, DocX was rebranded as "LPS Document Solutions, a Division of LPS." Following this spin-off, Brown was the President and Senior Managing Director of LPS Document Solutions, which constituted DocX's operations. At all times relevant to this statement of facts, Brown was the chief executive of DocX.

DocX's Operations

DocX's main clients were residential mortgage servicers (the "servicers"), which typically undertake certain actions for mortgage lenders. These duties include, among others, accepting and recording mortgage payments, paying taxes and insurance from borrower escrow accounts, and conducting or supervising the foreclosure process when necessary.

DocX maintained a proprietary system called the Recorders Information Database ("RID"), which contained the various filing requirements and fees imposed by each of the thousands of county recorders' offices throughout the United States. DocX's servicer-clients could pay for access to the RID database. Clients could also hire DocX to assist in creating and executing mortgage-related documents filed with recorders' offices. The majority of documents created and recorded by DocX between 2003 and 2009 were lien releases, which evidence payment in full of a mortgage-backed note. DocX also executed mortgage assignments, which purport to transfer the note's ownership interest. Mortgage assignments were typically created during the foreclosure process, and the volume of these documents dramatically increased at DocX during the foreclosure crisis of 2007 to 2009. DocX also signed lost note and lost assignment affidavits related to mortgage documents.

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From at least March 2003 through November 2009, Brown marketed DocX as an outsourcing solution to mortgage servicers for filing and recording mortgage documents throughout the United States. Brown represented to clients that DocX had robust quality control procedures in place to ensure a thorough and proper signing, notarization, and recordation process. As a result of these representations, clients hired DocX.

When hiring DocX to sign documents, servicers typically issued special corporate resolutions delegating document execution authority to specific, authorized, and trained personnel at DocX. The DocX employees who were given express signing authority from DocX's clients and who, as represented by Brown, were purportedly trained to ensure that the clients' documents were properly created, signed, and notarized were called "Authorized Signers." These documents were then generally recorded by DocX with the appropriate local property recorders' offices throughout the country.

In exchange for this service, DocX was paid a fee by its clients that varied from approximately \$5 to \$15 per document depending upon, among other items, the type of document and client. Between 2003 and 2009, DocX generated approximately \$60 million in gross revenue.

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THE SCHEME

False Signing and Fraudulent Notarization

Beginning in or about 2003 and continuing through November 2009, employees of DocX at the direction of Brown and others, began forging and falsifying signatures on the mortgage-related documents that they had been hired to prepare and file with property recorders' offices throughout the United States. Unbeknownst to the clients, the Authorized Signers were instructed or authorized by Brown to allow other DocX employees, who were not Authorized Signers, to sign and notarize the mortgage-related documents as if the actually executed by the Authorized Signer.

For example, one of Brown's co-conspirators who was a member of Brown's senior management team, after being named an Authorized Signer for a client, sent an e-mail to a colleague stating that she actually had no intention of ever signing a single document. Rather, Brown's co-conspirator planned on using other employees to sign the documents on her behalf, knowing that those documents would also be notarized as if the co-conspirator herself had actually signed the document. Thus, even though clients were told that a senior DocX manager would be preparing and signing the client documents, there was never any intention to do so.

Brown implemented these signing practices at DocX to enable DocX (and Brown) to generate greater profit. Specifically, DocX was able to create, execute, and file larger volumes of documents using these signing and notarization practices. More documents meant more money. To further increase profits, DocX also hired temporary workers to sign as Authorized Signers. These temporary employees worked for much lower costs and without the quality control represented by Brown to DocX's clients. In fact, some of

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these temporary workers were able to sign thousands of documents a day.

After these documents were falsely signed and fraudulently notarized, Brown authorized DocX employees to send them through the mails or by electronic methods for recording with local county property records offices across the nation. Many of these documents – particularly mortgage assignments, lost note affidavits, and lost assignment affidavits – were later relied upon in court proceedings, including property foreclosures and federal bankruptcy actions. Brown understood that these property recorders, courts, title insurers, and homeowners, relied upon the documents as genuine.

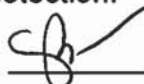
Indeed, on at least one occasion, in or around 2005 an official with a county recorder's office in California called DocX after noticing that DocX submitted a number of documents obviously falsified signatures. The official told DocX employees that these documents were fraudulent. DocX then re-filed these documents with that county after properly signing and notarizing them. Brown was aware of this incident.

The exact number of documents created by DocX with fraudulent signature and notarizations is presently unknown. It is estimated, however, that between 2003 and 2009 well over 1 million such documents were executed and filed with property recorders' offices across the nation.

Efforts to Conceal

While engaging in this scheme to charge fees to DocX clients for products and services that the clients never received, Brown and others took various steps to conceal their actions from detection.

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Brown and her co-conspirators took actions to conceal the fake signatures and false notarization. For example, Brown's co-conspirator, at Brown's direction and authorization, trained new DocX signers to mimic the actual signatures of the Authorized Signers, and then tested them on their ability to do so before signing client documents. To assist in the scheme, samples of the actual Authorized Signers' signatures were taped to the signing tables. To provide an additional layer of sham authenticity, the documents were then falsely notarized. Brown authorized or directed these practices.

Additional acts of concealment were taken. After certain DocX employees raised concerns about the legality of the signing practices, Brown developed official-looking, in-house signing policies purporting to delegate signing authority from the Authorized Signers to other DocX employees. Starting in 2003, the policy was called "Facsimile Signature." In early 2009, the practice was labeled "Surrogate Signing."

Brown and her co-conspirators also concealed their conduct from clients, instructing DocX employees to hide their signing practices during client visits. Further, Brown hid DocX's signing practices from LPS's corporate headquarters. For example, in mid-2009, LPS auditors visited Alpharetta to conduct a risk assessment of DocX. Prior to the visit, Brown provided documents to the auditors describing the process DocX used in executing documents. Brown deliberately concealed from the auditors that the above-described signing practices were being used at that time.

Further Acts of Deception and Attempted Cover-Up

In October 2009, an individual sent a letter to LPS corporate headquarters in Jacksonville, Florida alleging fraud and forgery in the execution of documents related to Defendant's Initials 

his mortgage by DocX. Upon receipt of the letter, LPS corporate representatives confronted Brown. Brown falsely stated that she was unaware of DocX's signing practices and blamed the conduct on two "rogue" employees. Shortly thereafter, LPS terminated Brown's employment.

Even after she was fired, Brown attempted to conceal her role in the scheme. Specifically, on February 9, 2010, Brown was interviewed by an agent with the Federal Bureau of Investigation ("FBI"). During that interview, Brown made several material false statements to the FBI, including the following: (i) at no time did Brown instruct any individual at DocX to pursue the "Surrogate Signing" practices for the business; (ii) Brown was unaware of DocX's "Surrogate Signer" program and was never informed by her management staff that they were engaging in such activity with their clients' financial documentation; and (iii) Brown did not learn of DocX's use of the "Surrogate Signer" program until LPS corporate personnel first contacted her in October 2009. Ms. Brown knowingly made these false statements to the FBI in an effort to further conceal her role in the scheme.

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Court of Tarrant County, Texas, 67th Judicial District Court, on May 4, 2011, against BOA, BAC, and Freddie Mac (collectively, "defendants"), as Cause No. 67-252640-11. Defendants removed the case to this court on May 27, 2011. BOA and BAC filed a motion to dismiss on July 5, 2011, that was directed at plaintiff's state court petition. The court denied the motion to dismiss and granted leave to plaintiff to file an amended complaint.

Plaintiff's amended complaint ("Complaint") asserted the following claims against defendants: (1) breach of contract; (2) violations of the Texas Finance Code and the Texas Deceptive Trade Practices Act ("DTPA"); (3) unreasonable collection; (4) negligent misrepresentation and gross negligence; and (5) suit to quiet title. Plaintiff seeks actual and exemplary damages, an order for an accounting, and declaratory and injunctive relief to maintain possession and regain title to the property.

Plaintiff made the following allegations in the Complaint:

On May 28, 2004, plaintiff executed a note payable to Countrywide Home Loans, Inc. ("Countrywide") and a deed of trust covering plaintiff's property at 4617 Cougar Ridge Road in Fort Worth, Texas, 76126.¹ Compl. at 3. The deed of trust designated

¹Although plaintiff references in her complaint the deed of trust as "Exhibit A, attached hereto and incorporated herein for all purposes," the deed of trust is not attached as Exhibit A to the Complaint. Instead, plaintiff attaches a letter from Bank of America, N.A., dated March 7, 2011, as Exhibit A. However, a copy of the deed of trust was attached to plaintiff's original state court pleading as an exhibit.

(continued...)

Countrywide, or any holder of the note who is entitled to receive payment of the note, as the "Lender." The function of the deed of trust was described as follows: "This Security Instrument secures to Lender: (i) the repayment of the Loan and all renewals, extensions and modifications of the Note; and (ii) the performance of Borrower's covenants and agreements under this Security Instrument and the Note." Notice of Removal, Ex. 1, Ex. A at 3.² It named Mortgage Electronic Registration Systems, Inc. ("MERS"), solely as Countrywide's nominee, as beneficiary under the deed of trust. The limited capacity and function of MERS was explained in the deed of trust as follows:

Borrower understands and agrees that MERS holds only legal title to the interests granted by Borrower in this Security Instrument, but, if necessary to comply with law or custom, MERS (as nominee for Lender and Lender's successors and assigns) has the right: to exercise any or all of those interests, including, but not limited to, the right to foreclose and sell the Property; and to take any action required of Lender including, but not limited to, releasing and canceling this Security Instrument.

Id. The note made no reference to MERS. MERS purported to assign the note and deed of trust to BOA. However, MERS did not

¹(...continued)

Consequently, the court will treat the text of the deed of trust as part of plaintiff's complaint for motion-to-dismiss purposes.

²The term "Security Instrument" refers to the deed of trust given by plaintiff to Countrywide as security for payment of the promissory note given by plaintiff to Countrywide in May 2004; the word "Borrower" refers to plaintiff; the word "Loan" refers to the debt evidenced by the note, plus added charges due under the note, and all sums due under the deed of trust.

own the note, thus it could not assign the note, and its assignment of the deed of trust to BOA separate from the note was of no force or effect. When the note was purportedly assigned to BOA, plaintiff was in default on payment of the note.

More specifically on the subject of separation of the note from the deed of trust, and the lack of ownership of the note by BOA when BOA and BAC conducted the foreclosure about which plaintiff complains, plaintiff alleged:

30. MERS is not the payee of the promissory note and MERS never held the promissory note. The Deed of Trust does not provide that MERS could transfer the promissory note; therefore the language in the assignment of the deed of trust purporting to transfer the promissory note is ineffective. Simply being a beneficiary or having an assignment of the deed of trust is not enough to be entitled to foreclose on a deed of trust. For there to be a valid assignment for the purposes of foreclosure both the note and the deed of trust must be assigned. . . .

31. An assignment of the deed of trust separate from the note has no "force." MERS never held the promissory note, thus its assignment of the deed of trust to BOA separate from the note had no force. MERS had no separate agency contract with Countrywide regarding this loan.

Compl. at 12-13 (citations omitted).

Plaintiff further alleged that: In 2008, plaintiff filed for bankruptcy and "began the loan modification process." Id. Between 2009 and April 2011, she communicated with Countrywide, BOA, BAC, and Freddie Mac about making a loan modification, but

she continued to receive foreclosure notices from BOA in the mail. Id. at 4-8. Then, on April 7, 2011, plaintiff came home and "found a big orange sign from a realtor on her gate that stated her house had been foreclosed on April 5, 2011." Id. at 9. Freddie Mac later sent plaintiff a notice to vacate letter, dated April 9, 2011, informing plaintiff that Freddie Mac purchased the home at the foreclosure sale, id. at 10, for \$166,242, id. at 11. Plaintiff attempted to have the foreclosure rescinded, but received no response from BOA. Id. at 10. At present, "Freddie Mac is attempting to evict Plaintiff and sell the property." Id. at 11.

BAC, BOA, and Freddie Mac filed motions to dismiss the Complaint for failure to state a claim for relief. In direct response to plaintiff's allegations that MERS had no authority to assign the note to BOA, and that without ownership of the note BOA had no authority to foreclose on plaintiff's property, BOA asserted in its motion to dismiss that:

The contention Defendants must be the holders of the Note to proceed with a foreclosure sale is incorrect--because Mortgage Electronic Registration Systems, Inc. ("MERS") had the power to foreclose and sell the Property, and had the power to assign these rights to [BOA], MERS's assignment to [BOA] was sufficient to give [BOA] the authority to foreclose.

.

According to Plaintiff, [BOA] has to be the holder of the Note and Deed of Trust to foreclose and MERS could not assign the Note, so [BOA] did and does not have the authority to foreclose. This argument is incorrect. Pursuant to the terms of the Deed of Trust-- which was executed by Plaintiff--MERS is named as the beneficiary and nominee for the originating lender, as well as its successors and assigns. In that same document, Plaintiff acknowledged MERS had the right to exercise any or all of the interests granted by Plaintiff in the Deed of Trust "including, but not limited to, the right to foreclose and sell the Property."

Br. in Supp. of BOA's Mot. at 7-8 (footnotes omitted).

Plaintiff filed a response, to which defendants filed a reply, and plaintiff filed a sur-reply.

II.

Analysis

Most of the grounds of the motions to dismiss appear to have merit, but there is a major impediment to the granting of the motions. As the United States Supreme Court so clearly explained approximately 140 years ago:

The note and mortgage are inseparable; the former as essential, the latter as an incident. An assignment of the note carries the mortgage with it, while an assignment of the latter alone is a nullity.

Carpenter v. Longan, 83 U.S. 271, 274 (1872) (footnote omitted).

This basic proposition has often been reaffirmed. See Baldwin v. State of Mo., 281 U.S. 586, 596 (1930) (Stone, J., concurring); National Live Stock Bank v. First Nat'l Bank, 203 U.S. 296, 306

(1906); Kirby Lumber Co. v. Williams, 230 F.2d 330, 336 (5th Cir. 1956); In re Veal, 450 B.R. 897, 916-17 (B.A.P. 9th Cir. 2011); In re Vargas, 396 B.R. 511, 516 (Bankr. C.D. Cal. 2008); In re Leisure Time Sports, Inc., 194 B.R. 859, 861 (B.A.P. 9th Cir. 1996); Bellistri v. Ocwen Loan Servicing, LLC, 284 S.W.3d 619, 623 (Mo. Ct. App. E.D. 2009).

If the holder of the deed of trust does not own or hold the note, the deed of trust serves no purpose, is impotent, and cannot be a vehicle for depriving the grantor of the deed of trust of ownership of the property described in the deed of trust. The sole purpose of the deed of trust is to secure payment of the note. The very, and sole, purpose of a foreclosure sale pursuant to the deed of trust is to obtain funds for payment of the note. If the holder of the deed of trust does not own or hold the note, and there were to be a foreclosure under the deed of trust, there is no assurance that the proceeds of the foreclosure would be used for the purpose intended by the deed of trust, i.e., to be applied as payment of, or on, the note. That is not to say that the owner or holder of the note cannot arrange for an agent or nominee, acting on its behalf, to conduct a foreclosure for the benefit of the owner or holder of the note. But that is quite a different proposition from assertions that the holder of the deed of trust who does not own

or hold the note has the power to transfer the note from the original note holder to another and that an entity that does not own or hold the note can conduct a foreclosure under the deed of trust.

The court disagrees with the contention of BOA that BOA did not have to be the owner or holder of the note to proceed with the foreclosure sale. The reliance by defendants on Chapter 51 of the Texas Property Code is misplaced. Procedures outlining the steps and requirements for a foreclosure are contained in Chapter 51. Under the Property Code, MERS was a mortgagee based on either the definition of a "book entry system," Tex. Prop. Code §§ 51.0001(1) (defining "book entry system") and (4) (defining "mortgagee"), or alternatively, the definition of a "holder of a security instrument," id. §§ 51.0001(4) and (6) (defining "security instrument" as a "deed of trust, mortgage, or other contract lien on an interest in real property"). Once MERS assigned its interest in the deed of trust to BOA, BOA became the "holder of a security instrument" and was therefore a "mortgagee." Id. The Property Code states that a "mortgage servicer," such as BAC, "may administer the foreclosure of property under Section 51.002 on behalf of a mortgagee, if:

- (1) the mortgage servicer and the mortgagee have entered into an agreement granting the current mortgage servicer authority to service the mortgage; and

(2) the notices required under Section 51.002(b) disclose that the mortgage servicer is representing the mortgagee under a servicing agreement with the mortgagee and the name of the mortgagee and:

(A) the address of the mortgagee; or

(B) the address of the mortgage servicer, if there is an agreement granting a mortgage servicer the authority to service the mortgage.

Id. § 51.0025 (titled "Administration of Foreclosure by Mortgage Servicer"). However, inherent in the procedural steps outlined in the Texas Property Code is the assumption that whatever entity qualifies as a "mortgagee" either owns the note or is serving as an agent for the owner or holder of the note; and, the statute assumes that when a foreclosure is conducted by someone other than the owner or holder of the note, the person conducting the foreclosure will be acting as agent or nominee for the owner or holder.³

Otherwise, the Texas statutory law would make no sense, and would be directly at odds with long-standing, basic principles governing the relationship between real estate borrowers, on the one hand, and their corresponding secured real estate lenders, on

³The legislative history confirms that all the Legislature intended to do was to make procedural changes, with no changes in substantive Texas law. See House Comm. on Financial Institutions, Bill Analysis, Tex. H.B. 1493, 78th Leg., R.S. (2005).

the other. As the Missouri Court of Appeals so cogently explained in Bellistri v. Ocwen Loan Servicing, LLC:

Generally, a mortgage loan consists of a promissory note and security instrument, usually a mortgage or a deed of trust, which secures payment on the note by giving the lender the ability to foreclose on the property. Typically, the same person holds both the note and the deed of trust. In the event that the note and the deed of trust are split, the note, as a practical matter becomes unsecured. Restatement (Third) of Property (Mortgages) § 5.4. Comment. The practical effect of splitting the deed of trust from the promissory note is to make it impossible for the holder of the note to foreclose, unless the holder of the deed of trust is the agent of the holder of the note. Without the agency relationship, the person holding only the note lacks the power to foreclose in the event of default. The person holding only the deed of trust will never experience default because only the holder of the note is entitled to payment of the underlying obligation. The mortgage loan became ineffectual when the note holder did not also hold the deed of trust.

284 S.W.3d at 623 (citation omitted). Also pertinent is the holding of the bankruptcy court for the District of Idaho in In re Wilhelm that the language of a deed of trust such as the one at issue in the instant action does not give MERS authority to transfer the promissory note secured by the deed of trust. 407 Br. 392, 404 (Bankr. D. Idaho 2009).

There might well be a way defendants can show in support of an appropriate motion for summary judgment the facts necessary to establish propriety of the foreclosure at issue. However, there is nothing in the record before the court at this time

establishing that plaintiff cannot prevail on her theory that the foreclosure on her property was improper because it was conducted by, or at the behest of, BOA at a time when BOA did not own or hold the note that was secured by the deed of trust pursuant to which the foreclosure was conducted.

Therefore,

The court ORDERS that such motions to dismiss be, and are hereby, denied.

SIGNED December 22 2011.



JOHN MCBRYDE
United States District Judge

IN THE SUPREME COURT OF THE STATE OF WASHINGTON

CERTIFIED FROM THE UNITED)
STATES DISTRICT COURT FOR THE)
WESTERN DISTRICT OF)
WASHINGTON)
IN)

KRISTIN BAIN,)

Plaintiff,)

v.)

METROPOLITAN MORTGAGE GROUP,)
INC., INDYMAC BANK, FSB;)
MORTGAGE ELECTRONICS)
REGISTRATION SYSTEMS; REGIONAL)
TRUSTEE SERVICE; FIDELITY)
NATIONAL TITLE; and DOE Defendants)
1 through 20, inclusive,)

Defendants.)

KEVIN SELKOWITZ, an individual,)

Plaintiff,)

v.)

LITTON LOAN SERVICING, LP, a)
Delaware limited partnership; NEW)
CENTURY MORTGAGE CORPORA-)
TION, a California corporation; QUALITY)

No. 86206-1
(consolidated with No. 86207-9)

En Banc

Filed August 16, 2012

Bain (Kristin), et al. v. Mortg. Elec. Registration Sys., et al., No. 86206-1

LOAN SERVICE CORPORATION OF)
WASHINGTON, a Washington corporation;)
FIRST AMERICAN TITLE INSURANCE)
COMPANY, a Washington corporation;)
MORTGAGE ELECTRONIC REGISTRA-)
TION SYSTEMS, INC., a Delaware)
corporation; and DOE Defendants 1 through)
20,)
)
Defendants.)
_____)

CHAMBERS, J. — In the 1990s, the Mortgage Electronic Registration System Inc. (MERS) was established by several large players in the mortgage industry. MERS and its allied corporations maintain a private electronic registration system for tracking ownership of mortgage-related debt. This system allows its users to avoid the cost and inconvenience of the traditional public recording system and has facilitated a robust secondary market in mortgage backed debt and securities. Its customers include lenders, debt servicers, and financial institutes that trade in mortgage debt and mortgage backed securities, among others. MERS does not merely track ownership; in many states, including our own, MERS is frequently listed as the “beneficiary” of the deeds of trust that secure its customers’ interests in the homes securing the debts. Traditionally, the “beneficiary” of a deed of trust is the lender who has loaned money to the homeowner (or other real property owner). The deed of trust protects the lender by giving the lender the power to nominate a trustee and giving that trustee the power to sell the home if the homeowner’s debt is

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not paid. Lenders, of course, have long been free to sell that secured debt, typically by selling the promissory note signed by the homeowner. Our deed of trust act, chapter 61.24 RCW, recognizes that the beneficiary of a deed of trust at any one time might not be the original lender. The act gives subsequent holders of the debt the benefit of the act by defining “beneficiary” broadly as “the holder of the instrument or document evidencing the obligations secured by the deed of trust.” RCW 61.24.005(2).

Judge John C. Coughenour of the Federal District Court for the Western District of Washington has asked us to answer three certified questions relating to two home foreclosures pending in King County. In both cases, MERS, in its role as the beneficiary of the deed of trust, was informed by the loan servicers that the homeowners were delinquent on their mortgages. MERS then appointed trustees who initiated foreclosure proceedings. The primary issue is whether MERS is a lawful beneficiary with the power to appoint trustees within the deed of trust act if it does not hold the promissory notes secured by the deeds of trust. A plain reading of the statute leads us to conclude that only the actual holder of the promissory note or other instrument evidencing the obligation may be a beneficiary with the power to appoint a trustee to proceed with a nonjudicial foreclosure on real property. Simply put, if MERS does not hold the note, it is not a lawful beneficiary.

Next, we are asked to determine the “legal effect” of MERS not being a lawful beneficiary. Unfortunately, we conclude we are unable to do so based upon the record and argument before us.

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Finally, we are asked to determine if a homeowner has a Consumer Protection Act (CPA), chapter 19.86 RCW, claim based upon MERS representing that it is a beneficiary. We conclude that a homeowner may, but it will turn on the specific facts of each case.

FACTS

In 2006 and 2007 respectively, Kevin Selkowitz and Kristin Bain bought homes in King County. Selkowitz's deed of trust named First American Title Company as the trustee, New Century Mortgage Corporation as the lender, and MERS as the beneficiary and nominee for the lender. Bain's deed of trust named IndyMac Bank FSB as the lender, Stewart Title Guarantee Company as the trustee, and, again, MERS as the beneficiary. Subsequently, New Century filed for bankruptcy protection, IndyMac went into receivership,¹ and both Bain and Selkowitz fell behind on their mortgage payments. In May 2010, MERS, in its role as the beneficiary of the deeds of trust, named Quality Loan Service Corporation as the successor trustee in Selkowitz's case, and Regional Trustee Services as the trustee in Bain's case. A few weeks later the trustees began foreclosure proceedings. According to the attorneys in both cases, the assignments of the promissory notes were not publically recorded.²

¹ The FDIC (Federal Deposit Insurance Corporation), in IndyMac's shoes, successfully moved for summary judgment in the underlying cases on the ground that there were no assets to pay any unsecured creditors. Doc. 86, at 6 (Summ. J. Mot., noting that "the [FDIC] determined that the total assets of the IndyMac Bank Receivership are \$63 million while total deposit liabilities are \$8.738 billion."); Doc. 108 (Summ. J. Order).

² According to briefing filed below, Bain's "[n]ote was assigned to Deutsche Bank by former defendant IndyMac Bank, FSB, and placed in a mortgage loan asset-backed trust pursuant to a

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Both Bain and Selkowitz sought injunctions to stop the foreclosures and sought damages under the Washington CPA, among other things.³ Both cases are now pending in Federal District Court for the Western District of Washington. *Selkowitz v. Litton Loan Servicing, LP*, No. C10-05523-JCC, 2010 WL 3733928 (W.D. Wash. Aug. 31, 2010) (unpublished). Judge Coughenour certified three questions of state law to this court. We have received amici briefing in support of the plaintiffs from the Washington State attorney general, the National Consumer Law Center, the Organization United for Reform (OUR) Washington, and the Homeowners' Attorneys, and amici briefing in support of the defendants from the Washington Bankers Association (WBA).

CERTIFIED QUESTIONS

1. Is Mortgage Electronic Registration Systems, Inc., a lawful "beneficiary" within the terms of Washington's Deed of Trust

Pooling and Servicing Agreement dated June 1, 2007." Doc. 149, at 3. Deutsche Bank filed a copy of the promissory note with the federal court. It appears Deutsche Bank is acting as trustee of a trust that contains Bain's note, along with many others, though the record does not establish what trust this might be.

³ While the merits of the underlying cases are not before us, we note that Bain contends that the real estate agent, the mortgage broker, and the mortgage originator took advantage of her known cognitive disabilities in order to induce her to agree to a monthly payment they knew or should have known she could not afford; falsified information on her mortgage application; and failed to make legally required disclosures. Bain also asserts that foreclosure proceedings were initiated by IndyMac before IndyMac was assigned the loan and that some of the documents in the chain of title were executed fraudulently. This is confusing because IndyMac was the original lender, but the record suggests (but does not establish) that ownership of the debt had changed hands several times.

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Act, Revised Code of Washington section 61.24.005(2), if it never held the promissory note secured by the deed of trust?
[Short answer: No.]

2. If so, what is the legal effect of Mortgage Electronic Registration Systems, Inc., acting as an unlawful beneficiary under the terms of Washington's Deed of Trust Act?
[Short answer: We decline to answer based upon what is before us.]
3. Does a homeowner possess a cause of action under Washington's Consumer Protection Act against Mortgage Electronic Registration Systems, Inc., if MERS acts as an unlawful beneficiary under the terms of Washington's Deed of Trust Act?
[Short answer: The homeowners may have a CPA action but each homeowner will have to establish the elements based upon the facts of that homeowner's case.]

Order Certifying Question to the Washington State Supreme Ct. (Certification) at 3-4.

ANALYSIS

"The decision whether to answer a certified question pursuant to chapter 2.60 RCW is within the discretion of the court." *Broad v. Mannesmann Anlagenbau, A.G.*, 141 Wn.2d 670, 676, 10 P.3d 371 (2000) (citing *Hoffman v. Regence Blue Shield*, 140 Wn.2d 121, 128, 991 P.2d 77 (2000)). We treat the certified question as a pure question of law and review de novo. *See, e.g., Parents Involved in Cmty Schs v. Seattle Sch. Dist. No. 1*, 149 Wn.2d 660, 670, 72 P.3d 151 (2003) (citing *Rivett v. City of Tacoma*, 123 Wn.2d 573, 578, 870 P.2d 299 (1994)).

Deeds of Trust

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Private recording of mortgage-backed debt is a new development in an old and long evolving system. We offer a brief review to put the issues before us in context.

A mortgage as a mechanism to secure an obligation to repay a debt has existed since at least the 14th century. 18 William B. Stoebuck & John W. Weaver, *Washington Practice: Real Estate: Transactions* § 17.1, at 253 (2d ed. 2004). Often in those early days, the debtor would convey land to the lender via a deed that would contain a proviso that if a promissory note in favor of the lender was paid by a certain day, the conveyance would terminate. *Id.* at 254. English law courts tended to enforce contracts strictly; so strictly, that equity courts began to intervene to ameliorate the harshness of strict enforcement of contract terms. *Id.* Equity courts often gave debtors a grace period in which to pay their debts and redeem their properties, creating an “equitable right to redeem the land during the grace period.” *Id.* The equity courts never established a set length of time for this grace period, but they did allow lenders to petition to “foreclose” it in individual cases. *Id.* “Eventually, the two equitable actions were combined into one, granting the period of equitable redemption and placing a foreclosure date on that period.” *Id.* at 255 (citing George E. Osborne, *Handbook on the Law of Mortgages* §§ 1-10 (2d ed. 1970)).

In Washington, “[a] mortgage creates nothing more than a lien in support of the debt which it is given to secure.” *Pratt v. Pratt*, 121 Wash. 298, 300, 209 P. 535 (1922) (citing *Gleason v. Hawkins*, 32 Wash. 464, 73 P. 533 (1903)); *see also*

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18 Stoeck & Weaver, *supra*, § 18.2, at 305. Mortgages come in different forms, but we are only concerned here with mortgages secured by a deed of trust on the mortgaged property. These deeds do not convey the property when executed; instead, “[t]he statutory deed of trust is a form of a mortgage.” 18 Stoeck & Weaver, *supra*, § 17.3, at 260. “More precisely, it is a three-party transaction in which land is conveyed by a borrower, the ‘grantor,’ to a ‘trustee,’ who holds title in trust for a lender, the ‘beneficiary,’ as security for credit or a loan the lender has given the borrower.” *Id.* Title in the property pledged as security for the debt is not conveyed by these deeds, even if “on its face the deed conveys title to the trustee, because it shows that it is given as security for an obligation, it is an equitable mortgage.” *Id.* (citing Grant S. Nelson & Dale A. Whitman, Real Estate Finance Law § 1.6 (4th ed. 2001)).

When secured by a deed of trust that grants the trustee the power of sale if the borrower defaults on repaying the underlying obligation, the trustee may usually foreclose the deed of trust and sell the property without judicial supervision. *Id.* at 260-61; RCW 61.24.020; RCW 61.12.090; RCW 7.28.230(1). This is a significant power, and we have recently observed that “the [deed of trust] Act must be construed in favor of borrowers because of the relative ease with which lenders can forfeit borrowers’ interests and the lack of judicial oversight in conducting nonjudicial foreclosure sales.” *Udall v. T.D. Escrow Servs., Inc.*, 159 Wn.2d 903, 915-16, 154 P.3d 882 (2007) (citing *Queen City Sav. & Loan Ass’n v. Mannhalt*, 111 Wn.2d 503, 514, 760 P.2d 350 (1988) (Dore, J., dissenting)). Critically under

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our statutory system, a trustee is not merely an agent for the lender or the lender's successors. Trustees have obligations to all of the parties to the deed, including the homeowner. RCW 61.24.010(4) ("The trustee or successor trustee has a duty of good faith to the borrower, beneficiary, and grantor."); *Cox v. Helenius*, 103 Wn.2d 383, 389, 693 P.2d 683 (1985) (citing George E. Osborne, Grant S. Nelson & Dale A. Whitman, Real Estate Finance Law § 7.21 (1979) ("[A] trustee of a deed of trust is a fiduciary for both the mortgagee and mortgagor and must act impartially between them.")).⁴ Among other things, "the trustee shall have proof that the beneficiary is the owner of any promissory note or other obligation secured by the deed of trust" and shall provide the homeowner with "the name and address of the owner of any promissory notes or other obligations secured by the deed of trust" before foreclosing on an owner-occupied home. RCW 61.24.030(7)(a), (8)(l).

Finally, throughout this process, courts must be mindful of the fact that "Washington's deed of trust act should be construed to further three basic objectives." *Cox*, 103 Wn.2d at 387 (citing Joseph L. Hoffmann, Comment, *Court Actions Contesting the Nonjudicial Foreclosure of Deeds of Trust in Washington*,

⁴ In 2008, the legislature amended the deed of trust act to provide that trustees did not have a fiduciary duty, only the duty of good faith. Laws of 2008, ch. 153, § 1, codified in part as RCW 61.24.010(3) ("The trustee or successor trustee shall have no fiduciary duty or fiduciary obligation to the grantor or other persons having an interest in the property subject to the deed of trust."). This case does not offer an opportunity to explore the impact of the amendment. A bill was introduced into our state senate in the 2012 session that, as originally drafted, would require every assignment be recorded. S.B. 6070, 62d Leg., Reg. Sess. (Wash. 2012). A substitute bill passed out of committee convening a stakeholder group "to convene to discuss the issue of recording deeds of trust of residential real property, including assignments and transfers, amongst other related issues" and report back to the legislature with at least one specific proposal by December 1, 2012. Substitute S.B. 6070, 62d Leg., Reg. Sess. (Wash. 2012).

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59 Wash. L. Rev. 323, 330 (1984)). “First, the nonjudicial foreclosure process should remain efficient and inexpensive. Second, the process should provide an adequate opportunity for interested parties to prevent wrongful foreclosure. Third, the process should promote the stability of land titles.” *Id.* (citation omitted) (citing *Peoples Nat’l Bank of Wash. v. Ostrander*, 6 Wn. App. 28, 491 P.2d 1058 (1971)).

MERS

MERS, now a Delaware corporation, was established in the mid 1990s by a consortium of public and private entities that included the Mortgage Bankers Association of America, the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Government National Mortgage Association (Ginnie Mae), the American Bankers Association, and the American Land Title Association, among many others. *See In re MERSCORP, Inc. v. Romaine*, 8 N.Y.3d 90, 96 n.2, 861 N.E.2d 81, 828 N.Y.S.2d 266 (2006); Phyllis K. Slesinger & Daniel McLaughlin, *Mortgage Electronic Registration System*, 31 Idaho L. Rev. 805, 807 (1995); Christopher L. Peterson, *Foreclosure, Subprime Mortgage Lending, and the Mortgage Electronic Registration System*, 78 U. Cin. L. Rev. 1359, 1361 (2010). It established “a central, electronic registry for tracking mortgage rights . . . [where p]arties will be able to access the central registry (on a need to know basis).” Slesinger & McLaughlin, *supra*, at 806. This was intended to reduce the costs, increase the efficiency, and facilitate the securitization of mortgages and thus increase liquidity. Peterson, *supra*, at 1361.⁵ As the New York high court described the process:

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The initial MERS mortgage is recorded in the County Clerk's office with "Mortgage Electronic Registration Systems, Inc." named as the lender's nominee or mortgagee of record on the instrument. During the lifetime of the mortgage, the beneficial ownership interest or servicing rights may be transferred among MERS members (MERS assignments), but these assignments are not publicly recorded; instead they are tracked electronically in MERS's private system.

Romaine, 8 N.Y.3d at 96. MERS "tracks transfers of servicing rights and beneficial ownership interests in mortgage loans by using a permanent 18-digit number called the Mortgage Identification Number." Resp. Br. of MERS at 13 (Bain) (footnote omitted). It facilitates secondary markets in mortgage debt and servicing rights, without the traditional costs of recording transactions with the local county records offices. Slesinger & McLaughlin, *supra*, at 808; *In re Agard*, 444 B.R. 231, 247 (Bankr. E.D.N.Y. 2011).

Many loans have been pooled into securitization trusts where they, hopefully, produce income for investors. *See, e.g., Pub. Emps' Ret. Sys. of Miss. v. Merrill Lynch & Co.*, 277 F.R.D. 97, 102-03 (S.D.N.Y. 2011) (discussing process of pooling mortgages into asset backed securities). MERS has helped overcome what had come to be seen as a drawback of the traditional mortgage financing model:

⁵ At oral argument, counsel for Bain contended the reason for MERS's creation was a study in 1994 concluding that the mortgage industry would save \$77.9 million a year in state and local filing fees. Wash. Supreme Court oral argument, *Bain v. Mortg. Elec. Registration Sys.*, No. 86206-1 (Mar. 15, 2012), at approx. 44 min., *audio recording* by TVW, Washington's Public Affairs Network, *available at* <http://www.tvw.org>. While saving costs was certainly a motivating factor in its creation, efficiency, secondary markets, and the resulting increased liquidity were other major driving forces leading to MERS's creation. Slesinger & McLaughlin, *supra*, at 806-07.

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lack of liquidity. MERS has facilitated securitization of mortgages bringing more money into the home mortgage market. With the assistance of MERS, large numbers of mortgages may be pooled together as a single asset to serve as security for creative financial instruments tailored to different investors. Some investors may buy the right to interest payments only, others principal only; different investors may want to buy interest in the pool for different durations. *Mortg. Elec. Registration Sys., Inc. v. Azize*, 965 So. 2d 151, 154 n.3 (Fla. Dist. Ct. App. 2007); Dustin A. Zacks, *Standing in Our Own Sunshine: Reconsidering Standing, Transparency, and Accuracy in Foreclosures*, 29 Quinnipiac L. Rev. 551, 570-71 (2011); Chana Joffe-Walt & David Kestenbaum, *Before Toxie Was Toxic*, Nat'l Pub. Radio (Sept. 17, 2010, 12:00 A.M.)⁶ (discussing formation of mortgage backed securities). In response to the changes in the industries, some states have explicitly authorized lenders' nominees to act on lenders' behalf. *See, e.g., Jackson v. Mortg. Elec. Registration Sys., Inc.*, 770 N.W.2d 487, 491 (Minn. 2009) (noting Minn. Stat. § 507.413 is "frequently called 'the MERS statute'"). As of now, our state has not.

As MERS itself acknowledges, its system changes "a traditional three party deed of trust [into] a four party deed of trust, wherein MERS would act as the contractually agreed upon beneficiary for the lender and its successors and assigns." MERS Resp. Br. at 20 (Bain). As recently as 2004, learned commentators William Stoebeuck and John Weaver could confidently write that "[a] general axiom of

⁶ Available at <http://www.npr.org/blogs/money/2010/09/16/129916011/before-toxie-was-toxic>.

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mortgage law is that obligation and mortgage cannot be split, meaning that the person who can foreclose the mortgage must be the one to whom the obligation is due.” 18 Stoebeuck & Weaver, *supra*, § 18.18, at 334. MERS challenges that general axiom. Since then, as the New York bankruptcy court observed recently:

In the most common residential lending scenario, there are two parties to a real property mortgage—a mortgagee, *i.e.*, a lender, and a mortgagor, *i.e.*, a borrower. With some nuances and allowances for the needs of modern finance this model has been followed for hundreds of years. The MERS business plan, as envisioned and implemented by lenders and others involved in what has become known as the mortgage finance industry, is based in large part on amending this traditional model and introducing a third party into the equation. MERS is, in fact, neither a borrower nor a lender, but rather purports to be both “mortgagee of record” and a “nominee” for the mortgagee. MERS was created to alleviate problems created by, what was determined by the financial community to be, slow and burdensome recording processes adopted by virtually every state and locality. In effect the MERS system was designed to circumvent these procedures. MERS, as envisioned by its originators, operates as a replacement for our traditional system of public recordation of mortgages.

Agard, 444 B.R. at 247.

Critics of the MERS system point out that after bundling many loans together, it is difficult, if not impossible, to identify the current holder of any particular loan, or to negotiate with that holder. While not before us, we note that this is the nub of this and similar litigation and has caused great concern about possible errors in foreclosures, misrepresentation, and fraud. Under the MERS system, questions of authority and accountability arise, and determining who has authority to negotiate

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loan modifications and who is accountable for misrepresentation and fraud becomes extraordinarily difficult.⁷ The MERS system may be inconsistent with our second objective when interpreting the deed of trust act: that “the process should provide an adequate opportunity for interested parties to prevent wrongful foreclosure.” *Cox*, 103 Wn.2d at 387 (citing *Ostrander*, 6 Wn. App. 28).

The question, to some extent, is whether MERS and its associated business partners and institutions can both replace the existing recording system established by Washington statutes and still take advantage of legal procedures established in those same statutes. With this background in mind, we turn to the certified questions.

I. Deed of Trust Beneficiaries

Again, the federal court has asked:

1. Is Mortgage Electronic Registration Systems, Inc., a lawful “beneficiary” within the terms of Washington’s Deed of Trust Act, Revised Code of Washington section 61.24.005(2), if it never held the promissory note secured by the deed of trust?

Certification at 3.

A. Plain Language

⁷ MERS insists that borrowers need only know the identity of the servicers of their loans. However, there is considerable reason to believe that servicers will not or are not in a position to negotiate loan modifications or respond to similar requests. *See generally* Diane E. Thompson, *Foreclosing Modifications: How Servicer Incentives Discourage Loan Modifications*, 86 Wash. L. Rev. 755 (2011); Dale A. Whitman, *How Negotiability Has Fouled Up the Secondary Mortgage Market, and What To Do About It*, 37 Pepp. L. Rev. 737, 757-58 (2010). Lack of transparency causes other problems. *See generally* *U.S. Bank Nat’l Ass’n v. Ibanez*, 458 Mass. 637, 941 N.E.2d 40 (2011) (noting difficulties in tracing ownership of the note).

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Under the plain language of the deed of trust act, this appears to be a simple question. Since 1998, the deed of trust act has defined a “beneficiary” as “the holder of the instrument or document evidencing the obligations secured by the deed of trust, excluding persons holding the same as security for a different obligation.” Laws of 1998, ch. 295, § 1(2), codified as RCW 61.24.005(2).⁸ Thus, in the terms of the certified question, if MERS never “held the promissory note” then it is not a “lawful ‘beneficiary.’”

MERS argues that under a more expansive view of the act, it meets the statutory definition of “beneficiary.” It notes that the definition section of the deed of trust act begins by cautioning that its definitions apply “‘*unless the context clearly requires otherwise.*’” Resp. Br. of MERS at 19 (Bain) (quoting RCW 61.24.005). MERS argues that “[t]he context here *requires* that MERS be recognized as a proper ‘beneficiary’ under the Deed of Trust [Act]. The context here is that the Legislature was creating a more efficient default remedy for lenders,

⁸ Perhaps presciently, the Senate Bill Report on the 1998 amendment noted that “[p]ractice in this area has departed somewhat from the strict statutory requirements, resulting in a perceived need to clarify and update the act.” S.B. Rep. on Engrossed Substitute S.B. 6191, 55th Leg., Reg. Sess. (Wash. 1998). The report also helpfully summarizes the legislature’s understanding of deeds of trust as creating three-party mortgages:

Background: A deed of trust is a financing tool created by statute which is, in effect, a triparty mortgage. The real property owner or purchaser (the grantor of the deed of trust) conveys the property to an independent trustee, who is usually a title insurance company, for the benefit of a third party (the lender) to secure repayment of a loan or other debt from the grantor (borrower) to the beneficiary (lender). The trustee has the power to sell the property nonjudicially in the event of default, or, alternatively, foreclose the deed of trust as a mortgage.

Id. at 1.

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not putting up barriers to foreclosure.” *Id.* It contends that the parties were legally entitled to contract as they see fit, and that the “the parties contractually agreed that the ‘beneficiary’ under the Deed of Trust was ‘MERS’ and it is in that context that the Court should apply the statute.” *Id.* at 20 (emphasis omitted).

The “unless the context clearly requires otherwise” language MERS relies upon is a common phrase that the legislative bill drafting guide recommends be used in the introductory language in all statutory definition sections. *See* Statute Law Comm., Office of the Code Reviser, Bill Drafting Guide 2011.⁹ A search of the unannotated Revised Code of Washington indicates that this statutory language has been used over 600 times. Despite its ubiquity, we have found no case—and MERS draws our attention to none—where this common statutory phrase has been read to mean that the *parties* can alter statutory provisions by contract, as opposed to the act itself suggesting a different definition might be appropriate for a specific statutory provision. We have interpreted the boilerplate: “The definitions in this section apply throughout the chapter unless the context clearly requires otherwise” language only once, and then in the context of determining whether a general court-martial qualified as a prior conviction for purposes of the Sentencing Reform Act of 1981 (SRA), chapter 9.94A RCW. *See State v. Morley*, 134 Wn.2d 588, 952 P.2d 167 (1998). There, the two defendants challenged the use of their prior general courts-martial on the ground that the SRA defined “conviction” as “an adjudication

⁹ Available at http://www.leg.wa.gov/CodeReviser/Pages/bill_drafting_guide.aspx (last visited Aug. 7, 2012).

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of guilt pursuant to Titles 10 or 13 RCW.” *Morley*, 134 Wn.2d at 595 (quoting RCW 9.94A.030(9)). Since, the defendants reasoned, their courts-martial were not “pursuant to Titles 10 or 13 RCW,” they should not be considered criminal history. We noted that the SRA frequently treated out-of-state convictions (which would also not be pursuant to Titles 10 or 13 RCW) as convictions and rejected the argument since the specific statutory context required a broader definition of the word “convictions” than the definition section provided. *Id.* at 598. MERS has cited no case, and we have found none that holds that *extrastatutory* conditions can create a context where a different definition of defined terms would be appropriate. We do not find this argument persuasive.

MERS also argues that it meets the statutory definition itself. It notes, correctly, that the legislature did not limit “beneficiary” to the holder of the promissory note: instead, it is “the holder of the *instrument or document* evidencing the obligations secured by the deed of trust.” RCW 61.24.005(2) (emphasis added). It suggests that “instrument” and “document” are broad terms and that “in the context of a residential loan, undoubtedly the Legislature was referring to all of the loan documents that make up the loan transaction • *i.e.*, the note, the deed of trust, and any other rider or document that sets forth the rights and obligations of the parties under the loan,” and that “obligation” must be read to include any financial obligation under any document signed in relation to the loan, including “attorneys’ fees and costs incurred in the event of default.” Resp. Br. of MERS at 21-22 (Bain). In these particular cases, MERS contends that it is a proper beneficiary

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because, in its view, it is “indisputably the ‘holder’ of the Deed of Trust.” *Id.* at 22. It provides no authority for its characterization of itself as “indisputably the ‘holder’” of the deeds of trust.

The homeowners, joined by the Washington attorney general, do dispute MERS’ characterization of itself as the holder of the deeds of trust. Starting from the language of RCW 61.24.005(2) itself, the attorney general contends that “[t]he ‘instrument’ obviously means the promissory note because the only other document in the transaction is the deed of trust and it would be absurd to read this definition as saying that “‘beneficiary means the holder of the deed of trust secured by the deed of trust.’” Br. of Amicus Att’y General (AG Br.) at 2-3 (quoting RCW 61.24.005(2)). We agree that an interpretation “beneficiary” that has the deed of trust securing itself is untenable.

Other portions of the deed of trust act bolster the conclusion that the legislature meant to define “beneficiary” to mean the actual holder of the promissory note or other debt instrument. In the same 1998 bill that defined “beneficiary” for the first time, the legislature amended RCW 61.24.070 (which had previously forbidden the trustee alone from bidding at a trustee sale) to provide:

(1) The trustee may not bid at the trustee’s sale. Any other person, including the beneficiary, may bid at the trustee’s sale.

(2) The trustee shall, at the request of the beneficiary, credit toward the beneficiary’s bid all or any part of the monetary obligations secured by the deed of trust. If the beneficiary is the purchaser, any amount bid by the beneficiary in excess of the amount so credited shall

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be paid to the trustee in the form of cash, certified check, cashier's check, money order, or funds received by verified electronic transfer, or any combination thereof. If the purchaser is not the beneficiary, the entire bid shall be paid to the trustee in the form of cash, certified check, cashier's check, money order, or funds received by verified electronic transfer, or any combination thereof.

Laws of 1998, ch. 295, § 9, codified as RCW 61.24.070. As Bain notes, this provision makes little sense if the beneficiary does not hold the note. Bain Reply to Resp. to Opening Br. at 11. In essence, it would authorize the non-holding beneficiary to credit to its bid funds to which it had no right. However, if the beneficiary is defined as the entity that holds the note, this provision straightforwardly allows the noteholder to credit some or all of the debt to the bid. Similarly, in the commercial loan context, the legislature has provided that “[a] beneficiary’s acceptance of a deed in lieu of a trustee’s sale under a deed of trust securing a commercial loan exonerates the guarantor from any liability for the debt secured thereby except to the extent the guarantor otherwise agrees as part of the deed in lieu transaction.” RCW 61.24.100(7). This provision would also make little sense if the beneficiary did not hold the promissory note that represents the debt.

Finding that the beneficiary must hold the promissory note (or other “instrument or document evidencing the obligation secured”) is also consistent with recent legislative findings to the Foreclosure Fairness Act of 2011, Laws of 2011, ch. 58, § 3(2). The legislature found:

[(1)] (a) The rate of home foreclosures continues to rise to unprecedented levels, both for prime and subprime loans, and a new wave of foreclosures has occurred due to rising unemployment, job

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loss, and higher adjustable loan payments;

....

(2) Therefore, the legislature intends to:

....

(b) Create a framework *for homeowners and beneficiaries to communicate with each other* to reach a resolution and avoid foreclosure whenever possible; and

(c) Provide a process for foreclosure mediation.

Laws of 2011, ch. 58, § 1 (emphasis added). There is no evidence in the record or argument that suggests MERS has the power “to reach a resolution and avoid foreclosure” on behalf of the noteholder, and there is considerable reason to believe it does not. Counsel informed the court at oral argument that MERS does not negotiate on behalf of the holders of the note.¹ If the legislature intended to authorize nonnoteholders to act as beneficiaries, this provision makes little sense. However, if the legislature understood “beneficiary” to mean “noteholder,” then this provision makes considerable sense. The legislature was attempting to create a framework where the stakeholders could negotiate a deal in the face of changing conditions.

We will also look to related statutes to determine the meaning of statutory terms. *Dep’t of Ecology v. Campbell & Gwinn, LLC*, 146 Wn.2d 1, 11-12, 43 P.3d 4 (2002). Both the plaintiffs and the attorney general draw our attention to the definition of “holder” in the Uniform Commercial Code (UCC), which was adopted in the same year as the deed of trust act. *See* Laws of 1965, Ex. Sess., ch. 157 (UCC); Laws of 1965, ch. 74 (deed of trust act); Selkowitz Opening Br. at 13; AG

¹ Wash. Supreme Court oral argument, *supra*, at approx. 34 min., 58 sec.

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Br. at 11-12. Stoebeck and Weaver note that the transfer of mortgage backed obligations is governed by the UCC, which certainly suggests the UCC provisions may be instructive for other purposes. 18 Stoebeck & Weaver, *supra*, § 18.18, at 334. The UCC provides:

“Holder” with respect to a negotiable instrument, means the person in possession if the instrument is payable to bearer or, in the case of an instrument payable to an identified person, if the identified person is in possession. “Holder” with respect to a document of title means the person in possession if the goods are deliverable to bearer or to the order of the person in possession.

Former RCW 62A.1-201(20) (2001).¹¹ The UCC also provides:

“Person entitled to enforce” an instrument means (i) the holder of the instrument, (ii) a nonholder in possession of the instrument who has the rights of a holder, or (iii) a person not in possession of the instrument who is entitled to enforce the instrument pursuant to RCW 62A.3-309 or 62A.3-418(d). A person may be a person entitled to enforce the instrument even though the person is not the owner of the instrument or is in wrongful possession of the instrument.

RCW 62A.3-301. The plaintiffs argue that our interpretation of the deed of trust act should be guided by these UCC definitions, and thus a beneficiary must either actually possess the promissory note or be the payee. *E.g.*, Selkowitz Opening Br. at 14. We agree. This accords with the way the term “holder” is used across the deed of trust act and the Washington UCC. By contrast, MERS’s approach would require us to give “holder” a different meaning in different related statutes and

¹¹ Several portions of chapter 61.24 RCW were amended by the 2012 legislature while this case was under our review.

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construe the deed of trust act to mean that a deed of trust may secure itself or that the note follows the security instrument. Washington's deed of trust act contemplates that the security instrument will follow the note, not the other way around. MERS is not a "holder" under the plain language of the statute.

B. Contract and Agency

In the alternative, MERS argues that the borrowers should be held to their contracts, and since they agreed in the deeds of trust that MERS would be the beneficiary, it should be deemed to be the beneficiary. *E.g.*, Resp. Br. of MERS at 24 (Bain). Essentially, it argues that we should insert the parties' agreement into the statutory definition. It notes that another provision of Title 61 RCW specifically allows parties to insert side agreements or conditions into mortgages. RCW 61.12.020 ("Every such mortgage, when otherwise properly executed, shall be deemed and held a good and sufficient conveyance and mortgage to secure the payment of the money therein specified. The parties may insert in such mortgage any lawful agreement or condition.").

MERS argues we should be guided by *Cervantes v. Countrywide Home Loans, Inc.*, 656 F.3d 1034 (9th Cir. 2011). In *Cervantes*, the Ninth Circuit Court of Appeals affirmed dismissal of claims for fraud, intentional infliction of emotional distress, and violations of the federal Truth in Lending Act and the Arizona Consumer Fraud Act against MERS, Countrywide Home Loans, and other financial institutions. *Id.* at 1041. We do not find *Cervantes* instructive. *Cervantes* was a putative class action that was dismissed on the pleadings for a variety of reasons,

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the vast majority of which are irrelevant to the issues before us. *Id.* at 1038. After dismissing the fraud claim for failure to allege facts that met all nine elements of a fraud claim in Arizona, the Ninth Circuit observed that MERS's role was plainly laid out in the deeds of trust. *Id.* at 1042. Nowhere in *Cervantes* does the Ninth Circuit suggest that the parties could contract around the statutory terms.

MERS also seeks support in a Virginia quiet title action. *Horvath v. Bank of N.Y., N.A.*, 641 F.3d 617, 620 (4th Cir. 2011). After Horvath had become delinquent in his mortgage payments and after a foreclosure sale, Horvath sued the holder of the note and MERS, among others, on a variety of claims, including a claim to quiet title in his favor on the ground that various financial entities had by “splitting . . . the pieces of” his mortgage . . . ‘caused the Deeds of Trust [to] split from the Notes and [become] unenforceable.’” *Id.* at 620 (alterations in original) (quoting complaint). The Fourth Circuit rejected Horvath's quiet title claim out of hand, remarking:

It is difficult to see how Horvath's arguments could possibly be correct. Horvath's note plainly constitutes a negotiable instrument under Va. Code Ann. § 8.3A–104. That note was endorsed in blank, meaning it was bearer paper and enforceable by whoever possessed it. *See* Va. Code Ann. § 8.3A–205(b). And BNY [(Bank of New York)] possessed the note at the time it attempted to foreclose on the property. Therefore, once Horvath defaulted on the property, Virginia law straightforwardly allowed BNY to take the actions that it did.

Id. at 622. There is no discussion anywhere in *Horvath* of any statutory definition of “beneficiary.” While the opinion discussed transferability of notes under the

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UCC as adopted in Virginia, there is only the briefest mention of the Virginia deed of trust act. *Compare Horvath*, 641 F.3d at 621-22 (citing various provisions of Va. Code Ann. Titles 8.1A, 8.3A (UCC)), *with id.* at 623 n.3 (citing Va. Code. Ann. § 55-59(7) (discussing deed of trust foreclosure proceedings)). We do not find *Horvath* helpful.

Similarly, MERS argues that lenders and their assigns are entitled to name it as their agent. *E.g.*, Resp. Br. of MERS at 29-30 (*Bain*). That is likely true and nothing in this opinion should be construed to suggest an agent cannot represent the holder of a note. Washington law, and the deed of trust act itself, approves of the use of agents. *See, e.g.*, former RCW 61.24.031(1)(a) (2011) (“A trustee, beneficiary, *or authorized agent* may not issue a notice of default . . . until” (emphasis added)). MERS notes, correctly, that we have held “an agency relationship results from the manifestation of consent by one person that another shall act on his behalf and subject to his control, with a correlative manifestation of consent by the other party to act on his behalf and subject to his control.” *Moss v. Vadman*, 77 Wn.2d 396, 402-03, 463 P.2d 159 (1970) (citing *Matsumura v. Eilert*, 74 Wn.2d 369, 444 P.2d 806 (1968)).

But *Moss* also observed that “[w]e have repeatedly held that a prerequisite of an agency is *control* of the agent by the principal.” *Id.* at 402 (emphasis added) (citing *McCarty v. King County Med. Serv. Corp.*, 26 Wn.2d 660, 175 P.2d 653 (1946)). While we have no reason to doubt that the lenders and their assigns control MERS, agency requires a specific principal that is accountable for the acts of its

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agent. If MERS is an agent, its principals in the two cases before us remain unidentified.¹² MERS attempts to sidestep this portion of traditional agency law by pointing to the language in the deeds of trust that describe MERS as “acting solely as a nominee for Lender and Lender’s successors and assigns.” Doc. 131-2, at 2 (Bain deed of trust); Doc. 9-1, at 3 (Selkowitz deed of trust.); *e.g.*, Resp. Br. of MERS at 30 (Bain). But MERS offers no authority for the implicit proposition that the lender’s nomination of MERS as a nominee rises to an agency relationship with successor noteholders.¹³ MERS fails to identify the entities that control and are accountable for its actions. It has not established that it is an agent for a lawful principal.

This is not the first time that a party has argued that we should give effect to its contractual modification of a statute. *See Godfrey v. Hartford Ins. Cas. Co.*, 142 Wn.2d 885, 16 P.3d 617 (2001); *see also Nat’l Union Ins. Co. of Pittsburgh, Pa. v. Puget Sound Power & Light*, 94 Wn. App. 163, 177, 972 P.2d 481 (1999) (holding

¹²At oral argument, counsel for MERS was asked to identify its principals in the cases before us and was unable to do so. Wash. Supreme Court oral argument, *supra*, at approx. 23 min., 23 sec.

¹³ The record suggests, but does not establish, that MERS often acted as an agent of the loan servicer, who would communicate the fact of a default and request appointment of a trustee, but is silent on whether the holder of the note would play any controlling role. Doc. 69-2, at 4-5 (describing process). For example, in Selkowitz’s case, “the Appointment of Successor Trustee” was signed by Debra Lyman as assistant vice president of MERS Inc. Doc. 8-1, at 17. There was no evidence that Lyman worked for MERS, but the record suggests she is 1 of 20,000 people who have been named assistant vice president of MERS. *See Br. of Amicus National Consumer Law Center* at 9 n.18 (citing Christopher L. Peterson, *Two Faces: Demystifying the Mortgage Electronic Registration System’s Land Title Theory*, 53 Wm. & Mary L. Rev. 111, 118 (2011)). Lender Processing Service, Inc., which processed paperwork relating to Bain’s foreclosure, seems to function as a middleman between loan servicers, MERS, and law firms that execute foreclosures. Docs. 69-1 through 69-3.

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a business and a utility could not contract around statutory uniformity requirements); *State ex rel. Standard Optical Co. v. Superior Court*, 17 Wn.2d 323, 329, 135 P.2d 839 (1943) (holding that a corporation could not avoid statutory limitations on scope of practice by contract with those who could so practice); *cf. Vizcaino v. Microsoft Corp.*, 120 F.3d 1006, 1011-12 (9th Cir. 1997) (noting that Microsoft’s agreement with certain workers that they were not employees was not binding). In *Godfrey*, Hartford Casualty Insurance Company had attempted to pick and chose what portions of Washington’s uniform arbitration act, chapter 7.04A RCW, it and its insured would use to settle disputes. *Godfrey*, 142 Wn.2d at 889. The court noted that parties were free to decide whether to arbitrate, and what issues to submit to arbitration, but “once an issue is submitted to arbitration . . . Washington’s [arbitration] Act applies.” *Id.* at 894. By submitting to arbitration, “they have activated the entire chapter and the policy embodied therein, not just the parts that are useful to them.” *Id.* at 897. The legislature has set forth in great detail how nonjudicial foreclosures may proceed. We find no indication the legislature intended to allow the parties to vary these procedures by contract. We will not allow waiver of statutory protections lightly. MERS did not become a beneficiary by contract or under agency principals.

C. Policy

MERS argues, strenuously, that as a matter of public policy it should be allowed to act as the beneficiary of a deed of trust because “the Legislature certainly did not intend for home loans in the State of Washington to become unsecured, or to

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allow defaulting home loan borrowers to avoid non-judicial foreclosure, through manipulation of the defined terms in the [deed of trust] Act.” Resp. Br. of MERS at 23 (Bain). One difficulty is that it is not the plaintiffs that manipulated the terms of the act: it was whoever drafted the forms used in these cases. There are certainly significant benefits to the MERS approach but there may also be significant drawbacks. The legislature, not this court, is in the best position to assess policy considerations. Further, although not considered in this opinion, nothing herein should be interpreted as preventing the parties to proceed with judicial foreclosures. That must await a proper case.

D. Other Courts

Unfortunately, we could find no case, and none have been drawn to our attention, that meaningfully discusses a statutory definition like that found in RCW 61.24.005(2). MERS asserts that “the United States District Court for the Western District of Washington has recently issued a series of opinions on the very issues before the Court, finding in favor of MERS.” Resp. Br. of MERS at 35-36 (Bain) (citing *Daddabbo v. Countrywide Home Loans, Inc.*, No. C09-1417RAJ, 2010 WL 2102485 (W.D. Wash. May 20, 2010) (unpublished); *St. John v. Nw Tr. Ser., Inc.*, No. C11-5382BHS, 2011 WL 4543658 (W.D. Wash. Sept. 29, 2011, Dismissal Order) (unpublished); *Vawter v. Quality Loan Servicing Corp. of Wash.*, 707 F. Supp. 2d 1115 (W.D. Wash. 2010)). These citations are not well taken. *Daddabbo* never mentions RCW 61.24.005(2). *St. John* mentions it in passing but devotes no discussion to it. 2011 WL 4543658, at *3. *Vawter* mentions RCW 61.24.005(2)

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once, in a block quote from an unpublished case, without analysis. We do not find these cases helpful.¹⁴

Amicus WBA draws our attention to three cases where state supreme courts have held MERS could exercise the rights of a beneficiary. Amicus Br. of WBA at 12 (Bain) (citing *Trotter v. Bank of N.Y. Mellon*, No. 38022, 2012 WL 206004 (Idaho Jan. 25, 2012) (unpublished), *withdrawn and superseded by* 152 Idaho 842, 275 P.3d 857 (2012); *Residential Funding Co. v. Saurman*, 490 Mich. 909, 805 N.W.2d 183 (2011); *RMS Residential Props., LLC v. Miller*, 303 Conn. 224, 226, 32 A.3d 307 (2011)). *But see* *Agard*, 444 B.R. at 247 (collecting contrary cases); *Bellistri v. Ocwen Loan Servicing, LLC*, 284 S.W.3d 619, 623-24 (Mo. App. 2009) (holding MERS lacked authority to make a valid assignment of the note). But none of these cases, on either side, discuss a statutory definition of “beneficiary” that is similar to ours, and many are decided on agency grounds that are not before us. We do not find them helpful either.

We answer the first certified question “No,” based on the plain language of

¹⁴ MERS string cites eight more cases, six of them unpublished that, it contends, establishes that other courts have found that MERS can be beneficiary under a deed of trust. Resp. Br. of MERS (Selkowitz) at 29 n.98. The six unpublished cases do not meaningfully analyze our statutes. The two published cases, *Gomes v. Countrywide Home Loans, Inc.*, 192 Cal. App. 4th 1149, 121 Cal. Rptr. 3d 819 (2011), and *Pantoja v. Countrywide Home Loans, Inc.*, 640 F. Supp. 2d 1177 (N.D. Cal. 2009), are out of California, and neither have any discussion of the California statutory definition of “beneficiary.” The Fourth District of the California Court of Appeals in *Gomes* does reject the plaintiff’s theory that the beneficiary had to establish a right to foreclose in a nonjudicial foreclosure action, but the California courts are split. Six weeks later, the third district found that the beneficiary was required to show it had the right to foreclose, and a simple declaration from a bank officer was insufficient. *Herrera v. Deutsche Bank Nat’l Trust Co.*, 196 Cal. App. 4th 1366, 1378, 127 Cal. Rptr. 3d 362 (2011).

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the statute. MERS is an ineligible “‘beneficiary’ within the terms of the Washington Deed of Trust Act,” if it never held the promissory note or other debt instrument secured by the deed of trust.

II. Effect

The federal court has also asked us:

2. If so, what is the legal effect of Mortgage Electronic Registration Systems, Inc., acting as an unlawful beneficiary under the terms of Washington’s Deed of Trust Act?

We conclude that we cannot decide this question based upon the record and briefing before us. To assist the certifying court, we will discuss our reasons for reaching this conclusion.

MERS contends that if it is acting as an unlawful beneficiary, its status should have no effect: “All that it would mean is that there was a technical violation of the Deed of Trust Act that all parties were aware of when the loan was originally entered into.” Resp. Br. of MERS at 41 (Bain). “At most . . . MERS would simply need to assign its legal interest in the Deed of Trust to the lender before the lender proceeded with foreclosure.” *Id.* at 41-42. The difficulty with MERS’s argument is that if in fact MERS is not the beneficiary, then the equities of the situation would likely (though not necessarily in every case) require the court to deem that the real beneficiary is the lender whose interests were secured by the deed of trust or that lender’s successors.¹⁵ If the original lender had sold the loan, that purchaser would

¹⁵ See 18 Stoebeuck & Weaver, *supra*, § 17.3, at 260 (noting that a deed of trust “is a three-party transaction in which land is conveyed by a borrower, the ‘grantor,’ to a ‘trustee,’ who holds title

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need to establish ownership of that loan, either by demonstrating that it actually held the promissory note or by documenting the chain of transactions. Having MERS convey its “interests” would not accomplish this.

In the alternative, MERS suggests that, if we find a violation of the act, “MERS should be required to assign its interest in any deed of trust to the holder of the promissory note, and have that assignment recorded in the land title records, before any non-judicial foreclosure could take place.” Resp. Br. of MERS at 44 (Bain). But if MERS is not the beneficiary as contemplated by Washington law, it is unclear what rights, if any, it has to convey. Other courts have rejected similar suggestions. *Bellistri*, 284 S.W.3d at 624 (citing *George v. Surkamp*, 336 Mo. 1, 9, 76 S.W.2d 368 (1934)). Again, the identity of the beneficiary would need to be determined. Because it is the repository of the information relating to the chain of transactions, MERS would be in the best position to prove the identity of the holder of the note and beneficiary.

Partially relying on the *Restatement (Third) of Property: Mortgages* § 5.4 (1997), Selkowitz suggests that the proper remedy for a violation of chapter 61.24 RCW “should be rescission, which does not excuse Mr. Selkowitz from payment of any monetary obligation, but merely precludes non-judicial foreclosure of the

in trust for a lender, the ‘beneficiary,’ as security for credit or a loan the lender has given the borrower”); *see also U.S. Bank Nat’l Ass’n v. Ibanez*, 458 Mass. 637, 941 N.E.2d 40 (2011) (holding bank had to establish it was the mortgage holder at the time of foreclosure in order to clear title through evidence of the chain of transactions).

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subject Deed of Trust. Moreover, if the subject Deed of Trust is void, Mr. Selkowitz should be entitled to quiet title to his property.” Pl.’s Opening Br. at 40 (Selkowitz). It is unclear what he believes should be rescinded. He offers no authority in his opening brief for the suggestion that listing an ineligible beneficiary on a deed of trust would render the deed void and entitle the borrower to quiet title. He refers to cases where the lack of a grantee has been held to void a deed, but we do not find those cases helpful. In one of those cases, the New York court noted, “No mortgagee or obligee was named in [the security agreement], and no right to maintain an action thereon, or to enforce the same, was given therein to the plaintiff or any other person. It was, *per se*, of no more legal force than a simple piece of blank paper.” *Chauncey v. Arnold*, 24 N.Y. 330, 335 (1862). But the deeds of trust before us name all necessary parties and more.

Selkowitz argues that MERS and its allied companies have split the deed of trust from the obligation, making the deed of trust unenforceable. While that certainly *could* happen, given the record before us, we have no evidence that it did. If, for example, MERS is in fact an agent for the holder of the note, likely no split would have happened.

In the alternative, Selkowitz suggests the court create an equitable mortgage in favor of the noteholder. Pl.’s Opening Br. at 42 (Selkowitz). If in fact, such a split occurred, the *Restatement* suggests that would be an appropriate resolution. *Restatement (Third) of Property: Mortgages* § 5.4 reporters’ note, at 386 (1997) (citing *Lawrence v. Knap*, 1 Root (Conn.) 248 (1791)). But since we do not know

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whether or not there has been a split of the obligation from the security instrument, we have no occasion to consider this remedy.

Bain specifically suggests we follow the lead of the Kansas Supreme Court in *Landmark National Bank v. Kesler*, 289 Kan. 528, 216 P.3d 158 (2009). In *Landmark*, the homeowner, Kesler, had used the same piece of property to secure two loans, both recorded with the county. *Id.* Kesler went bankrupt and agreed to surrender the property. *Id.* One of the two lenders filed a petition to foreclose and served both Kesler and the other recorded lender, but not MERS. *Id.* at 531. The court concluded that MERS had no interest in the property and thus was not entitled to notice of the foreclosure sale or entitled to intervene in the challenge to it. *Id.* at 544-45; accord *Mortg. Elec. Registration Sys., Inc. v. Sw Homes of Ark., Inc.*, 2009 Ark. 152, 301 S.W.3d 1 (2009). Bain suggests we follow *Landmark*, but *Landmark* has nothing to say about the effect of listing MERS as a beneficiary. We agree with MERS that it has no bearing on the case before us. Resp. Br. of MERS at 39 (Bain).

Bain also notes, albeit in the context of whether MERS could be a beneficiary without holding the promissory note, that our Court of Appeals held that “[i]f the obligation for which the mortgage was given fails for some reason, the mortgage is unenforceable.” Pl. Bain’s Opening Br. (Bain Op. Br.) at 34 (quoting *Fid. & Deposit Co. of Md. v. Ticor Title Ins. Co.*, 88 Wn. App. 64, 68, 943 P.2d 710 (1997)). She may be suggesting that the listing of an erroneous beneficiary on the deed of trust should sever the security interest from the debt. If so, the citation to

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Fidelity is not helpful. In *Fidelity*, the court was faced with what appeared to be a scam. William and Mary Etter had executed a promissory note, secured by a deed of trust, to Citizen's National Mortgage, which sold the note to Affiliated Mortgage Company. Citizen's also *forged* the Etters' name on *another* promissory note and sold it to another buyer, along with what appeared to be an assignment of the deed of trust, who ultimately assigned it to Fidelity. The buyer of the forged note recorded its interests first, and Fidelity claimed it had priority to the Etters' mortgage payments. The Court of Appeals properly disagreed. *Fidelity*, 88 Wn. App. at 66-67. It held that forgery mattered and that Fidelity had no claim on the Etters' mortgage payments. *Id.* at 67-68. It did *not* hold that the forgery relieved the Etters of paying the mortgage to the actual holder of the promissory note.

MERS states that any violation of the deed of trust act "should not result in a void deed of trust, both legally and from a public policy standpoint." Resp. Br. of MERS at 44. While we tend to agree, resolution of the question before us depends on what actually occurred with the loans before us and that evidence is not in the record. We note that Bain specifically acknowledges in her response brief that she "understands that she is going to have to make up the mortgage payments that have been missed," which suggests she is not seeking to clear title without first paying off the secured obligation. Pl. Bain's Reply Br. at 1. In oral argument, Bain suggested that if the holder of the note were to properly transfer the note to MERS, MERS could proceed with foreclosure.¹⁶ This may be true. We can answer questions of

¹⁶ Wash. Supreme Court oral argument, *supra*, at approx. 8 min., 24 sec.

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law but not determine facts. We, reluctantly decline to answer the second certified question on the record before us.

III. CPA Action

Finally, the federal court asked:

3. Does a homeowner possess a cause of action under Washington’s Consumer Protection Act against Mortgage Electronic Registration Systems, Inc., if MERS acts as an unlawful beneficiary under the terms of Washington’s Deed of Trust Act?

Certification at 4. Bain contends that MERS violated the CPA when it acted as a beneficiary. Bain Op. Br. at 43.¹⁷

To prevail on a CPA action, the plaintiff must show “(1) unfair or deceptive act or practice; (2) occurring in trade or commerce; (3) public interest impact; (4) injury to plaintiff in his or her business or property; (5) causation.” *Hangman Ridge Training Stables, Inc. v. Safeco Title Ins. Co.*, 105 Wn.2d 778, 780, 719 P.2d 531 (1986). MERS does not dispute all the elements. Resp. Br. of MERS at 45; Resp. Br. of MERS (Selkowitz) at 37. We will consider only the ones that it does.

A. Unfair or Deceptive Act or Practice

As recently summarized by the Court of Appeals:

¹⁷ The trustee, Quality Loan Service Corporation of Washington Inc., has asked that we hold that no cause of action under the deed of trust act or the CPA “can be stated against a trustee that relies in good faith on MERS’ apparent authority to appoint a successor trustee, as beneficiary of the deed of trust.” Br. of Def. Quality Loan Service at 4 (Selkowitz). As this is far outside the scope of the certified question, we decline to consider it.

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To prove that an act or practice is deceptive, neither intent nor actual deception is required. The question is whether the conduct has “the *capacity* to deceive a substantial portion of the public.” *Hangman Ridge*, 105 Wn.2d at 785. Even accurate information may be deceptive “if there is a representation, omission or practice that is likely to mislead.” *Panag v. Farmers Ins. Co. of Wash.*, 166 Wn.2d 27, 50, 204 P.3d 885 (2009) (quoting *Sw. Sunsites, Inc. v. Fed. Trade Comm’n*, 785 F.2d 1431, 1435 (9th Cir. 1986)). Misrepresentation of the material terms of a transaction or the failure to disclose material terms violates the CPA. *State v. Ralph Williams’ N.W. Chrysler Plymouth, Inc.*, 87 Wn.2d, 298, 305–09, 553 P.2d 423 (1976). Whether particular actions are deceptive is a question of law that we review de novo. *Leingang v. Pierce County Med. Bureau*, 131 Wn.2d 133, 150, 930 P.2d 288 (1997).

State v. Kaiser, 161 Wn. App. 705, 719, 254 P.3d 850 (2011). MERS contends that the only way that a plaintiff can meet this first element is by showing that its conduct was deceptive and that the plaintiffs cannot show this because “MERS fully described its role to Plaintiff through the very contract document that Plaintiff signed.” Resp. Br. of MERS at 46 (Selkowitz). Unfortunately, MERS does not elaborate on that statement, and nothing on the deed of trust itself would alert a careful reader to the fact that MERS would *not* be holding the promissory note.

The attorney general of this state maintains a consumer protection division and has considerable experience and expertise in consumer protection matters. As amicus, the attorney general contends that MERS is claiming to be the beneficiary “when it knows or should know that under Washington law it must hold the note to be the beneficiary” and seems to suggest we hold that claim is per se deceptive and/or unfair. AG Br. at 14. This contention finds support in *Indoor*

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Billboard/Wash., Inc. v. Integra Telecom of Wash., Inc., 162 Wn.2d 59, 170 P.3d 10 (2007), where we found a telephone company had committed a deceptive act as a matter of law by listing a surcharge “on a portion of the invoice that included state and federal tax charges.” *Id.* at 76. We found that placement had “the capacity to deceive a substantial portion of the public” into believing the fee was a tax. *Id.* (emphasis omitted) (quoting *Hangman Ridge*, 105 Wn.2d at 785). Our attorney general also notes that the assignment of the deed of trust that MERS uses purports to transfer its beneficial interest on behalf of *its own* successors and assigns, not on behalf of any principal. The assignment used in Bain’s case, for example, states:

FOR VALUE RECEIVED, the undersigned, Mortgage Electronic Registration Systems, Inc. AS NOMINEE FOR ITS SUCCESSORS AND ASSIGNS, by these presents, grants, bargains, sells, assigns, transfers, and sets over unto INDYMAC FEDERAL BANK, FSB all beneficial interest under that certain Deed of Trust dated 3/9/2007.

Doc. 1, Ex. A to Huelsman Decl. This undermines MERS’s contention that it acts only as an agent for a lender/principal and its successors and it “conceals the identity of whichever loan holder MERS purports to be acting for when assigning the deed of trust.” AG Br. at 14. The attorney general identifies other places where MERS purports to be acting as the agent for its own successors, not for some principal. *Id.* at 15 (citing Doc. 1, Ex. B). Many other courts have found it deceptive to claim authority when no authority existed and to conceal the true party in a transaction. *Stephens v. Omni Ins. Co.*, 138 Wn. App. 151, 159 P.3d 167 (2007); *Floersheim v. Fed. Trade Comm’n*, 411 F.2d 874, 876-77 (9th Cir. 1969).

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In *Stephens*, an insurance company that had paid under an uninsured motorist policy hired a collections agency to seek reimbursement from the other parties in a covered accident. *Stephens*, 138 Wn. App. at 161. The collection agency sent out aggressive notices that listed an “amount due” and appeared to be collection notices for debt due, though a careful scrutiny would have revealed that they were effectively making subrogation claims. *Id.* at 166-68. The court found that “characterizing an unliquidated [tort] claim as an ‘amount due’ has the capacity to deceive.” *Id.* at 168.

While we are unwilling to say it is per se deceptive, we agree that characterizing MERS as the beneficiary has the capacity to deceive and thus, for the purposes of answering the certified question, presumptively the first element is met.

B. Public Interest Impact

MERS contends that plaintiffs cannot show a public interest impact because, it contends, each plaintiff is challenging “MERS’s role as the beneficiary under Plaintiff’s Deed of Trust in the context of the foreclosure proceedings on Plaintiff’s property.” Resp. Br. of MERS at 40 (Selkowitz) (emphasis omitted). But there is considerable evidence that MERS is involved with an enormous number of mortgages in the country (and our state), perhaps as many as half nationwide. John R. Hooe & Laurie Williams, *Mortgage Electronic Registration Systems, Inc.: A Survey of Cases Discussing MERS’ Authority to Act*, Norton Bankr. L. Advisory No. 8, at 21 (Aug. 2010). If in fact the language is unfair or deceptive, it would have a broad impact. This element is also presumptively met.

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C. Injury

MERS contends that the plaintiffs can show no injury caused by its acts because whether or not the noteholder is known to the borrower, the loan servicer is and, it suggests, that is all the homeowner needs to know. Resp. Br. of MERS at 48-49 (Bain); Resp. Br. of MERS at 41 (Selkowitz). But there are many different scenarios, such as when homeowners need to deal with the holder of the note to resolve disputes or to take advantage of legal protections, where the homeowner does need to know more and can be injured by ignorance. Further, if there have been misrepresentations, fraud, or irregularities in the proceedings, and if the homeowner borrower cannot locate the party accountable and with authority to correct the irregularity, there certainly could be injury under the CPA.¹⁸

Given the procedural posture of these cases, it is unclear whether the plaintiffs can show any injury, and a categorical statement one way or another seems inappropriate. Depending on the facts of a particular case, a borrower may or may not be injured by the disposition of the note, the servicing contract, or many other things, and MERS may or may not have a causal role. For example, in *Bradford v. HSBC Mortg. Corp.*, 799 F. Supp. 2d 625 (E.D. Va. 2011), three different companies attempted to foreclose on Bradford's property after he

¹⁸ Also, while not at issue in these cases, MERS's officers often issue assignments without verifying the underlying information, which has resulted in incorrect or fraudulent transfers. See Zacks, *supra*, at 580 (citing Robo-Signing, Chain of Title, Loss Mitigation, and Other Issues in Mortgage Servicing: Hearing Before Subcomm. on H. and Cmty. Opportunity H. Fin. Servs. Comm., 111th Cong. 105 (2010) (statement of R.K. Arnold, President and CEO of MERSCORP, Inc.)). Actions like those could well be the basis of a meritorious CPA claim.

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attempted to rescind a mortgage under the federal Truth in Lending Act, 15 U.S.C. § 1635. All three companies claimed to hold the promissory note. Observing that “[i]f a defendant transferred the Note, or did not yet have possession or ownership of the Note at the time, but nevertheless engaged in foreclosure efforts, that conduct could amount to an [Fair Debt Collection Practices Act, 15 U.S.C. § 1692k] violation,” the court allowed Bradford’s claim to proceed. *Id.* at 634-35. As amicus notes, “MERS’ concealment of loan transfers also could also deprive homeowners of other rights,” such as the ability to take advantage of the protections of the Truth in Lending Act and other actions that require the homeowner to sue or negotiate with the actual holder of the promissory note. AG Br. at 11 (citing 15 U.S.C. § 1635(f); *Miguel v. Country Funding Corp.*, 309 F.3d 1161, 1162-65 (9th Cir. 2002)). Further, while many defenses would *not* run against a holder in due course, they could against a holder who was not in due course. *Id.* at 11-12 (citing RCW 62A.3-302, .3-305).

If the first word in the third question was “may” instead of “does,” our answer would be “yes.” Instead, we answer the question with a qualified “yes,” depending on whether the homeowner can produce evidence on each element required to prove a CPA claim. The fact that MERS claims to be a beneficiary, when under a plain reading of the statute it was not, presumptively meets the deception element of a CPA action.

CONCLUSION

Under the deed of trust act, the beneficiary must hold the promissory note

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and we answer the first certified question “no.” We decline to resolve the second question. We answer the third question with a qualified “yes;” a CPA action may be maintainable, but the mere fact MERS is listed on the deed of trust as a beneficiary is not itself an actionable injury.

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AUTHOR:

Justice Tom Chambers

WE CONCUR:

Chief Justice Barbara A. Madsen

Justice James M. Johnson

Justice Charles W. Johnson

Justice Debra L. Stephens

Justice Charles K. Wiggins

Justice Susan Owens

Justice Steven C. González

Justice Mary E. Fairhurst

Filed: June 6, 2013

IN THE SUPREME COURT OF THE STATE OF OREGON

BART G. BRANDRUP
and JESSICA D. BRANDRUP,
husband and wife,

Plaintiffs,

v.

RECONTRUST COMPANY, N.A.;
BANK OF AMERICA, N.A.,
successor by merger with BAC Home Loans Servicing, LP;
THE BANK OF NEW YORK MELLON,
fka The Bank of New York,
as Trustee for The Certificate Holders Cwalt, Inc.,
Alternative Loan Trust 2006-2CB, Mortgage Pass-through Certificates;
and MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.,

Defendants.

United States District Court 311CV1390HZ

RUSSELL R. POWELL
and DIANE L. POWELL,
husband and wife,

Plaintiffs,

v.

RECONTRUST COMPANY, N.A.;
BANK OF AMERICA, N.A.,
successor by merger with BAC Home Loans Servicing, LP;
THE BANK OF NEW YORK MELLON,
fka The Bank of New York, as Trustee for The Certificate Holders Cwalt, Inc.,
Alternative Loan Trust 2007-OH3,
Mortgage Pass-through Certificates, series 2007-OH3;
and MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.,

Defendants.

United States District Court 311CV1399HZ

DEANIRA MAYO
and REYNALDA PAEZ PLANCARTE,

Plaintiffs,

v.

RECONTRUST COMPANY, N.A.;
BANK OF AMERICA, N.A.,
successor by merger with Bac Home Loans Servicing, LP;
DEUTSCHE BANK NATIONAL TRUST COMPANY,
as Trustee for the Certificate Holders of the Morgan Stanley ABS Capital I, Inc.,
Trust 2005-HE2,
Mortgage Pass-through Certificates, Series 2005-HE2;
and MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.,

Defendants.

United States District Court 311CV1533SI

OMID MIRARABSHAHI,

Plaintiff,

v.

RECONTRUST COMPANY, N.A.;
BANK OF AMERICA, N.A.,
successor by merger with Bac Home Loans Servicing, LP;
THE BANK OF NEW YORK MELLON,
fka The Bank of New York, as Trustee for The Certificate Holders of CWMBS, INC.,
CHL Mortgage Pass-Through Trust 2007-4,
Mortgage Pass-through Certificates, Series 2007-4;
and MORTGAGE ELECTRONIC REGISTRATION SYSTEMS, INC.,

Defendants.

United States District Court 312CV0010HA
(SC S060281)

En Banc

On certified questions from the United States District Court; certification order dated April 2, 2012, certification accepted July 19, 2012, argued and submitted January 8, 2013.

Jeffrey A. Myers, Bowles Fernández Law LLC, Lake Oswego, argued the cause for plaintiffs. With him on the briefs were Jeffrey A. Myers, John Bowles, and Rick Fernández.

Gregory A. Chaimov, Davis Wright Tremaine LLP, Portland, and Thomas M. Hefferon, Goodwin Proctor LLP, Washington DC, argued the cause for defendants ReconTrust Company, N.A.; Bank of America, N.A.; The Bank of New York Mellon; and Deutsche Bank National Trust Company. With them on the brief were Steven A. Ellis, Thomas W. Sondag, Pilar C. French, and Peter D. Hawkes.

Kevin H. Kono, Davis Wright Tremaine LLP, Portland, filed a brief on behalf of defendants Mortgage Electronic Registration Systems, Inc.

Rolf C. Moan, Assistant Attorney General, Ellen F. Rosenblum, Attorney General, and Anna M. Joyce, Solicitor General, filed a brief on behalf of *amicus curiae* State of Oregon.

Nanina D. Takla, Law Office of Phil Goldsmith, Portland, filed a brief on behalf of *amicus curiae* Oregon Trial Lawyers Association.

Sara Kobak, W. Michael Gillette, and Jordan Silk, Schwabe, Williamson & Wyatt, PC, Portland, filed a brief on behalf of *amicus curiae* Oregon Land Title Association.

Thomas W. Brown, Thomas M. Christ, and Robert E. Sabido, Cosgrave Vergeer Kester LLP, Portland, filed a brief on behalf of *amici curiae* Mortgage Bankers Association, Oregon Bankers Association, and Independent Community Banks of Oregon.

BREWER, J.

Certified questions answered.

Kistler, J., concurred in part and dissented in part, and filed an opinion in which Balmer, C.J., joined.

1 BREWER, J.

2 These cases come before this court on four certified questions of law from
3 the United States District Court for the District of Oregon. *See Brandrup v. ReconTrust*
4 *Co.*, 352 Or 320, 287 P3d 423 (2012) (accepting certified questions); ORS 28.200 to
5 28.255 (providing procedure for certifying questions to the Oregon Supreme Court and
6 authorizing court to answer certified questions). The questions all are concerned with a
7 practice that has arisen in the home mortgage industry in the last twenty years -- that of
8 drafting mortgages and trust deeds so that a certain Delaware corporation, Mortgage
9 Electronic Registration Systems, Inc. (MERS), rather than the lender, is identified as the
10 security instrument's "mortgagee" or "beneficiary." That practice allows lenders and
11 other entities dealing in home loans to track their transactions in a database maintained by
12 MERS. In Oregon, the practice has come under scrutiny in a number of foreclosure cases
13 arising under the Oregon Trust Deed Act (OTDA), ORS 86.705 to ORS 86.795.

14 As will be explained more fully below, the OTDA provides an alternative
15 to the traditional judicial foreclosure process that is available only when the home loan is
16 secured by a trust deed, and, even then, only when certain conditions are satisfied. One
17 condition for foreclosing under the OTDA is that "any assignments" of the trust deed by
18 the trust deed "beneficiary" be recorded in the real property records of the county where
19 the encumbered property is situated. ORS 86.735(1). Some homeowners threatened with
20 foreclosure under the OTDA have recognized that, although the original lenders
21 transferred their interests to other parties, the changes in beneficial ownership were not
22 recorded in the real property records of the counties where their properties are situated.

1 Those homeowners have resisted foreclosure under the OTDA on the ground that the
2 transfers were not recorded. They argue, *inter alia*, that ORS 86.735(1) requires the
3 recording of any assignment of a trust deed by the owner of the beneficial interest in the
4 trust deed and that the identification of MERS as the trust deed "beneficiary" is
5 ineffective.

6 Some cases filed in Oregon state courts that have raised these issues have
7 been removed to federal court, and the judges within the District of Oregon have used
8 differing analyses and reached differing conclusions. *See, e.g., Sovereign v. Deutsche*
9 *Bank*, 856 F Supp 2d 1203 (D Or 2012); *James v. ReconTrust Co.*, 845 F Supp 2d 1145
10 (D Or 2012); *Reeves v. ReconTrust Co.*, 846 F Supp 2d 1149 (D Or 2012); *Beyer v. Bank*
11 *of America*, 800 F Supp 2d 1157 (D Or 2011). Recognizing that the issues turn on the
12 proper construction of Oregon statutes and that this court is the ultimate arbiter of such
13 matters, the district court in these cases certified the following questions to this court:

14 Certified Question No. 1: May an entity, such as MERS, that is
15 neither a lender nor successor to a lender, be a 'beneficiary' as that term is
16 used in the Oregon Trust Deed Act?

17 Certified Question No. 2: May MERS be designated as beneficiary
18 under the Oregon Trust Deed Act where the trust deed provides that MERS
19 "holds only legal title to the interests granted by Borrower in this Security
20 Instrument, but, if necessary to comply with law or custom, MERS (as
21 nominee for Lender and Lender's successors and assigns) has the right: to
22 exercise any or all of those interests"?

23 Certified Question No. 3: Does the transfer of a promissory note
24 from the lender to a successor result in an automatic assignment of the
25 securing trust deed that must be recorded prior to the commencement of
26 nonjudicial foreclosure proceedings under ORS 86.735(1)?

27 Certified Question No 4: Does the Oregon Trust Deed Act allow

1 MERS to retain and transfer legal title to a trust deed as nominee for the
2 lender, after the note secured by the trust deed is transferred from the lender
3 to a successor or series of successors?

4 We accepted the district court's certification and allowed the parties in the federal cases to
5 present their views. We answer those questions -- in two instances as reframed -- as
6 follows:

7 (1) "No." For purposes of ORS 86.735(1), the "beneficiary" is the lender
8 to whom the obligation that the trust deed secures is owed or the
9 lender's successor in interest. Thus, an entity like MERS, which is not
10 a lender, may not be a trust deed's "beneficiary," unless it is a lender's
11 successor in interest.

12 (2) We reframe the second question as follows:

13 *Is MERS eligible to serve as beneficiary under the Oregon Trust Deed*
14 *Act where the trust deed provides that MERS "holds only legal title to*
15 *the interests granted by Borrower in this Security Instrument, but, if*
16 *necessary to comply with law or custom, MERS as nominee for*
17 *Lender and Lender's successors and assigns) has the right: to exercise*
18 *any or all of those interests"?*

19 Answer: "No." A "beneficiary" for purposes of the OTDA is the
20 person to whom the obligation that the trust deed secures is owed. At
21 the time of origination, that person is the lender. The trust deeds in
22 these cases designate the lender as the beneficiary, when they provide:
23 "This Security Instrument secures to Lender: (i) the repayment of the
24 loan, and all renewals, extensions and modifications of the note; and
25 (ii) the performance of borrower's covenants and agreements under
26 this security instrument and the note." Because the provision that
27 MERS "holds only legal title to the interests granted by Borrower in
28 this Security Instrument, but, if necessary to comply with law or
29 custom, MERS * * * has the right to exercise any or all of those
30 interests," does not convey to MERS the beneficial right to repayment,
31 the inclusion of that provision does not alter the trust deed's
32 designation of the lender as the "beneficiary" or make MERS eligible
33 to serve in that capacity.

34 (3) "No." ORS 86.735(1) does not require recordation of "assignments"
35 of a trust deed by operation of law that result from the transfer of the
36 secured obligation.

1 (4) We answer the question, as reframed below, in two parts:

2 (4)(a) "Does the Oregon Trust Deed Act allow MERS to hold and transfer
3 legal title to a trust deed as nominee for the lender, after the note secured
4 by the trust deed is transferred from the lender to a successor or series of
5 successors?"

6 Answer: "No." For purposes of the OTDA, the only pertinent interests in
7 the trust deed are the beneficial interest of the beneficiary and the legal
8 interest of the trustee. MERS holds neither of those interests in these cases,
9 and, therefore, it cannot hold or transfer legal title to the trust deed. For
10 purposes of our answer to the first part of the fourth certified question, it is
11 immaterial whether the note secured by the trust deed has previously been
12 "transferred from the lender to a successor or series of successors."

13 (4)(b) "Does MERS nevertheless have authority as an agent for the
14 original lender and its successors in interest to act on their behalves with
15 respect to the transfer of the beneficial interest in the trust deed or the
16 nonjudicial foreclosure process?"

17 Answer: The power to transfer the beneficial interest in a trust deed or to
18 foreclose it follows the beneficial interest in the trust deed. The beneficiary
19 or its successor in interest holds those rights. MERS's authority, if any, to
20 perform any act in the foreclosure process therefore must derive from the
21 original beneficiary and its successors in interest. We are unable to
22 determine the existence, scope, or extent of any such authority on the
23 record before us.

24 As a preface to our explanation of those answers, we set out the following legal and
25 factual background.

26 I. BACKGROUND

27 A. *Mortgages, Trust Deeds, and the Oregon Trust Deed Act*

28 When a person borrows money to purchase a home, in Oregon as
29 elsewhere, the loan usually is memorialized in a promissory note that contains the
30 borrower's written, unconditional promise to pay certain sums at a specified time or
31 times. Generally, the borrower and lender also enter into a separately-memorialized

1 security agreement -- a mortgage or, more commonly in Oregon, a trust deed. *See*
2 *generally* Grant Nelson and Dale Whitman, *Real Estate Finance Law* §§ 2.1, 5.27, 5.28
3 (5th ed 2007); Joseph L. Dunne, *Enforcing the Oregon Trust Deed Act*, 49 Willamette L
4 Rev 77, 81-85 (2012). Oregon subscribes to the "lien theory," rather than the "title
5 theory," of mortgages. Under the title theory, the borrower conveys actual title to the
6 burdened property to the lender to secure the obligation to repay. Under the lien theory,
7 the borrower merely conveys a "right, upon condition broken, to have the mortgage
8 foreclosed and the mortgaged property sold to satisfy [the underlying debt]." *Schleef v.*
9 *Purdy*, 107 Or 71, 78, 214 P 137 (1923). Thus, in the traditional security arrangement --
10 the mortgage -- the borrower conveys to the lender a lien on the property being
11 purchased, to secure the promise to repay that is contained in a promissory note. If the
12 borrower defaults on the note, the lender, or the lender's successor in interest, may
13 exercise its right to sell the property to satisfy the obligation, but it must do so by
14 bringing a judicial action against the borrower. *Id.* at 75-79; ORS 88.010 (except as
15 otherwise provided by law, lien upon real property shall be foreclosed by a suit).

16 The OTDA, Or Laws 1959, ch 625, codified at ORS 86.705 to ORS 86.795,
17 was enacted in 1959 to provide an alternative to the judicial foreclosure process. Ronald
18 Brady Tippetts, *Note, Mortgages -- Trust Deeds in Oregon*, 44 Or L Rev 149, 149-50
19 (1965). That nonjudicial alternative is available when the parties use a trust deed to
20 secure the loan. A trust deed is a deed executed under the OTDA that "conveys an
21 interest in real property to a trustee in trust to secure the performance of an obligation the
22 grantor or other person named in the deed owes to a beneficiary." ORS 86.705(7). The

1 OTDA permits the trustee appointed under a trust deed to advertise and sell the property
2 to the highest bidder without judicial involvement. ORS 86.710; ORS 86.755. Like a
3 mortgage, a trust deed creates a lien on real property to secure an underlying obligation in
4 the event of a default. *See* ORS 86.705(7); *see also Sam Paulsen Masonry v. Higley*, 276
5 Or 1071, 1075, 557 P2d 676 (1976) (mortgage or trust deed creates only lien on real
6 property). Indeed, a trust deed creates *two* distinct interests -- a legal interest and a
7 beneficial interest. First, a trust deed "conveys an interest in real property to a trustee in
8 trust to secure the performance of an obligation." ORS 86.705(7). That legal interest
9 includes the power to sell the obligated property in the manner prescribed in the statute
10 on the grantor's default. ORS 86.710. However, if the trustee utilizes its power of sale,
11 the proceeds of the sale, after expenses, must be applied "to the obligation secured by the
12 trust deed" -- that is, to satisfy the obligation that the borrower owes to the beneficiary.
13 ORS 86.765(2). Accordingly, the trustee holds and exercises its legal interest in the
14 encumbered property for the benefit of the trust deed's "beneficiary" -- the person "named
15 or otherwise designated in [the] trust deed as the person for whose benefit [the] trust deed
16 is given." ORS 86.705(1). The second interest that is created by a trust deed -- the
17 beneficial or equitable interest in the lien granted therein -- thus is held by the
18 beneficiary. That interest is the security for the performance of the obligation that is
19 owed to the beneficiary. ORS 86.705(7).

20 A trustee may conduct a nonjudicial foreclosure sale only when certain
21 conditions are satisfied. *See* ORS 86.735 (setting out conditions). Those conditions
22 include: (1) recording of "[t]he trust deed, any assignments of the trust deed by the

1 trustee or the beneficiary and any appointment of a successor trustee * * * in the
2 mortgage records of the counties in which the property described in the deed is situated,"
3 ORS 86.735(1); (2) a default on the obligation, "the performance of which is secured by
4 the trust deed," ORS 86.735(2); (3) recording of a notice of default containing the
5 trustee's or beneficiary's election to sell the property to satisfy the obligation, ORS
6 86.735(3); and (4) the absence of any pending or completed action for recovery of the
7 debt, with limited exceptions. *See, e.g.*, ORS 86.735(4).

8 In addition to those conditions, the OTDA prescribes notice requirements
9 that protect trust deed grantors from unauthorized nonjudicial foreclosures and sales of
10 property. Among other things, a trustee is required to provide to the grantor and other
11 interested parties at least 120 days' advance notice of the trustee's sale. ORS 86.740(1).
12 Although judicial involvement is not required to complete a foreclosure by advertisement
13 and sale, the 120-day advance notice period gives a grantor time to seek judicial
14 intervention in certain circumstances, as plaintiffs in these cases have done.

15 The grantor has a right to cure the default at any time up to five days
16 before the date last set for the sale. ORS 86.753. If the trustee has complied with the
17 statutory notice requirements and the default is not cured, the trustee may sell the
18 property at a public auction to the highest bidder without judicial oversight. ORS 86.755.
19 In contrast to the judicial foreclosure process, a grantor has no statutory right to redeem
20 the property after a completed trustee's sale. *Compare* ORS 88.080 (providing right of
21 redemption after sale) *with* ORS 86.770(1) (trustee's sale forecloses and terminates
22 interests in property of any person to whom required notice of the sale was given). After

1 a trustee's sale, the trustee must execute and deliver a trustee's deed to the purchaser,
2 which must recite details of the foreclosure. ORS 86.775. If the trustee's deed is
3 recorded in the pertinent county records, the facts recited in the deed are considered
4 *prima facie* evidence of the truth of the matters set forth therein, and are conclusive in
5 favor of a purchaser for value who relies on them in good faith. ORS 86.780.

6 Of course, only a small portion of the property transactions involving trust
7 deeds end in foreclosure. If the borrower repays the loan secured by the trust deed in full,
8 the trustee must "reconvey the estate of real property described in the trust deed" (that is,
9 release the lien on the property) to the borrower, ORS 86.720, and that reconveyance may
10 be publicly recorded in the pertinent real property records.

11 *B. Assignment and Recording of Trust Deeds*

12 Mortgages or trust deeds may be transferred in a variety of ways. By
13 statute, mortgages may be "assigned by an instrument in writing," and such written
14 assignments may be recorded in the pertinent real property records. ORS 86.060
15 ("mortgages may be assigned by an instrument in writing * * * and recorded in the
16 records of mortgages of the county where the land is situated").¹ But mortgages also
17 have been held to "follow" the promissory notes that they secure so that, by operation of
18 law, the sale or transfer of a promissory note effects an equitable transfer of the mortgage

¹ Although that statute initially was enacted with mortgages in mind, it applies equally to trust deeds. *See* ORS 86.715 ("a trust deed is deemed to be a mortgage on real property and is subject to all laws relating to mortgages on real property except to the extent that such laws are inconsistent with [the OTDA]").

1 that secures that note. *Bamberger v. Geiser*, 24 Or 203, 206-07, 33 P 609 (1893) ("where
2 a debt is secured by mortgage, the debt is the principal and the mortgage is the incident,
3 and * * * an assignment of the debt is an assignment of the mortgage"); *Barringer v.*
4 *Loder*, 47 Or 223, 229, 81 P 778 (1905) (same).²

5 Although the recordation of a mortgage or trust deed assignment generally
6 is not required to make the transfer legally effective between the parties, it is necessary
7 and desirable for protecting an assignee's interest under the security instrument against a
8 purchaser in good faith for valuable consideration. *See Willamette Col. & Credit Serv. v.*
9 *Gray*, 157 Or 77, 83, 70 P2d 39 (1937) (assignee of mortgage was not obliged to take and
10 record written assignment to acquire title as between immediate parties but was required
11 to do so to maintain lien against innocent purchaser); *see also* ORS 93.640 (every
12 conveyance, deed, or assignment affecting an interest in real property which is not
13 recorded as provided by law is void as against any subsequent purchaser in good faith for
14 valuable consideration). The recordation of a trust deed assignment is necessary for an
15 additional reason: As described above, __ Or at __ (slip op at 6-7), the trust deed and
16 "any assignments of the trust deed by the trustee or the beneficiary" must be recorded in
17 the relevant land records before the nonjudicial foreclosure procedure set out at ORS
18 86.740 - ORS 86.755 may be invoked. ORS 86.735(1).

19 C. *The MERS Corporation*

² Again, that principle applies equally when the promissory note is secured by a trust deed; the trust deed follows the note by operation of law.

1 MERS is a creature of the real estate finance industry. In the mid-1990's,
2 large players in the industry, including the Federal National Mortgage Association
3 (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac), decided
4 to create a database that would electronically track ownership in secured real estate loans
5 as they were bought and sold in a secondary market, generally in packages now known as
6 mortgage-backed securities. R. K. Arnold, *Yes, There is Life on MERS*, 11 Prob & Prop
7 33, 33-34 (1997). They created MERSCorp Holdings, a "member-based organization
8 made up of thousands of lenders, servicers, sub-servicers, investors and government
9 institutions." *See MERSCORP Holdings, Inc.*, <http://www.mersinc.org/about-us/faq>
10 (accessed May 22, 2013). The primary product of MERSCorp Holdings was and is the
11 "MERS System," a "national electronic database that tracks changes in mortgage
12 servicing and beneficial ownership interests in loans secured by residential real estate."
13 *Id.*

14 But there is another significant aspect of MERS; that entity serves as the
15 designated mortgagee or beneficiary, as the nominee of the lender, for all mortgages and
16 trust deeds registered in the MERS System. *Id.* Christopher L. Peterson, *Foreclosure,*
17 *Subprime Lending, and the Mortgage Electronic Registration System*, 78 U Cincinnati L
18 Rev 1359, 1361-62 (2009). MERS, however, does not make, service, or invest in loans.
19 *Id.* at 1371.

20 *D. The Trust Deeds and Plaintiffs' Challenges*

21 The certified questions that are before this court arise out of four separate
22 actions challenging a trustee's attempt to nonjudicially foreclose a trust deed securing

1 residential property. In each case, homeowners (collectively, "plaintiffs") financed the
2 purchase of a residence in Oregon with a loan from a lender that is a member of MERS.
3 In each case, the homeowners signed (1) a promissory note pledging to repay the money
4 borrowed, plus interest, according to a prescribed schedule and by a specified date, and
5 (2) a "Deed of Trust," granting to a named trustee the property they had purchased with
6 the loan, "in trust, with power of sale," to secure the payment of the promissory note and
7 other related promises.

8 Except for the names and property descriptions, the trust deeds in the four
9 cases are identical. In a "definition" section, each trust deed identifies the "Borrower,"
10 "Lender" and "Trustee" by name, and then sets out the following definition of "MERS":

11 "MERS' is Mortgage Electronic Registration System, Inc. MERS is
12 a separate corporation that is acting solely as a nominee for Lender and
13 Lender's successors and assigns. MERS is the beneficiary under this
14 Security Instrument."

15 In a section entitled "Transfer of Rights in the Property," the trust deed states:

16 *"The beneficiary of this Security Instrument is MERS (solely as*
17 *nominee for Lender and Lender's successors and assigns) and the*
18 *successors and assigns of MERS. This Security Instrument secures to*
19 *Lender: (i) the repayment of the Loan, and all renewals, extensions and*
20 *modifications of the Note, and (ii) the performance of Borrower's covenants*
21 *and agreements under this Security Instrument and the Note. For this*
22 *purpose, Borrower irrevocably grants and conveys to Trustee, in trust, with*
23 *power of sale, the following described property * * * , [t]ogether with all*
24 *the improvements now or hereafter erected on the property, and all*
25 *easements, appurtenances, and fixtures now or hereafter a part of the*
26 *property. All replacements and additions shall also be covered by this*
27 *Security Instrument. All of the foregoing is referred to in this Security*
28 *Instrument as the Property. Borrower understands and agrees that MERS*
29 *holds only legal title to the interests granted by Borrower in this Security*
30 *Instrument, but, if necessary to comply with law or custom, MERS (as*
31 *nominee for Lender and Lender's successors and assigns) has the right: to*

1 *exercise any or all of those interests, including, but not limited to, the right*
2 *to foreclose and sell the Property, and to take any action required of*
3 *Lender including, but not limited to, releasing and canceling this Security*
4 *Instrument.*

5 (Emphases added.)

6 Those provisions appear to turn the traditional three-party trust deed
7 arrangement -- debtor/grantor, trustee, and lender/beneficiary -- into a four-party
8 arrangement, with the functional role of the beneficiary being split between two entities.
9 Although the benefit of the trust deed is reserved to the "Lender" (because the trust deed
10 "secures to the Lender" the obligations of repayment and performance of other
11 covenants), MERS purports to be the beneficiary "as nominee for Lender and Lender's
12 successors and assigns."

13 Plaintiffs in all four cases signed the promissory notes and trust deeds as
14 described, and, after a period of years, allegedly defaulted on their loans. Following each
15 default, MERS executed a written assignment of the trust deed to the reputed ultimate
16 successor in interest of the original lender and recorded that assignment in the pertinent
17 real property records. Each of those assignees then appointed a new trustee, ReconTrust
18 Company, N.A., and that assignment also was recorded. Thereafter, ReconTrust, as
19 trustee, commenced the process of nonjudicial foreclosure under each trust deed, issuing
20 notices of the grantor's default and the trustee's election to sell.

21 In all four cases, plaintiffs brought an action in state court against
22 ReconTrust, MERS, and the reputed ultimate successor in interest of their original lender,
23 seeking to enjoin the nonjudicial foreclosure proceeding on a number of grounds,

1 including that (1) a condition for nonjudicial foreclosure had not been satisfied --
2 specifically, the requirement in ORS 86.735(1) that any assignments of the trust deed by
3 the "beneficiary" be publicly recorded in the pertinent real property records; and (2)
4 MERS's purported assignment of the trust deed to the reputed ultimate successor in
5 interest was ineffective, because, at the time of the purported assignment, "the principal
6 for whom MERS purported to act as 'beneficiary' did not hold plaintiff's loan at that
7 date." Defendants removed the cases to federal court, and then filed motions to dismiss
8 under FRCP 12 (b)(6), arguing that MERS was the lawful beneficiary under the trust
9 deeds, that all assignments of the trust deeds by the named "beneficiary," MERS, had
10 been recorded, and that ORS 86.735(1) did not require assignments of the trust deeds by
11 the lenders to be recorded. The federal district court certified the questions set out above
12 to this court. We consider the questions in order.

13 II. FIRST CERTIFIED QUESTION

14 "May an entity, such as MERS, that is neither a lender nor successor
15 to a lender, be a 'beneficiary' as that term is used in the Oregon Trust Deed
16 Act?"

17 This question is one of statutory construction, which we approach using the
18 methodology described in *State v. Gaines*, 346 Or 160, 206 P3d 1042 (2009). We focus
19 first on the text, context, and any legislative history brought to our attention by the parties
20 that we find useful, and proceed to general maxims of statutory construction if the
21 legislature's intent remains obscure. *Id.* at 171-72. The pertinent text is the definition of
22 "beneficiary" that appears in ORS 86.705:

23 "As used in ORS 86.705 to 86.795 [that is, the Oregon Trust Deed

1 Act]:

2 ** * * *

3 "(2) 'Beneficiary' means a person named or otherwise designated in a
4 trust deed as the person for whose benefit a trust deed is given, or the
5 person's successor in interest, and who is not the trustee unless the
6 beneficiary is qualified to be a trustee under ORS 86.790(1)(d)." ³

7 There is no dispute about the meaning of the last clause. Rather, the parties square off
8 over the meaning of the requirements that the person (1) be "named or otherwise
9 designated in [the] trust deed," (2) "as the person for whose benefit the trust deed is
10 given." Taking the latter phrase first, the "benefit" of a trust deed is the security it
11 provides with respect to an obligation owed by the grantor to the beneficiary. That is
12 made clear in many of the surrounding statutes. For example, as noted, the term "trust
13 deed" is defined as "a deed executed in conformity with ORS 86.705 to 86.795 that
14 conveys an interest in real property to a trustee in trust *to secure the performance of an*
15 *obligation the grantor or other person named in the deed owes to a beneficiary.*" ORS

³ We use the current version of the statute, which is numbered differently but does not otherwise vary materially from the version in effect when the parties signed the trust deeds. That version, ORS 86.705 (2005), provided:

"As used in ORS 86.705 - 86.795, *unless the context requires otherwise*;

"(1) 'Beneficiary' means *the* person named or otherwise designated in a trust deed as the person for whose benefit a trust deed is given, or the person's successor in interest, and who *shall not be* the trustee unless the beneficiary is qualified to be a trustee under ORS 86.790(1)(d)."

(Differences in italics.)

1 86.705(7) (emphasis added). Similarly, "grantor" is defined as "the person that conveys
2 an interest in real property by a trust deed *as security for the performance of an*
3 *obligation.*" ORS 86.705(4) (emphasis added). Finally, ORS 86.710, which generally
4 describes the power of a trustee to nonjudicially foreclose, begins with a general
5 description of a trust deed: "Transfers in trust of an interest in real property may be made
6 *to secure the performance of an obligation of a grantor*, or any other person named in the
7 deed, *to a beneficiary.*" (Emphasis added.) Thus, the person "for whose benefit the trust
8 deed is given" is the person to whom the grantor owes an obligation, the performance of
9 which the trust deed secures.

10 That analysis, however, speaks only to the second half of the wording of
11 the definition. Plaintiffs suggest that the initial phrase "the person named or otherwise
12 designated as" means that the trust deed must identify (name or otherwise designate) the
13 person who meets the definition of "beneficiary" as that term is used in the statute.
14 Defendants contend, to the contrary, that the legislature used that phrase to signify that
15 that the parties to the trust deed could agree to "name" or "designate" whomever they
16 chose to serve "as" beneficiary -- and that, for purposes of ORS 86.705(2), the
17 "beneficiary" would be the person so designated. Thus, as defendants conceive it,
18 designation of a beneficiary is purely a matter of contract. Plaintiffs' contrary
19 interpretation, defendants assert, essentially turns the initial phrase of the definition into
20 surplusage, violating a fundamental principle of statutory construction set out at ORS
21 174.010; that is, "not * * * to omit what has been inserted."

22 We do not agree that plaintiffs' reading removes the phrase "named or

1 otherwise designated as" from the statute. As noted above, plaintiffs read the statutory
2 definition as providing that, *in addition to* being the person "for whose benefit the trust
3 deed is given," the beneficiary must be "named or otherwise designated" as such *in the*
4 *trust deed*. That reading uses all of the words of the statute. Indeed, we find plaintiffs'
5 reading of the definition to be more compelling, on a purely textual level, than
6 defendants'. If defendant's reading were correct, then *anyone* -- even a person with no
7 connection to or interest in the transaction at all -- could be designated in the agreement.
8 If the legislature had intended "beneficiary" to have the circular meaning that defendants
9 suggest -- that "beneficiary" means whomever the trust deed *names* as the "beneficiary" --
10 it would have had no reason to include any description of the beneficiary's functional role
11 in the trust arrangement. The fact that the statute *does* include such a description ("the
12 person for whose benefit the trust deed is given") strongly suggests that the legislature
13 intended to define "beneficiar[ies]" by their functional role, not their designation. Stated
14 differently, by including such a functional description, it is apparent that the legislature
15 intended that the beneficiary of the trust deed be the person to whom the obligation that
16 the trust deed secures is owed.

17 As discussed, in a typical residential trust deed transaction, the obligation
18 secured by the trust deed is memorialized in a promissory note that contains a borrower's
19 promise to repay a home loan to a lender. At inception, the lender is the person who is
20 entitled to repayment of the note and, thus, functionally is "the person for whose benefit
21 the trust deed is given." That person's "successor in interest," whom ORS 86.705(2) also
22 recognizes as a beneficiary, is a person who succeeds to the lender's rights.

1 Defendants contend that another provision of the OTDA, ORS 86.720(3),
2 undermines that construction of ORS 86.705(2). ORS 86.720 addresses the circumstance
3 in which the obligation secured by a trust deed has been satisfied, but either the
4 beneficiary or trustee has failed or refused to release the trust deed. In such a
5 circumstance, where a title insurance company or insurance producer has satisfied the
6 obligation through an escrow, ORS 86.720(1) authorizes the insurer, in a backup role, to
7 issue and record a release of the trust deed to clear title. In that context, ORS 86.720(3)
8 provides:

9 "Prior to the issuance and recording of a release [of the lien upon
10 performance of the obligation secured by the trust deed], the title insurance
11 company or insurance producer shall give notice of the intention to record a
12 release of trust deed to the *beneficiary of record and, if different, the party*
13 *to whom the full satisfaction was made.*"

14 (Emphasis added.)

15 Defendants assert that the emphasized text shows that the legislature
16 understood that the "beneficiary" need not be the lender or the lender's successor in
17 interest. We do not agree that the statutory text necessarily -- or even probably -- bears
18 such a construction. It is equally, if not more plausible, to conclude that the phrase "if
19 different, the party to whom the full satisfaction was made," was meant instead to
20 acknowledge the circumstance where a lender's successor in interest is not the
21 beneficiary "of record," but is entitled to repayment of the underlying obligation.
22 Ironically, that is precisely the circumstance that defendants assert permissibly occurred
23 in these cases and that is the subject of the third certified question discussed below.
24 When the statute is viewed in that light, it reinforces the conclusion that the beneficiary is

1 the lender or the lender's successor in interest. In short, ORS 86.720(3) does not furnish
2 persuasive context that supports defendants' proposed meaning of the term "beneficiary"
3 under the OTDA.

4 Defendants next contend that the statutory meaning of "beneficiary" must
5 be interpreted in the context of common law principles of agency, freedom of contract,
6 and commercial law. Defendants point to case law showing that Oregon recognizes that
7 an agent, even one without a pecuniary interest, may engage in land transactions and hold
8 title on behalf of a principal. *See, e.g., Halleck v. Halleck et al.*, 216 Or 23, 38, 337 P2d
9 330 (1959) ("Conveyances of lands * * * may be made by deed, signed by the person * *
10 * or by his lawful agent") (quoting *former* ORS 93.010)); *Bowns v. Bowns*, 184 Or 603,
11 613, 200 P2d 586 (1948) (estate or interest in real property may be transferred by one's
12 "lawful agent, under written authority") (quoting *former* ORS 93.020)); *Kern v.*
13 *Hotaling*, 27 Or 205, 207, 40 P 168 (1895) (note and mortgage executed to member of
14 brokerage firm as agent for principal).⁴ Defendants also point to the "bedrock" principle
15 that "contracts, when entered into freely and voluntarily, shall be held sacred and shall be
16 enforced by courts," unless contrary to some "overpowering rule of public policy."
17 *McDonnal and McDonnal*, 293 Or 772, 779, 652 P2d 1247 (1982) (quoting *Feves v.*
18 *Feves*, 198 Or 151, 159-60, 254 P2d 694 (1953)). Defendants assert that proper

⁴ Defendants also cite a federal case, *In re Cushman Bakery*, 526 F2d 23, 30 (1st Cir 1975) *cert den*, 425 US 937 (1976) for the proposition that a lien may be recorded in the name of a nominee.

1 consideration of those common law principles in interpreting the trust deed statutes
2 supports their reading that ORS 86.735(1) allows someone other than an obligee to be the
3 "beneficiary," either because the parties have freely and voluntarily agreed to designate
4 someone else as the beneficiary or because the obligee has chosen to have someone act as
5 its agent or nominee. More specifically -- although the premise is implicit -- the core of
6 defendants' "freedom of contract" argument appears to be that, although MERS has no
7 right to repayment of the notes in these cases, it nevertheless may be designated by
8 contract as the beneficiary for other functions, in particular those functions relating to the
9 control of the foreclosure process.

10 We disagree. The resolution of this question does not hinge on the parties'
11 intent; rather, it depends on legislative intent. That is, the OTDA authorizes nonjudicial
12 foreclosure only when certain statutory requirements are met. In these circumstances, the
13 meaning of "beneficiary," as used in ORS 86.735(1), is determined by statute, and that
14 meaning is incorporated into, and cannot be altered by, the party's agreement. *See, e.g.*
15 *Ocean A. & G. Corp., Ltd. v. Albina M. I. Wks.*, 122 Or 615, 617, 260 P 229 (1927) ("law
16 of the land applicable thereto is a part of every valid contract"); *see also*, R. Lord, 11
17 *Williston on Contracts* § 30:24 (4th ed 1999) ("[i]ncorporation of existing law may act to
18 supersede inconsistent clauses purporting to define the terms of the agreement. For
19 instance, where a statute regulates the amount the government is to pay for a particular
20 service, the statute controls despite a contract between the government and the provider
21 of the service agreeing to a lower rate."). If the legislature had intended to make the
22 parties' agreement paramount over the statute in this regard, it could have, and likely

1 would have, included an "unless otherwise agreed" caveat, as it has in some statutes. *See*,
2 *e.g.*, ORS 72.3070 ("*Unless otherwise agreed*, all goods called for by a contract for sale
3 must be tendered in a single delivery * * *."). But, in light of the structure of the OTDA,
4 it is unsurprising that it did not do so.

5 The OTDA contemplates a unitary beneficiary status, so that the person
6 with the right to repayment of the underlying obligation also controls the foreclosure
7 process. The interaction of a number of statutory provisions demonstrates the point. For
8 example, ORS 86.710 gives the *beneficiary* the power to decide whether to foreclose
9 judicially or nonjudicially. Under ORS 86.720, the *beneficiary* must request
10 reconveyance after the secured obligation is satisfied. ORS 86.737(2)(b)(B) provides that
11 notice to the grantor of a foreclosure sale must include "a telephone number that will
12 allow the grantor access during regular business hours to person-to-person consultation
13 with an individual authorized by the beneficiary to discuss the grantor's payment and loan
14 term negotiation and modification." In addition, under ORS 86.745(1), a notice of sale
15 must include the name of the "beneficiary." ORS 86.753(1) provides that the grantor
16 (and others) may cure a default before a foreclosure sale by making payment, and paying
17 costs and expenses "to the beneficiary." ORS 86.759(5) provides that statutory
18 requirements that the trustee provide default and cure-related information to the grantor
19 and others "do not affect the duty of beneficiaries to provide information to grantors."
20 And, significantly, it is the beneficiary alone who has authority to appoint a successor
21 trustee. ORS 86.790(3). In sum, the integrated effect of those provisions presumes that
22 the collective rights and obligations that define beneficiary status are functionally united;

1 that is, the person entitled to repayment of the secured obligation also controls the
2 foreclosure process.

3 That functional unity has longstanding roots in the common law itself. A
4 fundamental principle in mortgage law holds that a foreclosing party must have the
5 power to enforce the underlying note. *See United States Nat. Bank v. Holton*, 99 Or 419,
6 429, 195 P 823 (1921) ("It has always been the law of this state that the assignment of the
7 note carries the mortgage * * *. The assignment of a mortgage independent of the debt
8 which it is given to secure, is an unmeaning ceremony."). That concern underlies the
9 standard doctrine in judicial foreclosure proceedings that the foreclosing party must
10 provide proof that it has the power to enforce the note. *See generally* Alan M. White,
11 *Losing the Paper -- Mortgage Assignments, Note Transfers and Consumer Protection*, 24
12 Loy Consumer L Rev 468, 476-77 (2012) (collecting cases).

13 Neither can the statutory meaning of "beneficiary" yield to an obligee's
14 decision to use another party as its agent or nominee. Although the cases and statutes
15 cited by defendants show that a lawful agent can have broad authority to *act* on a trust
16 deed beneficiary's behalf in regard to the exercise of rights under the trust deed, even to
17 the point of appearing on documents in the beneficiary's stead, the agent cannot *become*
18 the "beneficiary" for purposes of a statutory requirement that is defined, in part, by the
19 status of the "beneficiary." To reinforce the point, the legislature, in recent amendments
20 to the OTDA, has plainly distinguished between a beneficiary and its agents in the
21 nonjudicial foreclosure context. *See, e.g.*, ORS 86.735(4) (requiring either "the
22 beneficiary or the beneficiary's agent" to certify compliance with statutory requirements

1 as a condition of nonjudicial foreclosure).⁵ Here, the "beneficiary" to which ORS
2 86.735(1) refers must be "the person for whose benefit the trust deed [was] given," that is
3 (as discussed), the person to whom the obligation that the trust deed secures is owed or
4 that person's successor in interest. By the terms of the trust deeds at issue in these cases,
5 those persons are the lenders ("[t]his Security Instrument secures *to Lender*: (i) the
6 repayment of the Loan") or their successors. Unless the lenders have transferred such
7 interests to their agents or nominees, the latter persons cannot become "beneficiaries" for
8 purposes of the OTDA.^{6 7}

9 In sum, our answer to the first question certified by the district court is as
10 follows: For purposes of ORS 86.735(1), the "beneficiary" is the lender to whom the
11 obligation that the trust deed secures is owed or the lender's successor in interest. Thus,
12 an entity like MERS, which is not a lender, may not be a trust deed's "beneficiary," unless
13 it is a lender's successor in interest.

⁵ The 2012 legislature significantly amended the OTDA. The quoted wording from ORS 86.735(4) was one of the amendments. Or Laws 2012, ch 112, § 6.

⁶ We discuss defendants' other arguments pertaining to the law of agency, including their argument that MERS, as the lender's "nominee," may hold "legal title" to the lender's rights under the trust deed, in our answer to the fourth certified question.

⁷ Defendants also argue that the legislative history of the OTDA supports their interpretation of the statute and have included portions of the legislative history in support of that claim. Defendants' theory is that, insofar as the legislative history discloses that the legislature's general purpose in enacting the OTDA was to provide a simpler and more economical method of foreclosure to attract more lenders to Oregon, an interpretation that permits the parties to contractually appoint a beneficiary would advance that purpose. We do not find the proffered history, or defendants' theory of its relevance, to be helpful, and do not discuss it further.

1 III. SECOND CERTIFIED QUESTION

2 "May MERS be designated as beneficiary under the Oregon Trust
3 Deed Act where the trust deed provides that MERS 'holds only legal title to
4 the interests granted by Borrower in this Security Instrument, but, if
5 necessary to comply with law or custom, MERS (as nominee for Lender
6 and Lender's successors and assigns) has the right: to exercise any or all of
7 those interests'?"

8 This question goes to defendants' theory that, under the OTDA, MERS is
9 eligible to serve as "beneficiary" of a trust deed in a role as the obligee's agent or
10 nominee. The theory behind the question is: If ORS 86.705(2), in fact, defines
11 "beneficiary" in terms of a beneficiary's function in the trust arrangement, which function
12 is defined, in turn, by the beneficiary's rights that are secured by the trust deed, then an
13 agent or nominee who has been delegated sufficient rights should qualify as a beneficiary
14 under the statute. Defendants contend that the obligees that MERS serves, as agent or
15 nominee, have delegated to MERS sufficient rights for that purpose. Because the more
16 precise question is whether MERS is eligible to serve as a beneficiary under the OTDA,
17 not whether it may be "designated" as such, we amend the certified question and answer
18 it accordingly.

19 Defendants argue, first, that by defining MERS as the beneficiary "acting
20 solely as a nominee for Lender and Lender's successors and assigns," the trust deeds in
21 these cases clearly convey an intention that MERS act as the lender's or its successors'
22 agent. Defendants also contend that MERS's agreement with its members explicitly
23 provides that MERS will serve as the members' common agent -- allowing MERS to act
24 as agent or nominee for the initial lender and any successors in interest who are members

1 of MERS.⁸ Finally, defendants point to wording in the trust deeds that purports to
2 authorize MERS to exercise all of the lender's rights under the trust deeds:

3 "Borrower understands and agrees that MERS holds only legal title to the
4 interests granted by Borrower in this Security Instrument, *but, if necessary*
5 *to comply with law or custom, MERS (as nominee for Lender and Lender's*
6 *successors and assigns) has the right: to exercise any or all of those*
7 *interests, including, but not limited to, the right to foreclose and sell the*
8 *Property, and to take any action required of Lender including, but not*
9 *limited to, releasing and canceling this Security Instrument."*

10 Defendants argue that if MERS, as the obligee's nominee, must have some or all of the
11 obligee's rights to qualify as the trust deed beneficiary for purposes of ORS 86.705(3),
12 then the broad delegation of power to MERS contained in the quoted provision would be
13 sufficient to make MERS eligible to serve as the "beneficiary."

14 It is unspoken, but evident, that the necessity to which the above provision
15 refers is the necessity of having MERS be recognized as the trust deed beneficiary for
16 purposes of any requirement that must be satisfied before the trust deed may be
17 nonjudicially foreclosed. That the provision imbues the word "necessary" with an
18 unnatural meaning, with the result that the provision is circular, does not render the

⁸ The MERS membership agreement is not in the record, but MERS asserts, in its brief to this court, that the agreement provides that "MERS shall at all times comply with the instruction of the beneficial owner of mortgage loans," and that it grants MERS authority to "execute important documents, foreclose and take all other actions necessary to protect the interests of the noteholder." Defendants also note that other courts have determined, in cases in which the MERS membership agreement *was* placed in the record, that the agreement spells out MERS's duties to its members in those terms. Neither defendants' bare assertions nor the cases cited provide a basis for this court to determine what the agreements actually provide in the cases before the district court.

1 provision unenforceable, as plaintiffs seem to suggest. We accept the provision in the
2 way it apparently was intended: It is triggered by any apparent deficiency in MERS's
3 authority to serve as beneficiary, and, according to defendants' theory, results in the
4 delegation to MERS of *any* of the obligee's rights or interests that MERS might be
5 required to have for that purpose.

6 The problem with defendants' theory, however, is that, while asserting
7 MERS's authority to exercise *all* of the obligee's rights and interests, the provision fails
8 to speak to the *one* interest that an entity must have to qualify as a beneficiary under ORS
9 86.705(2). As discussed above, __ Or at __ (slip op at 22), the beneficiary under that
10 definition is the person to whom the obligation that the trust deed secures is owed.
11 Unless the "law or custom" provision transforms MERS into such an obligee, it cannot
12 transform MERS into the "beneficiary" of the trust deed.

13 And it is clear that the "law or custom" provision does not have that legal
14 effect. The provision first states that MERS holds "only legal title to the interests *granted*
15 *by Borrower* in this Security Instrument." When the provision thereafter states that
16 MERS has the right "to exercise any or all of *those* interests," if necessary to comply with
17 law or custom, it refers to the interests "granted by the borrower in this security
18 instrument." But the interests that are granted by the grantor in a trust deed are different
19 from the right to repayment under a related promissory note. As discussed above, __ Or
20 at __ (slip op at 6), the grantor conveys two interests by signing a trust deed: to the
21 trustee, a legal interest in the subject real property, which may be foreclosed upon the
22 obligor's default on the underlying obligation; and to the beneficiary, the beneficial

1 counterpart to that legal interest. In each of the four trust deeds that are at issue, the first
2 (legal) interest is conveyed in the following sentence in the "Transfer of Rights in the
3 Property" provision: "Borrower irrevocably grants and conveys to Trustee, in trust, with
4 power of sale, the following described property." That the lender obtains the *benefit* of
5 the legal interest that is granted to the trustee is conveyed in the preceding sentence:

6 "This Security Instrument secures to Lender: (i) the repayment of the Loan,
7 and all renewals, extensions and modifications of the Note, and (ii) the
8 performance of Borrower's covenants and agreements under this Security
9 Instrument and the Note."

10 Thus, the interests and rights that were "granted by the borrower under this security
11 instrument" were only (1) a legal interest in the property that the trust deed burdens, in
12 the form of a lien; and (2) an equitable or beneficial interest in that lien.

13 In contrast, in these cases, the interest in the secured obligation that a party
14 must have to qualify as the trust deed's "beneficiary" -- the obligation that the trust deed
15 secures -- is the right to repayment of the obligation. Although *related* to the above-
16 mentioned interests that are granted in the trust deed by the grantor, that right to
17 repayment is not one of those interests. That is, the obligee's right to repayment is
18 *secured* by the lien on the property that the grantor grants in the trust deed, but that right
19 exists apart from the trust deed and is not "granted by the borrower in the [trust deed]." It
20 follows that, even if the "law or custom" clause were triggered so that the right to
21 exercise "any or all" interests granted in the trust deed by the borrower was delegated to
22 MERS, MERS still would not have an interest that would qualify it as the trust deed's

1 beneficiary.⁹

2 To conclude: A "beneficiary" for purposes of the OTDA is the person to
3 whom the obligation that the trust deed secures is owed. At the time of origination, that
4 person is the lender. The trust deeds in these cases designate the lender as the
5 beneficiary, when they provide: "This Security Instrument secures to Lender: (i) the
6 repayment of the loan, and all renewals, extensions and modifications of the note; and (ii)
7 the performance of borrower's covenants and agreements under this security instrument
8 and the note." Because the provision that MERS "holds only legal title to the interests
9 granted by Borrower in this Security Instrument, but, if necessary to comply with law or
10 custom, MERS * * * has the right to exercise any or all of those interests," does not
11 convey to MERS the beneficial right to repayment of the secured obligation, the inclusion
12 of that provision does not alter the trust deed's designation of the lender as the
13 "beneficiary" or make MERS eligible to serve in that capacity.

14 IV. THIRD CERTIFIED QUESTION

15 "Does the transfer of a promissory note from the lender to a
16 successor result in an automatic assignment of the securing trust deed that
17 must be recorded prior to the commencement of nonjudicial foreclosure
18 proceedings under ORS 86.735(1)?"

⁹ Moreover, the "law or custom" provision purports to delegate to MERS the right "to exercise" any of the interests granted in the trust deed by the grantor; it does not purport to actually convey those interests to MERS. Given that the OTDA defines "beneficiary" in terms of an interest that the beneficiary *has* (the right to payment that the trust deed secures), and not in terms of the interests that the beneficiary does or may *exercise*, it is doubtful that conveying to MERS a right "to exercise" the beneficiary's interest could bring MERS within the statutory definition.

1 As we already have mentioned, __ Or at __ (slip op at 8-9), Oregon law
2 provides that the transfer of a promissory note that is secured by a mortgage
3 automatically effects, by operation of law, an assignment of the mortgage. Because a
4 trust deed is a species of mortgage and is "subject to all laws relating to mortgages on real
5 property," ORS 86.715, the same principle applies to trust deeds: A trust deed follows
6 the promissory note that it secures. The third certified question thus asks whether such
7 assignments by operation of law are included in the statutory requirement of ORS
8 86.735(1) that "any assignments of the trust deed by the * * * beneficiary * * * [be]
9 recorded" in the pertinent real property records. If the answer to that question is "yes,"
10 then the fact that the promissory notes have been transferred without corresponding
11 recorded assignments of the trust deeds would stand as a bar to nonjudicial foreclosure
12 under ORS 86.735 in the cases before the federal court. Defendants argue, however, that
13 the term "assignments," as used in ORS 86.735(1), refers only to assignments of a trust
14 deed that are memorialized in a writing other than a writing that may serve to transfer the
15 promissory note. Therefore, as defendants argue, the statute does not require that
16 assignments that result from the transfer of a promissory note be recorded before a
17 nonjudicial foreclosure can proceed. The issue is (again) one of statutory construction,
18 this time focusing on the meaning of the phrase "any assignments" in ORS 86.735(1).

19 The text is not conclusive. Although the term "assignment" may carry a
20 connotation of a written transfer of the trust deed itself, it appears to be broad enough to
21 encompass any manner of transfer of the trust deed, such as by operation of law. The
22 first definition of the word "assign" that appears in *Webster's Third New Int'l Dictionary*

1 132 (unabridged ed 2002) reflects the narrow connotation: "to transfer to another in
2 writing." However, other definitions that appear in *Webster's*, and those that appear in
3 *Black's Law Dictionary*, do not refer to a writing. In any event, the notion that a security
4 interest may be transferred by operation of law has a long and unchallenged history in
5 this state, and the word "assignment" at times has been used by this court in connection
6 with that concept. *See, e.g., First National Bk. v. Jack Mathis Gen. Cont.*, 274 Or 315,
7 321, 546 P2d 754 (1976) ("assignment of a debt carries with it the security for the debt");
8 *Willamette Col. & Credit Serv.*, 157 Or at 81-82 (using term "assignment" to refer to
9 "mortgage follows the note" principle); *Barringer*, 47 Or at 229 (in enacting statute,
10 legislature "recognize[ed] the right * * * to assign [a mortgage] by indorsement of the
11 note"). In short, the choice of the word "assignments" in ORS 86.735(1) does not negate
12 the possibility that the legislature intended to include transfers of trust deeds that occur by
13 operation of law, without a separate writing.

14 The use of the expansive modifier "any" ("any assignments") is similarly
15 inconclusive. Although it might convey a specific legislative intent that any *manner* of
16 assignments, including those that occur by operation of law, be included in the
17 recordation requirement, it also might simply refer to *every* "assignment" within the
18 intended (possibly narrower) meaning of that term.

19 The parties also debate the import of statutes related to ORS 86.735(1) that
20 have been offered as context for interpreting that statute. Among others, they point to

1 ORS 86.110(1), which was in effect when the OTDA was enacted,¹⁰ and which pertains
2 to the discharge of record of a mortgage:

3 "(1) Whenever a promissory note secured by mortgage on real
4 property *is transferred by indorsement without a formal assignment of the*
5 *mortgage*, and the mortgage is recorded, the mortgage, upon payment of the
6 promissory note, may be discharged of record by the owner and holder of
7 the promissory note making and filing with the appropriate recording
8 officer a certificate * * * proving the satisfaction of the mortgage, * * * that
9 the owner and holder is the owner and holder of the note, * * * and that the
10 note has been fully paid and proving that fact to the satisfaction of the
11 recording officer."

12 (Emphasis added.) Defendants contend that the emphasized wording shows that,
13 although this court's cases speak of a transfer of a secured note by indorsement as
14 assigning an associated mortgage by operation of law, the legislature has drawn a
15 distinction between such "transfers" and "assignments" of the mortgage. However, the
16 emphasized wording could support an alternative inference -- that "formal assignment" is
17 only one form of "assignment," and that another occurs by operation of law when a note
18 is transferred.¹¹ Because that alternative construction is at least as plausible as

¹⁰ We set out the current version of ORS 86.110(1), which differs from the version that was in effect in 1959 when ORS 86.735(1) was adopted. The differences are slight and are not relevant to our analysis here.

¹¹ Defendants contend that it is evident that the word "formal" in ORS 86.110(1) "was intended to have a meaning consistent with the requirements of ORS 86.060, which describes an 'assignment of mortgage' as an instrument 'executed and acknowledged with the same formality as required in deeds and mortgages of real property'" -- and that, as such, it cannot signal a legislative recognition of "assignment" by indorsement of a note as an alternative to "formal assignment." However, because ORS 86.060 was enacted *after* ORS 86.110, defendants' argument about the legislative intention behind the phrase "formal assignment" is speculative.

1 defendants' construction, we conclude that ORS 86.110(1) is of little contextual help in
2 our interpretive endeavor.

3 What *does* seem significant is that the recording requirement in ORS
4 86.735 assumes the existence of an assignment in recordable form and that the transfer of
5 a promissory note cannot serve that function. Because a promissory note generally
6 contains no description of real property and does not transfer, encumber, or otherwise
7 affect the title to real property, it cannot be recorded in land title records. *See* ORS
8 93.600 (real property shall be described for recordation according to United States
9 survey, or by lots, blocks, etc.); ORS 93.610 (providing for separate records for recording
10 deeds and mortgages and "all other real property interests"); ORS 93.630 (requiring index
11 to the record of "deeds, mortgages, and all other real property interests"); ORS 205.130
12 (county clerk shall have custody of records of deeds and mortgages of real property and
13 record of all maps, plats, contracts, etc. "affecting the title to real property). Although it
14 is true that the parties to the transfer of a promissory note can always memorialize the
15 transfer in a separate writing that *is* recordable, plaintiffs' reading of ORS 86.735(1)
16 would turn that practice into a *requirement*, at least when nonjudicial foreclosure is
17 contemplated. But ORS 86.735(1) does not appear to express such a requirement, and
18 certain mortgage statutes that existed at the time ORS 86.735(1) was enacted, one of
19 which bears a remarkable resemblance to ORS 86.735(1), suggest that the legislature did
20 not intend one.

1 Those mortgage statutes, ORS 86.060 and *former* ORS 86.070 (1959),¹²
2 were enacted together in 1895, in apparent response to pronouncements by this court in
3 *Bamberger*, 24 Or at 210-13, about the absence of any provision in Oregon law for the
4 recording of assignments of mortgages. The first statute, ORS 86.060, provides:

5 "Mortgages may be assigned by an instrument in writing, executed
6 and acknowledged with the same formality as required in deeds and
7 mortgages of real property, and recorded in the records of mortgages of the
8 county where the land is situated."

9 The second statute, *former* ORS 86.070 (1959), provided:

10 "Every assignment of mortgage shall be recorded at full length, and
11 a reference shall be made to the book and page containing such assignment
12 upon the margin of record of the mortgage."

13 This court discussed the combined effect of those two statutes, at
14 considerable length, in *Barringer*. In that case, Mr. and Mrs. Barringer loaned money to
15 Hayden, evidenced by a note and secured by a mortgage, the latter of which was
16 recorded. The Barringers divorced, and Mrs. Barringer received the note and mortgage
17 as part of their divorce settlement. Later, Mr. Barringer executed an "assignment" of the
18 mortgage to Loder, but Barringer refused to sign an affidavit verifying his claim that he
19 had lost the note and mortgage. Regardless, Loder recorded the assignment, convinced
20 Hayden to pay him the full amount due under the loan, and then recorded a notice
21 canceling the mortgage (which was actually held by Mrs. Barringer). Mrs. Barringer
22 later sued Loder to foreclose on the mortgage. *Barringer*, 47 Or at 224-26. Loder

¹² *Former* ORS 86.070(1959) was repealed in 1965. Or Laws 1965, ch 252, §
1.

1 observed that Mr. Barringer's name appeared in the record, and he argued, based on the
2 two statutes quoted above, that he was entitled to rely solely on the record. In particular,
3 Loder argued that the statutes required all assignments of mortgages to be made in the
4 manner provided therein, and that a mortgage "[could] not be otherwise assigned or
5 transferred than as by these section prescribed." 47 Or at 228.

6 This court held, instead, that the first statute's use of the permissive word
7 "may," with reference to an assignment by an instrument in writing, "recognize[ed] the
8 right * * * to assign by indorsement of the note." *Id.* at 229. The court then added:

9 "When it comes to the manner of recording the assignment, the word 'shall'
10 is used. Why use the word 'may' in one section and 'shall' in the succeeding
11 one? The relationship indicates an intendment that there should be a
12 distinction in their application in practice. * * * *Assignments in the method*
13 *designated then could be made before the statute as well as by assignment*
14 *of the note, and the act simply prescribes that this may still be done by that*
15 *method, but that such assignments shall be recorded in the manner pointed*
16 *out."*

17 *Id.* at 229-30 (emphasis added). Thus, even though *former* ORS 86.070 required
18 recordation of "every assignment of mortgage," and even though *Barringer* characterized
19 indorsement of a note as an "assignment," only those assignments described in ORS
20 86.060 -- that is, assignments by a written instrument with the formalities of a deed or
21 mortgage -- were required to be recorded.

22 ORS 86.060 and *former* ORS 86.070 -- and *Barringer* -- were the law in
23 Oregon when the OTDA was enacted in 1959. It is reasonable to infer that the legislature
24 had that statutory framework in mind when it enacted wording in ORS 86.735(1) that
25 requires "any assignments of the trust deed" to be recorded as a prerequisite to

1 nonjudicial foreclosure. That inference leads to the conclusion that, like the requirement
2 in *former* ORS 86.070 (1959) that "every assignment of mortgage shall be recorded," the
3 requirement in ORS 86.735(1) that "any assignments" be recorded refers *only* to
4 assignments like those described in ORS 86.060, which are "in writing, executed and
5 acknowledged with the same formality as required in deeds and mortgages of real
6 property." Again, the same reasoning logically applies to assignments of trust deeds,
7 which are "subject to all laws relating to mortgages." ORS 86.715.

8 The legislature may have intended to impose a different recording regime in
9 the nonjudicial foreclosure context – to require, in that context alone, that a recordable
10 instrument be executed and recorded to document every transfer of a trust deed by
11 indorsement of the associated promissory note, so that a borrower faced with nonjudicial
12 foreclosure could determine whether the person giving notice of foreclosure possessed
13 the beneficial interest in the trust deed at issue and had the right to foreclose. However,
14 the legislature did not clearly express that intent. When the legislature enacted the
15 OTDA and required that "any assignments of the trust deed" be recorded, the nearly
16 identical statute stating that [e]very assignment of mortgage shall be recorded" required
17 recordation only of formal, written assignments. *Barringer*, 47 Or at 230; *former* ORS
18 86.070 (1959). There is nothing to indicate that, when it enacted ORS 86.735(1), the
19 legislature did not similarly intend for "assignments" of a trust deed to refer only to
20 formal, written assignments of the trust deed, not transfers by indorsement of the
21 underlying debt instrument. By describing an "assignment of mortgage" as a written
22 instrument executed "with the same formality as required in deeds," ORS 86.060, and

1 then, in the immediately following section, requiring recordation of "[e]very assignment
2 * * * at full length," *former* ORS 86.070 (1950), it is apparent that the only "assignment"
3 the 1959 legislature had in mind in enacting ORS 86.735(1) was an assignment by a
4 written instrument. It follows that, for purposes of ORS 86.735(1), "assignments of the
5 trust deed" means written assignments that are executed and acknowledged with such
6 formalities, not a *post hoc* memorialization of a transfer of the secured obligation created
7 solely for the purpose of recording. Thus, the answer to the third certified question is
8 "no." ORS 86.735(1) does not require recordation of "assignments" of the trust deed by
9 operation of law that result from the transfer of the secured obligation.

10 In giving that answer, we acknowledge a practical concern that appears to
11 loom in the background of these cases -- that construing the phrase "any assignments" in
12 ORS 86.735(1) as applying only to formal, written assignments of a trust deed renders the
13 provision meaningless. In particular (the concern posits), a recording requirement that is
14 so easily bypassed can have no conceivable function in the OTDA's statutory scheme;
15 indeed, read in that way, the requirement precludes homeowners in foreclosure from
16 ascertaining the identity of the true beneficiary. That concern, however, rests on the
17 mistaken assumption that the right of a defaulting homeowner to establish the identity of
18 the true beneficiary depends *exclusively* on plaintiffs' preferred reading of the recording
19 requirement in ORS 86.735(1).

20 To the contrary, the OTDA is laced with provisions that indicate that the
21 grantor is entitled to know the identity of the beneficiary. As discussed above, ORS
22 86.753(1), for example, provides that the grantor (and others) may cure a default before a

1 foreclosure sale by making payment, and paying costs and expenses "to the beneficiary."
2 Under ORS 86.737(2)(b)(B), notice to the grantor of a foreclosure sale must include "a
3 telephone number that will allow the grantor access during regular business hours to
4 person-to-person consultation with an individual *authorized by the beneficiary* to discuss
5 the grantor's payment and loan term negotiation and modification." Similarly, under
6 ORS 86.745(1), a notice of sale must include the name of the "beneficiary." Finally,
7 ORS 86.759(5) provides that statutory requirements that the trustee provide default and
8 cure-related information to the grantor and others "do not affect the duty of beneficiaries
9 to provide information to grantors." In sum, those provisions all assume that the true
10 beneficiary must be identifiable. Thus, no part of our answer to the third certified
11 question should be taken to suggest that, where the foreclosing party is not the original
12 lender, the foreclosing party need not provide definitive documentation of its status as the
13 lender's successor in interest to establish its right to foreclose.

14 For that same reason, the fourth certified question, relating to MERS's
15 authority to act as an agent for a lender or a lender's successor in interest, is important.
16 Although we have concluded that the lender or its successors need not record
17 assignments of the trust deeds that occur by operation of law, the fact remains that, when
18 those persons fail to do so, they are vulnerable to challenges that may force them to
19 judicially establish their interests and authority to act.¹³ With that foundation in place, we

¹³ Depending on whether MERS is an agent of the initial lender and its successors in interest, one commentator has suggested that MERS can establish a

1 turn to the fourth certified question.

2 V. FOURTH CERTIFIED QUESTION

3 "Does the Oregon Trust Deed Act allow MERS to retain and transfer
4 legal title to a trust deed as nominee for the lender, after the note secured by
5 the trust deed is transferred from the lender to a successor or series of
6 successors?"

7 Plaintiffs assert:

8 "The OTDA does not allow MERS to retain or transfer legal title to
9 a trust deed after the promissory note is transferred from the original lender
10 to a successor. This is because MERS has no legal title to the interests
11 conveyed under a trust deed and because once its principal has no legal
12 interests under a trust deed, it may not act on behalf of that principal to do
13 for itself what its principal could not do. Even if it had some claim of legal
14 title to the trust deed document, that would make MERS nothing more than
15 a document custodian, not a beneficiary with rights to assign.

16 "In addition, even if the trust deeds could somehow be construed to
17 convey legal title to MERS, such a conveyance would be expressly
18 forbidden under the OTDA. As the only interest granted by the Borrower
19 in the security instrument is a lien on the land as security for the repayment
20 on the obligation and that legal title is conveyed to the trustee who holds it
21 in trust for the beneficiary, there is simply no interest for MERS to hold."

22 Plaintiffs also assert that MERS's powers as an agent are derived from and limited to
23 those of its principal. Thus, plaintiffs argue, MERS has no power or authority to act as an
24 agent of a principal that has divested itself of its interest in a trust deed.

25 Defendants reply, first, that "legal and equitable rights to property can be

satisfactory chain of title "by recording a memorandum of the series of assignments from
itself as an agent of the original lender to itself as an agent of each successive
noteholder." Dunne, 49 Willamette L Rev at 100-101. As explained in our answer to the
fourth certified question below, these cases do not furnish an opportunity to decide
whether such a course of action would effectively establish the ultimate beneficiary's
identity and right to proceed with nonjudicial foreclosure.

1 separated and held by different parties." It follows, they assert, that the OTDA allows
2 MERS to hold legal title to a trust deed as nominee for the lender, after the note secured
3 by the trust deed is transferred from the lender to a successor or series of successors.
4 Alternatively, defendants argue that MERS has authority as an agent of the original
5 lender and its successors to execute any assignments required or convenient to facilitate
6 the nonjudicial foreclosure process.

7 Because of the way in which the parties have presented their arguments
8 with respect to the fourth certified question, it is useful to reframe it in two parts. The
9 first part of the question is:

10 "Does the Oregon Trust Deed Act allow MERS to hold and transfer
11 legal title to a trust deed as nominee for the lender, after the note secured by
12 the trust deed is transferred from the lender to a successor or series of
13 successors?"

14 The second part of the question is:

15 "If the answer to the first part of the question is 'no,' does MERS
16 nevertheless have authority as an agent for the original lender and its
17 successors in interest to act on their behalves with respect to the nonjudicial
18 foreclosure process?"

19 For the reasons now explained, the answer to the first part of the question is
20 "no." As discussed, a beneficiary's interest under a trust deed is analogous to a
21 mortgagee's interest under a mortgage. ORS 86.715. Further, a mortgage conveys no
22 legal or equitable interest in fee or for life to the mortgagee, but merely creates a lien that
23 constitutes security for the underlying obligation and grants the mortgagee, upon the
24 mortgagor's default, the right to have the property sold to satisfy the obligation. *See* ORS
25 86.010; *Stout v. Van Zante*, 109 Or 430, 435-36, 219 P 804, 220 P 414 (1923); *Schleef*,

1 107 Or at 74-79; *Ukase Inv. Co. v. Smith*, 92 Or 337, 340, 181 P 7 (1919). Although no
2 Oregon case has considered which parties hold legal and equitable interests in the lien
3 embodied in a trust deed in the context of the OTDA, a trustee typically holds legal title
4 to the subject of the trust and the beneficiary holds equitable title. "When a trust is
5 created, the legal title is vested in the trustee * * *. 'A trust implies two estates, -- one
6 legal, and the other equitable; it also implies that the legal title is held by one person, the
7 trustee, while another person, the *cestui que* trust [the beneficiary], has the beneficial
8 interest.'" *Morse et al. v. Paulson et al.*, 182 Or 111, 117, 186 P2d 394 (1947) (quoting
9 *Allen v. Hendrick*, 104 Or 202, 223, 206 P 733 (1922)) (emphasis added). ORS
10 86.705(7) provides that a trust deed is "a deed * * * that conveys an interest in real
11 property to a trustee in trust to secure the performance of an obligation the grantor or
12 other person named in the deed owes to a beneficiary." Under the OTDA, therefore, it is
13 logical to conclude that the trustee holds legal title to the lien conveyed by the trust deed
14 and the beneficiary holds equitable title to that lien. It follows that, because MERS is
15 neither the trustee nor the beneficiary, it holds no interest at all in the lien conveyed by
16 the trust deed.

17 Relying on this court's decision in *Klamath Irrigation District v. United*
18 *States*, 348 Or 15, 227 P3d 1145 (2010), defendants remonstrate that "legal and equitable
19 rights to property can be separated and held by different parties." In *Klamath Irrigation*
20 *District*, several irrigation districts and agricultural landowners brought consolidated suits
21 against the United States, claiming that temporary reductions of irrigation water by a
22 federal agency had breached contracts for the supply of irrigation water from the Klamath

1 River Basin reclamation project, had breached an interstate compact, and had violated the
2 Fifth Amendment by the uncompensated taking of property. In answering certified
3 questions from a federal appeals court, we held that Oregon law recognized distinct legal
4 and equitable interests in the right to use water from the Klamath River Basin that
5 belonged to the irrigation districts and the landowners for whose benefit the irrigation
6 districts held water rights. *Id.* at 43-44.

7 Defendants' reliance on *Klamath* is unavailing for two reasons. First, in
8 *Klamath*, this court reiterated the principle that, in determining whether an equitable
9 property right exists, "a court of equity will look beyond the form of the proceeding and
10 if possible consider the substance of the right." *Id.* at 44. As discussed above, any
11 analysis of the substance of the transaction or the actual roles of the parties articulated in
12 the trust deed compels the conclusion that MERS owns neither legal nor equitable title to
13 the lien of the trust deed. Second, although defendants assert that "Oregon law explicitly
14 recognizes that each of the foregoing property interests is capable of further division
15 between holders of legal and equitable title," neither *Klamath* nor any other authority that
16 defendants have identified so holds. Certainly, an equitable interest may be fractionally
17 divided among a number of owners (as this court recognized to be the case among the
18 members of a water district in *Klamath*), but that is not the circumstance with MERS.

19 Rather, defendants' point seems to be that, even though MERS does not
20 have the right to receive repayment of the notes in these cases, it can nevertheless hold
21 legal title to the trust deeds, including the legal right to foreclose them. That proposition
22 is not correct for two reasons. First, as discussed in detail in our answer to the first and

1 second certified questions, the beneficiary of a trust deed under the OTDA is the lender
2 or the lender's successor in interest as respects the right to repayment. And it is the same
3 beneficiary that has the other statutory rights and obligations that the OTDA confers and
4 imposes, including the power to control the foreclosure decision and process through the
5 right to appoint a successor trustee. Second, as explained in our answer to the first
6 certified question, the policy choice that the OTDA reflects (that the "beneficiary" must
7 be the person entitled to repayment of the secured obligation) is rooted in the common-
8 law principle that a foreclosing party must have the power to enforce the underlying note.
9 *See Holton*, 99 Or at 429. Accordingly, we conclude that the OTDA does not allow
10 MERS to hold or transfer legal title to a trust deed separately from the right to receive
11 repayment of the obligation that it secures. Because MERS does not have the right to
12 receive repayment of the notes in these cases, the OTDA does not allow MERS to hold
13 and transfer legal title to the trust deeds that secure them.

14 That conclusion brings us to defendants' and MERS's alternative argument
15 that MERS has authority as an agent of the original beneficiary and any successor
16 beneficiaries of the subject trust deeds to take any steps that are required or convenient to
17 carry out the nonjudicial foreclosure process. The accuracy of that assertion depends on
18 whether MERS qualifies as an agent of those entities for purposes of Oregon law. *See*
19 *Restatement (Third) of Agency* § 1.02 (2006) ("Whether a relationship is characterized as
20 agency in an agreement between parties or in the context of industry or popular usage is
21 not controlling."). This court has defined agency in the following terms: "[T]o be an
22 'agent' -- using the well-defined legal meaning of that term -- two requirements must be

1 met: (1) the individual must be subject to another's control; and (2) the individual must
2 'act on behalf of' the other person." *Vaughn v. First Transit, Inc.*, 346 Or 128, 136, 206
3 P3d 181 (2009).

4 Plaintiffs assert that, even if MERS is an agent of the beneficiaries in these
5 cases, MERS's interests in the trust deeds cannot extend beyond those of the beneficiaries
6 for whom it purports to act, because its powers as an agent cannot exceed those held by
7 its principals. Thus, when the interest of its principal is conveyed, plaintiffs argue,
8 MERS's authority to act for that principal is simultaneously terminated. According to
9 plaintiffs, nothing in Oregon law "supports the idea of freestanding agency on which
10 MERS relies." Moreover, plaintiffs note that at least two other courts recently have
11 agreed with their arguments. For example, the Arkansas Supreme Court has held, under
12 virtually identical statutory language:

13 "MERS was at best the agent of the lender. The only recorded document
14 provides notice that [Lender] is the lender and, therefore, MERS's principal.
15 MERS asserts [Lender] is not its principal. Yet no other lender recorded its
16 interest as an assignee of [Lender]. Permitting an agent such as MERS
17 purports to be to step in and act without a recorded lender directing its
18 action would wreak havoc on notice in this state."

19 *Mortgage Electronic Registration System, Inc., v. Southwest Homes of Arkansas*, 2009

20 Ark 152, 301 SW3d 1, 8 (2009).¹⁴ The Supreme Court of Washington recently reached a
21 similar conclusion:

¹⁴ Under the Arkansas statute, "beneficiary" means "the person named or otherwise designated in a deed of trust as the person for whose benefit a deed of trust is given or his successor in interest" Ark. Code Ann. § 18-50-101(1) (2010).

1 "MERS attempts to sidestep this portion of traditional agency law by
2 pointing to the language in the deeds of trust that describe MERS 'as acting
3 solely as a nominee for Lender and Lender's successors and assigns.' * * *
4 But MERS offers no authority for the implicit proposition that the lender's
5 nomination of MERS as a nominee rises to an agency relationship with
6 successive noteholders."

7 *Bain v. Metropolitan Mortg. Group, Inc.*, 175 Wash 2d 83, 107, 285 P3d 34, 45-46
8 (2012).

9 Here, plaintiffs allege that their original lenders sold and terminated their
10 respective interests in the trust deeds and underlying promissory notes shortly after the
11 origination of plaintiffs' loans. More to the point, they allege that those original lenders
12 transferred their interests in their promissory notes and trust deeds (followed by multiple
13 subsequent transfers as well) long before MERS executed or recorded an assignment of
14 the trust deeds to the purported ultimate successors in interest of the original lenders. In
15 each of the cases, the plaintiffs assert "that the promissory note was sold and the trust
16 deed was assigned from the originating lender of each respective loan through a series of
17 subsequent intervening purchasers until it was purportedly conveyed to the current party
18 on whose behalf each of the nonjudicial foreclosures was being conducted." In
19 particular, plaintiffs assert that "their loans were sold first to a separate entity known as a
20 Sponsor, which subsequently sold the promissory note and assigned the trust deed to an
21 entity known as a Depositor, which subsequently sold the promissory note and assigned
22 the trust deed to Defendant, Bank of New York Mellon FKA The Bank of New York,
23 ("BNYM") as Trustee for the respective securitized trusts of which BNYM acts as
24 Trustee."

1 As an initial matter, it is worth noting that, in each case, it is MERS itself,
2 not MERS as "nominee" for the actual beneficiary, that executed a written assignment of
3 the trust deed to the reputed ultimate successor of the original lender and recorded that
4 assignment in the pertinent real property records. Because MERS does not qualify as the
5 beneficiary, an assignment in such capacity is invalid. *See* ORS 86.705(2); 86.735(1).
6 But, assuming, as it asserts, that MERS also acts as an agent or nominee for the original
7 beneficiary and successor beneficiaries, a different set of rules applies.¹⁵

8 In Oregon, agency is "[t]he relationship which results from the
9 manifestation of consent by one person to another that the other shall act on behalf and
10 subject to his control, and consent by the other so to act." *Hampton Tree Farms, Inc. v.*
11 *Jewett*, 320 Or 599, 617, 892 P2d 683, 694 (1995) (quoting *Ruddy v. Ore. Auto. Credit*
12 *Corp.*, 179 Or 688, 702, 174 P2d 603, 609 (1946)) (internal quotations omitted). The
13 principal-agent relationship is defined by, among other things, the ongoing ability of the
14 principal to maintain control over the agent by giving the agent instructions. *See Vaughn*,
15 346 Or at 136 (quoting *Restatement (Third) of Agency* § 1.01 comment f (2006)).

¹⁵ In their arguments to this court, defendants at times refer to MERS as lender's "agent," and at other times as lender's "nominee" (the status MERS is accorded in the trust deeds). Although the distinction is far from clear, there is some basis for concluding that the authority of a nominee vis-à-vis its principal can be more limited than that of an ordinary agent. In that regard, we observe that *Black's Law Dictionary* defines a "nominee," as "2. A person designated to act in place of another, usu. in a very limited way[;] 3. A party who holds bare legal title for the benefit of others or who receives and distributes funds for the benefit of others." *Black's Law Dictionary* 1076 (8th ed 2004). It may be, however, that MERS and its members understood the word as a synonym for "agent." The record before us does not illuminate that issue.

1 Defendants assert that, even where multiple trust deed transfers have
2 occurred, MERS has ongoing authority to act for its past and present principals under the
3 MERS system. MERS explains that,

4 "[w]hen MERS executes an assignment of the trust deed, it is doing so as
5 nominee agent of the then-note owner. Plaintiffs and *amicus* OTLA
6 wrongly view MERS as acting on behalf of the former principal, the
7 original lender. Agency principles permit MERS to serve as a common
8 agent of the original lender and all successors and assigns, and all parties to
9 the trust deed -- including the borrower -- acknowledge that MERS will do
10 this. Accordingly, when MERS executes a written assignment of 'all
11 beneficial interest under that certain Deed of Trust[,] it is acting on behalf
12 of the current owner of equitable title to the beneficial interests under the
13 trust."

14 Similarly, *amicus* Oregon Land Title Association asserts:

15 "Finally, as to the answer on the fourth certified question, MERS has
16 authority to retain and transfer legal title to a trust deed after a transfer of
17 the underlying promissory note as long as the lender's successors and
18 assigns also are members of MERS. In such circumstances, the lender's
19 successors and assigns have given MERS the requisite authority to act on
20 their behalf. Thus, as long as MERS remains constant as a nominee
21 holding legal title to the trust deed for the lender and any successors or
22 assigns, MERS has authority to transfer legal title to the trust deed."

23 According to defendants and MERS, courts examining the issue recognize
24 that MERS's role as nominee or agent carries forward to subsequent obligees -- indeed,
25 defendants assert, that was one of the very purposes for the creation of MERS.¹⁶ Those

¹⁶ See *In re Tucker*, 441 BR 638, 646 (Bankr. WD Mo 2010) ("MERS was the agent for New Century under the Deed of Trust from the inception, and MERS became agent for each subsequent note-holder under the Deed of Trust * * *"); *Kiah v. Aurora Loan Services, LLC*, 2011 WL 841282 at 4 (D Mass 2011) ("dissolution of [lender] would not and could not prevent [note holder] from obtaining an assignment of the mortgage from MERS, both as a matter of law and according to the arrangement that

1 propositions notwithstanding, the difficulty is that, on the record before us, it is unclear
2 whether such a broad common agency relationship exists in these cases among MERS
3 and the original lenders and their successors in interest. The trust deeds, by themselves,
4 do not establish the necessary relationship; they instead confuse the issue by first granting
5 MERS the seemingly-narrow status of a "nominee" and then purporting to grant MERS
6 authority to "exercise" other "interests" if "necessary." More importantly, although the
7 trust deeds are signed by the borrowers, the original lenders and their successors, who are
8 the other parties under defendants' theory of "common agency," are not signatories.
9 Accordingly, the answer to the second part of the fourth question depends, in large
10 measure, on evidence with respect to who ultimately holds the relevant interests in the
11 notes and trust deeds, and whether that person and each of its predecessors in interest
12 conferred authority on MERS to act on their behalves in the necessary respects. And that
13 evidence is not present in the record before us.

14 The answers to the two parts of the fourth certified question thus may be
15 stated in the following terms:

16 (4)(a) "Does the Oregon Trust Deed Act allow MERS to hold and transfer
17 legal title to a trust deed as nominee for the lender, after the note secured by
18 the trust deed is transferred from the lender to a successor or series of

existed between MERS and Aurora as a 'successor and assign'); *MERSCORP, Inc. v. Romaine*, 861 NE2d 81, 83 (NY 2006) ("Members contractually agree to appoint MERS to act as their common agent on all mortgages they register in the MERS system."); *see also Restatement (Third) of Agency* § 1.04 (an agent may act on behalf of both a disclosed principal, *i.e.*, the original lender, and a later unidentified principal, *i.e.* original lender's successor and assign).

1 successors?"

2 Answer: "No." For purposes of the OTDA, the only pertinent interests in
3 the trust deed are the beneficial interest of the beneficiary and the legal
4 interest of the trustee. MERS holds neither of those interests in these cases,
5 and therefore, it cannot hold or transfer legal title to the trust deed. For
6 purposes of our answer to the first part of the fourth certified question, it is
7 immaterial whether the note secured by the trust deed has previously been
8 "transferred from the lender to a successor or series of successors."

9 (4)(b) "Does MERS nevertheless have authority as an agent for the original
10 lender and its successors in interest to act on their behalves with respect to
11 the nonjudicial foreclosure process?"

12 Answer: The power to transfer the beneficial interest in a trust deed or to
13 foreclose it follows the beneficial interest in the trust deed. The beneficiary
14 or its successor in interest holds those rights. MERS's authority, if any, to
15 perform any act in the foreclosure process therefore must derive from the
16 original beneficiary and its successors in interest. We are unable to
17 determine the existence, scope, or extent of any such authority on the
18 record before us.

19 Certified questions answered.

1 KISTLER, J., concurring in part and dissenting in part.

2 The United States District Court for the District of Oregon has certified
3 four state law questions to this court. In answering the first two questions, the majority
4 concludes that only the lender and its successors can be designated as the beneficiary on a
5 trust deed. In answering the last two questions, the majority concludes that not every
6 assignment of the lender's interest in the trust deed must be recorded and that Mortgage
7 Electronic Recording Systems, Inc. (MERS) can serve as the agent for both the lender
8 and its successors if the record shows that those entities agreed to that arrangement. I
9 agree with the majority's answers to the last two questions but would answer the first two
10 questions differently. In my view, nothing in state law precludes the parties to a trust
11 deed from designating MERS as the beneficiary as long as MERS is serving as the agent
12 for the lender and its successors.¹

13 Bart and Jessica Brandrup executed a trust deed on their property to secure
14 a debt evidenced by a note that they gave their lender, America's Wholesale Lender. In
15 their trust deed, the Brandrups designated MERS "acting solely as a nominee for Lender
16 and Lender's successors and assigns" as the "beneficiary under this Security Instrument."
17 The issue that the first two certified questions pose is whether state law required the
18 Brandrups to designate America's Wholesale Lender as the beneficiary rather than MERS

¹ In referring to the lender's successors, I am referring to those successors in interest that are entitled to enforce the obligation that the trust deed secures.

1 acting as the nominee or agent for the lender and its successors.²

2 The majority finds a complete answer to that issue in the definition of
3 "beneficiary" in the Oregon Trust Deed Act. *See* ORS 86.705(2). That Act authorizes a
4 borrower to grant a trust deed on real property to secure an underlying obligation³ and, in
5 a definitional section, provides that " '[b]eneficiary' means a person named or otherwise
6 designated in a trust deed as the person for whose benefit a trust deed is given, or the
7 person's successor in interest * * *." *Id.* As the majority observes, a trust deed secures an
8 obligation, frequently evidenced by a promissory note, and the lender and its successors
9 are the persons for whose benefit the trust deed is given; that is, the trust deed is given to
10 secure the obligation that the grantor of the trust deed owes the lender. That much is
11 unexceptional.

12 It is one thing, however, to say that the statutory definition identifies the
13 lender and its successors as the persons who ordinarily will be the beneficiaries of the
14 trust deed. It is quite another to find in that definition a legislative intent to preclude the
15 parties to a trust deed from designating the agent of the lender and its successors as the
16 beneficiary. We should be hesitant to find in that run-of-the-mill definition a limitation

² As the majority notes, a nominee is a limited agent. *See* ____ Or at ____ (slip
op at 44 n 13).

³ Essentially, a trust deed is a mortgage with the power of sale. A trust deed
differs from a mortgage primarily in that it conveys an interest in real property to a
trustee to secure an obligation owed the beneficiary, *see* ORS 86.705(7), and, in the event
of the grantor's default, authorizes the trustee to conduct a nonjudicial foreclosure sale on
behalf of the beneficiary, *see* ORS 86.710.

1 on the parties' customary authority to structure their transactions as they see fit, unless the
2 text, context, or history of that definition requires it. In my view, the statutory definition
3 of beneficiary serves a more modest role than the one the majority assigns it. Certainly,
4 nothing in the text of the definition expressly forecloses the parties from designating the
5 lender's agent as the beneficiary in the trust deed. Nor does the legislative history lend
6 any support for the majority's conclusion. Rather, the legislative history shows only that,
7 in authorizing the use of trust deeds, the legislature sought to provide a more cost-
8 effective means of foreclosing liens on real property and, in doing so, to expand the pool
9 of capital available for small homeowners. *See* Minutes, House Committee on Judiciary,
10 SB 117, April 16, 1959, at 1. It is difficult to derive from that history any legislative
11 intent to limit the parties' ability to designate the lender's agent as the beneficiary.

12 To be sure, the context provides a limitation on the persons whom the
13 parties may designate as the beneficiary. As noted, a trust deed, like a mortgage, serves
14 as security for the underlying obligation -- in this case, a promissory note. Ordinarily, the
15 mortgage follows the note. *See Restatement (Third) of Property: Mortgages* § 5.4(a)
16 (1997) ("A transfer of an obligation secured by a mortgage also transfers the mortgage
17 unless the parties to the transfer agree otherwise."). Moreover, "[a] mortgage may be
18 enforced only by, or in behalf of, a person who is entitled to enforce the obligation the
19 mortgage secures." *Id.* § 5.4(c). Put differently, "in general a mortgage is unenforceable
20 if it is held by one who has no right to enforce the secured obligation." *Id.* § 5.4
21 comment e. One exception to that general rule occurs when the person who holds the
22 mortgage does so as the "trustee or agent" of the person who has the right to enforce the

1 obligation secured by the mortgage. *Id.* In that circumstance, the trustee or agent may
2 enforce the mortgage on behalf of the lender and its successors.

3 On the one hand, that context suggests that the authority to name or
4 otherwise designate the beneficiary does not extend to naming a person whose
5 designation would render the trust deed unenforceable and thus defeat its purpose. *See*
6 *id.* (noting that "in general a mortgage is unenforceable if it is held by one who has no
7 right to enforce the secured obligation"). On the other hand, that context suggests that the
8 class of persons statutorily authorized to be "named or otherwise designated in [the] trust
9 deed" as the beneficiary is not limited to the lender and its successors, as the majority
10 concludes. Rather, it extends to persons (agents and trustees) who also may enforce the
11 mortgage on behalf of the lender and its successors. Accordingly, I would hold that the
12 statutory definition of beneficiary is broad enough to permit the parties to a trust deed to
13 designate MERS as the beneficiary as long as MERS is the nominee or agent of the
14 lender and its successors in interest.⁴

15 Ultimately, the difference between my answer and the majority's answer
16 may be more semantic than substantive. After all, in answering the fourth question, the
17 majority recognizes that, in theory, MERS can serve as the agent for the lender and its
18 successors. The problem, as the majority correctly observes, with applying that theory in

⁴ The terms of the trust deed could be much clearer about the role that MERS plays. However, defendant argues that, under the terms of the trust deed, MERS serves as the agent for the lender and its successors, and the terms of the trust deed permit that understanding.

1 this case is that the record does not disclose whether the lender's successors in interest
2 also have authorized MERS to act as their agent. As I understand the majority's answers,
3 they effectively lead to the same conclusion that I would reach. However, because I
4 would answer the first two certified questions differently from the majority, I dissent in
5 part and concur in part in its answers.

6 Balmer, C.J., joins in this opinion concurring in part and dissenting in part.

REMIC RESEARCH

1. In investigating the Securitization of this Loan, **17 generally accepted identification and REMIC location indices were checked to develop a PREPONDERANT INDICATION of the Securitization Location** of the loan on 223 High Point Drive, Murphy, Texas 75094.
2. Based on the positive and factual corroboration of 17 of the 17 audit industry indices, a thoughtful and prudent person would reasonably conclude that **this mortgage was added to the RALI Series 2008-QR1 REMIC during the ninety (90) day period after the closing of the REMIC on February 8, 2008.**
3. The **actual database(s), in total**, and the **data lists, in finite form**, that would provide 100% assurance of the securitization of this loan into the REMIC, **are held by the Corporate entities involved in this Trust (REMIC) as proprietary private property** and are not readily available for public review. (See Exhibits 72, 76, 185, 332, 73, 75, 184, 205, 206, 210, 213, 218, 220, 224, 246, 354, 635, 636 and 674)
4. This information, and the access thereto, **has been intentionally and willfully hidden from both the general public and the Investors** who have unknowingly purchased fraudulent Trust Certificates and traded Securities.
5. After scrutinizing research, it is apparent that **the only plausible reason for this secrecy has been to preclude investigation by those individuals and entities, being negatively affected by the egregious acts of Fraud**, from obtaining the information that would allow for the immediate discovery and quantification of the acts of Fraud being perpetrated against them.
6. This leads to the conclusion that, **unless the perpetrators knew they were planning on committing acts of Fraud for which they did not want to be held accountable**, there would be no reason to hide or obfuscate public information generated from the fraudulent Securities trading conducted on millions of homeowners' mortgages.

7. **The 17 indices investigated were:**

- | | |
|--|---------------------------------|
| 1. Loan ID numbers; | (4768668450)* |
| 2. Loan Originator: | (Homecomings ?)* |
| 3. Loan Origination Date: | (3/3/2008)* |
| 4. Loan Maturity Date: | (4/1/2038)* |
| 5. First Payment Date: | (5/1/2008)* |
| 6. Principle and Securitized Amount of the Loan: | (\$414,500.00)* |
| 7. Terms of the Loan: | (360 Months)* |
| 8. Loan Interest Rate: | (6.00%)* |
| 9. Type of Loan: | (Refinance)* |
| 10. Geographic Location & Zip Code of the Loan: | (Texas, Collin County, 75094)* |
| 11. Mortgage Servicer of the Loan: | (GMAC Mortgage, LLC)* |
| 12. Name of the Trustee of SPV: | (Deutsche Bank Trust Company)* |
| 13. Loan Details, Loan reported in State | (3/3/2008)* |
| 14. Mortgage Electronic Systems, Inc. | (databases surveyed 1/23/2013)* |
| 15. Original Appraised Value of Property: | (\$520,000.00)* |
| 16. Lien Position of Loan: | (First)* |
| 17. MERS Mortgage Identification Number, (MIN): | 100062604768668450* |

8. Note: * **Indices that indicate the mortgage is in the RALI Series 2008-QR1 REMIC.**

9. Research was **able to positively validate 17 of the 17 audit industry accepted indices.**

10. Due to this intentional and willful hiding of database information, neither the homeowners nor Investors are able to evidence and prove, with no doubt and with paper evidence, the securitization details of any mortgage, with specificity, into either a REMIC or a RMBS **without the results pursuant to an Agency Investigation being made available.**

11. **This privately-held information will only be thoroughly and readily obtainable if Agency investigations are conducted.**

12. The REMIC Trustee, REMIC Custodian, REMIC Master Servicer and REMIC Sub-Servicers access these records **regularly in servicing the Certificates and traded Securities** for the purpose of generating internal reports. (See Exhibit 660 Page 122)

Jurat Affidavit

Of

Gregory C. Morse, Affiant

In Support Of:

**RESPONSE OF CLAIMANT GREGORY C. MORSE TO THE RESCAP BORROWER
CLAIMS TRUST'S OBJECTION TO PROOFS OF CLAIM FILLED BY GREGORY C.
MORSE PURSANT TO SECTION 502(b) OF THE BANKRUPTCY CODE AND
BANKRUPTCY RULE 3007**

Affidavit of Non-Receipt of ResCap Request Letter by Affiant

Jurat Affidavit of Non-Receipt of ResCap Request Letter

EXHIBIT 721

1. I, Gregory C. Morse, Affiant, and Claimant In re Residential Capital, L.L.C., et al., am of sound mind, am not self-destructive and, **In No Instance, Would Ever Commit Suicide.**
2. All statements of fact and evidence Exhibits contained herein **are made and submitted based upon the best knowledge and belief of the Affiant, ResCap Bankruptcy Claimant..**
4. The Affiant is neither a Certified Public Accountant, tax analysis expert, tax investigator nor a trained, licensed or experienced securities advisor, broker, lawyer or trader.
5. References made to State law, other than references made to the Trust Laws of the State of New York, are done so in accordance with the laws of the State of Texas.
6. The Affiant is a legal resident of the State of Texas.
7. The Affiant's Mortgage Contract was originated and executed in the State of Texas. **(Exhibits 386, 387, 390, 391, 392, 393, 397)**
8. The Affiant under penalty of perjury swears that during the months of June and July of 2014, he did not receive any correspondence from of the Southern New York State Division of the U.S. Bankruptcy Court.
9. The Affiant swears that the received a Notice of Hearing on Sixth Omnibus Objection to Claims, (Duplicate Claims). This notice was received by me via Presorted First-Class Bulk Mail on June 14, 2013.
10. The Affiant declares that this expunging notice of duplicate claims was sent to me by Residential Capital, LLC c/o KKC, 2335 Alaska Avenue, El Segundo CA 90245.
11. The Affiant declares that he has not received either a letter or email from Morrison & Foerster LLP concerning a request for more proof supporting his Claims numbered 5680 and 5682.

Jurat Affidavit of Non-Receipt of ResCap Request Letter

EXHIBIT 721

12. The Affiant declares that he has not received either a letter or email from Residential Capital, L.L.C. concerning a request for more proof supporting his Claims numbered 5680 and 5682.

13. The Affiant declares that he has not received either a letter or email from the ResCap Borrower Claims Trust concerning a request for more proof supporting his Claims numbered 5680 and 5682.

14. The Affiant declares that he has not received either a letter or email from the Litigation Counsel of ResCap Borrower Claims Trust concerning a request for more proof supporting his Claims numbered 5680 and 5682.

15. The Affiant declares that he has not received either a letter or email from the Counsel of ResCap Borrower Claims Trust concerning a request for more proof supporting his Claims numbered 5680 and 5682.

16. The Affiant swears he was unaware of a "Request Letter" purportedly sent until he received by email on April 2, 2014 of the Opposition to his Claims be the ResCap Borrower Claims Trust.



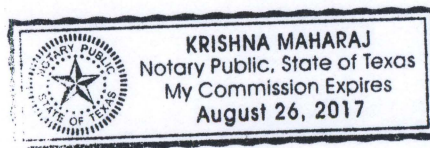
Gregory C. Morse

Subscribed and sworn to by Gregory Carl Morse
before me on the 22nd day of April, 2014
Signature Krishna Maharaj

Printed name KRISHNA MAHARAJ

Notary public, State of Texas, County of Dallas

My commission expires Aug 26, 2017



20121012001297280 10/12/2012 09:15:40 AM AS 1/2

Assignment of Deed of Trust

When Recorded Return To:
Indecomm Global Services
2925 Country Drive
St. Paul, MN 55117

Prepared By:
Marcy Koopman
Indecomm Global Services
2925 Country Drive
St. Paul, MN 55117

Dated: October 8, 2012
77950267

MIN: 100062604768684500
MERS Phone: 888-679-6377

For value received **Mortgage Electronic Registration Systems, Inc., as nominee for Homecomings Financial, LLC (f/k/a Homecomings Financial Network, Inc.), its successors and assigns, P.O. Box 2026, Flint, MI 48501-2026**, the undersigned hereby grants, assigns and transfers to **GMAC Mortgage, LLC, 1100 Virginia Drive, Fort Washington, PA 19034**, all beneficial interest under a certain Deed of Trust dated **March 3, 2008** executed by **GREGORY C. MORSE** and recorded in Book **XX** on Page(s) **XX** as Document Number **20080314000310130** on **March 14, 2008** in the office of the County Clerk of **Collin County, Texas**.

MORTGAGE AMOUNT: \$414,500.00

****See Attached Exhibit A for Legal Description**

Mortgage Electronic Registration Systems, Inc., as
nominee for Homecomings Financial, LLC (f/k/a
Homecomings Financial Network, Inc.), its
successors and assigns

By


Pangmee Yang,
Assistant Secretary

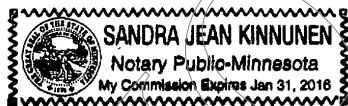
STATE OF Minnesota)

COUNTY Ramsey) SS



U02949462

On **October 8, 2012** before me, **Sandra Jean Kinnunen, Notary Public** in and for said State personally appeared **Pangmee Yang, Assistant Secretary of Mortgage Electronic Registration Systems, Inc.**, personally known to me to be the person whose name is subscribed to the within instrument and acknowledged to me that s/he executed the same in his/her authorized capacity, and that by his/her signature on the instrument the entity upon behalf of which the person acted, executed the instrument. WITNESS my hand and official seal.



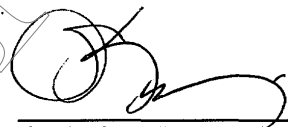

Sandra Jean Kinnunen, Notary Public
My Commission expires: **January 31, 2016**

Exhibit A Legal Description

THE FOLLOWING DESCRIBED PROPERTY IN COLLIN COUNTY, TEXAS, TO-WIT: LOT 4, BLOCK B, ROLLING RIDGE ESTATES - PHASE 1, AN ADDITION TO THE CITY OF MURPHY, COLLIN COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME N, PAGE 304, MAP RECORDS, COLLIN COUNTY, TEXAS. TOGETHER WITH A CERTIFICATE OF CORRECTION, FILED SEPTEMBER 4, 2002, RECORDED IN VOLUME 5246, PAGE 545, DEED RECORDS, COLLIN COUNTY, TEXAS. SUBJECT TO RESTRICTIONS, RESERVATIONS, EASEMENTS, COVENANTS, OIL, GAS OR MINERAL RIGHTS OF RECORD, IF ANY.

UNOFFICIAL



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
10/12/2012 09:15:40 AM
\$20.00 DFOSTER
20121012001297280

Stacey Kemp

<<Prev Rule

Texas Administrative Code

Next Rule>>

TITLE 7

BANKING AND SECURITIES

PART 2

TEXAS DEPARTMENT OF BANKING

CHAPTER 12

LOANS AND INVESTMENTS

SUBCHAPTER B

LOANS

RULE §12.32

Loan Fees and Charges

(a) Applicability.

(1) Finance Code, §34.203, and this section apply to:

(A) closed end first lien residential real estate loans;

(B) loans other than for personal, family, or household use (i.e., commercial loans including all commercial real estate loans); and

(C) loans for personal, family, or household use that are repayable in a single installment (i.e., single pay consumer loans).

(2) Finance Code, §34.203, and this section do not apply to a consumer loan payable in two or more installments that is subject to Finance Code, Title 4, Subtitle B.

(b) Reasonable fees authorized. A bank may require a borrower to pay all reasonable expenses and fees incurred in connection with the making, closing, disbursing, extending, readjusting, or renewing of a loan subject to this section, including fees paid to third parties as well as charges and fees paid to the bank itself for the services of the bank employees. However, such charges may not include fees paid by the bank (in addition to regular salary or director's fee) to an officer or director for services rendered within the course and scope of his or her employment with the bank. Subject to limitations of other law, possible fees and charges which may be charged and collected under this section include fees for underwriting, appraisal, document preparation, title insurance or abstract and opinion, insurance (including casualty coverage for collateral and credit products), credit reports, escrows, and filing fees, among others.

(c) Calculation of reasonable fee.

(1) Authorized loan fees must be reasonably related to the costs incurred by the bank. In establishing loan fees, a bank may establish fixed fees for underwriting activities for various categories of loans. In establishing such fixed fees, the bank may take into consideration its average costs in various activities, including but not limited to the average cost of taking an application, obtaining necessary reports and documentation, review of credit reports, analysis of the loan proposal and the prospective borrower's ability to repay, preparation of documents, loan review, and closing activities, plus a reasonable overhead factor. In lieu of conducting its own analysis, where relevant a bank may accept as reasonable and rely on the functional cost analysis prepared by the Board of Governors of the Federal Reserve System.

(2) This section does not require a bank to charge its borrower the full, true cost of accepting and consummating a lending transaction. For example, a bank may choose to assess a lower than actual cost loan fee on smaller consumer single pay loans in the interest of making loans more

affordable to low to moderate income borrowers, or may deliberately underestimate its actual costs to provide a margin of security regarding compliance with law.

(3) Fees and expenses charged and collected in accordance with the Finance Code, §34.203, and in accordance with this section are not considered interest or compensation charged by the bank for the use, forbearance, or detention of money. However, fees and expenses which do not comply with these requirements may be characterized in litigation as interest.

(d) Collection of fee. Loan fees may be collected separately or added to the amount of the promissory note and financed as part of the loan.

Source Note: The provisions of this §12.32 adopted to be effective May 17, 1996, 21 TexReg 3935; amended to be effective November 13, 1997, 22 TexReg 10954; amended to be effective May 6, 2004, 29 TexReg 4141

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INSURANCE CODE

TITLE 11. TITLE INSURANCE

SUBTITLE E. THE BUSINESS OF TITLE INSURANCE

CHAPTER 2704. ISSUANCE OF POLICY OR CONTRACT; DETERMINATION OF
INSURABILITY

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 2704.001. ISSUANCE OF POLICY OR CONTRACT. A title insurance policy or contract may not be written unless:

- (1) Sections 2502.053, 2502.054, and 2502.055 have been complied with;
- (2) the policy or contract is based on an examination of title made from title evidence prepared from an abstract plant owned, or leased and operated by a title insurance agent or direct operation for the county in which the real property is located, except as provided by Section 2704.002;
- (3) insurability of title has been determined in accordance with sound title underwriting practices; and
- (4) evidence thereof is preserved and retained in the files of the title insurance company, title insurance agent, or direct operation for a period of not less than 15 years after the date of issuance of the policy or contract.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2704.002. DIRECT ISSUANCE OF POLICY OR CONTRACT. A title insurance company may directly issue a title insurance policy or contract based on the best title evidence available if:

- (1) a title insurance agent or direct operation does not exist for the county in which the real property is located; or
- (2) each title insurance agent and direct operation for that county refuses to provide title evidence:
 - (A) in a reasonable period as determined by the department; and
 - (B) in compliance with Section 2502.053(1).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2704.003. COPY OF POLICY OR CONTRACT TO AGENT OR DIRECT OPERATION. In a reasonable period as determined by the department, a copy of each title insurance policy or contract issued in a real property transaction shall be provided to each title insurance agent or direct operation providing the title evidence on which the policy or contract is issued.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2704.004. EXCEPTIONS TO APPLICABILITY OF CHAPTER. This chapter does not apply to a company that:

- (1) does not assume primary liability in a reinsurance contract; or
- (2) acts as coinsurer, if at least one of the other coinsurers has complied with this chapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

SUBCHAPTER B. ISSUANCE OF OWNER AND MORTGAGEE POLICIES FOR RESIDENTIAL REAL PROPERTY

Sec. 2704.051. ISSUANCE OF OWNER POLICY REQUIRED IN CONNECTION WITH ISSUANCE OF MORTGAGEE POLICY. (a) In this section, "mortgagee title insurance policy" means a mortgagee policy of title insurance or another agreement or the equivalent that constitutes the business of title insurance.

(b) Except as provided by Section 2704.052, a title insurance company or title insurance agent that issues a mortgagee title insurance policy in connection with a lien on improved residential real property in this state that is sold shall also issue an owner title insurance policy to the owner of the property.

(c) The title insurance company or title insurance agent issuing the owner title insurance policy shall charge the required premium promulgated by the commissioner.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2704.052. REJECTION OF ISSUANCE OF OWNER POLICY. At or

before closing and settlement, the person acquiring title may reject the issuance of the owner title insurance policy required under Section 2704.051 by executing a written and acknowledged rejection in the form prescribed, after notice and hearing, by the commissioner.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

SUBCHAPTER C. TITLE INSURANCE COVERING AREAS AND BOUNDARIES

Sec. 2704.101. DEFINITION. In this subchapter, "area and boundary coverage" means title insurance coverage relating to discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments or protrusions, or any overlapping of improvements.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2704.102. RULES AUTHORIZING ACCEPTANCE OF EXISTING SURVEY.

(a) The commissioner by rule may authorize a title insurance company providing area and boundary coverage to accept an existing real property survey as provided by this section.

(b) A title insurance company may accept an existing real property survey rather than requiring a new survey if, notwithstanding the age of the survey or the identity of the person for whom the survey was prepared, the company is willing to accept:

- (1) evidence of the existing survey; and
- (2) an affidavit prescribed by the commissioner that verifies the existing survey.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2704.103. CERTAIN DISCRIMINATION PROHIBITED. A title insurance company may not discriminate in providing area and boundary coverage in connection with residential real property solely because:

- (1) the real property is platted or unplatted; or
- (2) a municipality did not accept a subdivision plat relating to the real property before September 1, 1975.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

Sec. 2704.104. INDEMNITY PROHIBITED. A title insurance company

EXHIBIT 730

may not require an indemnity from a seller, buyer, borrower, or lender
to provide area and boundary coverage.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 6, eff. April 1, 2005.

FedEx *NEW Package*
Express *US Airbill*

FedEx Tracking Number **8022 7521 6106**

1 From Please print and press hard.

Date **4-22-2014** Sender's FedEx Account Number **1829 2076 2**
Sender's Name **GREG MORSE** Phone **214 808-7028**

Company _____

Address **223 HIGH POINT DRIVE** Dept./Floor/Suite/Room _____

City **MURRAY** State **TX** ZIP **75094**

2 Your Internal Billing Reference

First 24 characters will appear on invoice.

3 To Recipient's Name **CLERK OF THE COURT** Phone **212 668-3870**

Company **US BANKRUPTCY COURT**

Address **ONE BOWLING GREEN** Dept./Floor/Suite/Room _____
We cannot deliver to P.O. boxes or P.O. ZIP codes.

Address _____
Use this line for the HOLD location address or for continuation of your shipping address.

City **NEW YORK** State **NY** ZIP **10004-1408**

☐ **HOLD Weekday**
FedEx location address
REQUIRED. NOT available for
FedEx First Overnight.

☐ **HOLD Saturday**
FedEx location address
REQUIRED. Available ONLY for
FedEx Priority Overnight and
FedEx 2Day to select locations.

4 Express Package Service *To most locations.

NOTE: Service order has changed. Please select carefully.

Next Business Day

☐ **FedEx First Overnight**
Earliest next business morning delivery to select locations. Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

☒ **FedEx Priority Overnight**
Next business morning. *Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

☐ **FedEx Standard Overnight**
Next business afternoon. *Saturday Delivery NOT available.

2 or 3 Business Days

☐ **FedEx 2Day A.M.**
Second business morning. *Saturday Delivery NOT available.

☐ **FedEx 2Day**
Second business afternoon. *Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

☐ **FedEx Express Saver**
Third business day. *Saturday Delivery NOT available.

5 Packaging *Declared value limit \$500.

☐ **FedEx Envelope*** ☐ **FedEx Pak*** ☒ **FedEx Box** ☐ **FedEx Tube** ☐ **Other**

6 Special Handling and Delivery Signature Options

☐ **SATURDAY Delivery**
NOT available for FedEx Standard Overnight, FedEx 2Day A.M., or FedEx Express Saver.

☐ **No Signature Required**
Package may be left without obtaining a signature for delivery.

☐ **Direct Signature**
Someone at recipient's address may sign for delivery. Fee applies.

☐ **Indirect Signature**
If no one is available at recipient's address, someone at a neighboring address may sign for delivery. For residential delivery only. Fee applies.

Does this shipment contain dangerous goods?

One box must be checked.

☐ **No** ☐ **Yes**
As per attached Shipper's Declaration.

☐ **Yes**
Shipper's Declaration not required.

☐ **Dry Ice**
Dry Ice, 5, UN 1845 _____ x _____ kg

☐ **Cargo Aircraft Only**

7 Payment Bill to:

Enter FedEx Acct. No. or Credit Card No. below.

☒ **Sender** Acct. No. in Section 1 will be billed. ☐ **Recipient** ☐ **Third Party** ☐ **Credit Card** ☐ **Cash/Check**
FedEx Acct. No. _____ Exg. Data _____
Credit Card No. _____

Total Packages _____ Total Weight _____ Total Declared Value[†] _____

Rs. \$ _____

[†]Our liability is limited to US\$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability.

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Easy new Peel-and-Stick airbill. No pouch needed.
Apply airbill directly to your package. See directions on back.

644

Track a Shipment

802275216106

☐ Save tracking results

Help

Enter up to 30 FedEx tracking, door tag or FedEx Office order numbers(one per line).

Track

My Shipments

0
0
0

Track and save tracking results for your next visit to fedex.com

Ship (P/U) date :
Tues 4/22/2014 2:16 pm
MUR
US



Delivered
Signed for by: J.DAWES
Actual delivery :
Wed 4/23/2014 9:50 am
NY
US

Delivery Options

This shipment's delivery has been customized by the recipient. Login or Signup for delivery options to edit or cancel the settings. This shipment's delivery has been customized by the recipient. Signup for delivery options to edit or cancel the settings. This shipment's delivery has been customized by the recipient. Add this address to My Profile to edit or cancel the settings. Renew your enrollment to view details or edit this delivery option
Travel History

Date/Time	Activity	Location
4/23/2014 - Wednesday		
9:50 am	Delivered	NY
8:49 am	On FedEx vehicle for delivery	NEW YORK, NY
8:41 am	At local FedEx facility	NEW YORK, NY
5:21 am	Arrived at FedEx location	NEWARK, NJ
3:54 am	Departed FedEx location	INDIANAPOLIS, IN
1:33 am	Arrived at FedEx location	INDIANAPOLIS, IN

4/22/2014 - Tuesday		
8:28 pm	Left FedEx origin facility	PLANO, TX
2:16 pm	Picked up	PLANO, TX

Local Scan Time

Shipment Facts

Tracking number 802275216106
Weight 16 lbs
Total pieces 1
Packaging FedEx Extra Large Box
Service FedEx Priority Overnight
Delivered To Receptionist/Front Desk
Total shipment weight 16 lbs / 7.26 kgs
Special handling section Deliver Weekday



1200 CAPITAL AVE
Plano, TX 75074

Location: DNECE
Device ID: DNECE-POS3
Employee: 154518
Transaction: 830114433371

PRIORITY OVERNIGHT

802275216106 16.00 lb (M) 89.62

Scheduled Delivery Date 04/23/2014

Shipment subtotal: 89.62

Total Due: 89.62

FedEx Account: 89.62
*****0762

M = Weight entered manually
S = Weight read from scale
T = Taxable item

Subject to additional charges. See FedEx Service Guide
at fedex.com for details. All merchandise sales final.

Visit us at: fedex.com
Or call 1.800.GoFedEx
1.800.463.3339

April 22, 2014 2:17:00 PM

FedEx *NEW Package*
Express *US Airbill*

FedEx Tracking Number 8055 9223 8626

1 From Please print and press hard.

Date 4-23-2014

Sender's FedEx Account Number

1829 20762

Sender's Name GREG MORSE

Phone (214) 808-7028

Company

Address 223 HIGH POINT DR.

City MURPHY

State TX

ZIP 75094

2 Your Internal Billing Reference

First 24 characters will appear on invoice.

3 To

Recipient's Name JUDGE MARTIN GLENN Phone (212) 284-4551

Company US BANKRUPTCY COURT

Address ONE BOWLING GREEN

We cannot deliver to P.O. boxes or P.O. ZIP codes.

Dept./Floor/Suite/Room

Address

Use this line for the HOLD location address or for continuation of your shipping address.

City NEW YORK

State NY

ZIP 10004-1408

HOLD Weekday
FedEx location address
REQUIRED. NOT available for
FedEx First Overnight.

HOLD Saturday
FedEx location address
REQUIRED. Available ONLY for
FedEx Priority Overnight and
FedEx 2Day to select locations.



Easy new Peel-and-Stick airbill. No pouch needed.
Apply airbill directly to your package. See directions on back.

4 Express Package Service

NOTE: Service order has changed. Please select carefully.

Next Business Day

☐ **FedEx First Overnight**
Earliest next business morning delivery to select locations. Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

☒ **FedEx Priority Overnight**
Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

☐ **FedEx Standard Overnight**
Next business afternoon.* Saturday Delivery NOT available.

2 or 3 Business Days

☐ **FedEx 2Day A.M.**
Second business morning.* Saturday Delivery NOT available.

☐ **FedEx 2Day**
Second business afternoon.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.

☐ **FedEx Express Saver**
Third business day.* Saturday Delivery NOT available.

5 Packaging *Declared value limit \$500.

☐ FedEx Envelope*

☐ FedEx Pak*

☒ FedEx Box

☐ FedEx Tube

☐ Other

6 Special Handling and Delivery Signature Options

☐ **SATURDAY Delivery**
NOT available for FedEx Standard Overnight, FedEx 2Day A.M., or FedEx Express Saver.

☐ **No Signature Required**
Package may be left without obtaining a signature for delivery.

☐ **Direct Signature**
Someone at recipient's address may sign for delivery. *Fee applies.*

☐ **Indirect Signature**
If no one is available at recipient's address, someone at a neighboring address may sign for delivery. For residential deliveries only. *Fee applies.*

Does this shipment contain dangerous goods?

One box must be checked.

☒ **No** ☐ **Yes**
As per attached Shipper's Declaration.

☐ **Yes**
Shipper's Declaration not required.

☐ **Dry Ice**
Dry Ice, 9, UN 1845 X kg

Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Dry Ice Box.

☐ **Cargo Aircraft Only**

7 Payment Bill to:

Enter FedEx Acct. No. or Credit Card No. below.

☒ **Sender**
Acct. No. in Section will be billed.

☐ **Recipient**

☐ **Third Party**

☐ **Credit Card**

☐ **Cash/Check**

FedEx Acct. No.
Credit Card No.

Exp. Date

Total Packages

Total Weight

Total Declared Value*

1 lbs. \$.00

*Our liability is limited to US\$100 unless you declare a higher value. See back for details. By using this Airbill you agree to the service conditions on the back of this Airbill and in the current FedEx Service Guide, including terms that limit our liability.

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644

Track a Shipment

805592238626

☐ Save tracking results

Help

Enter up to 30 FedEx tracking, door tag or FedEx Office order numbers(one per line).

Track

My Shipments

0
0
0

Track and save tracking results for your next visit to fedex.com

Ship (P/U) date :
Wed 4/23/2014 3:42 pm
MUR
US



Delivered
Signed for by: M.PORTER
Actual delivery :
Thur 4/24/2014 10:25 am
NY
US

Delivery Options

This shipment's delivery has been customized by the recipient. Login or Signup for delivery options to edit or cancel the settings. This shipment's delivery has been customized by the recipient. Signup for delivery options to edit or cancel the settings. This shipment's delivery has been customized by the recipient. Add this address to My Profile to edit or cancel the settings. Renew your enrollment to view details or edit this delivery option.
Travel History

Date/Time	Activity	Location
4/24/2014 - Thursday		
10:25 am	Delivered	NY
8:37 am	On FedEx vehicle for delivery	NEW YORK, NY
8:17 am	At local FedEx facility	NEW YORK, NY
5:21 am	Arrived at FedEx location	NEWARK, NJ
3:54 am	Departed FedEx location	INDIANAPOLIS, IN
1:21 am	Arrived at FedEx location	INDIANAPOLIS, IN
4/23/2014 - Wednesday		
8:28 pm	Left FedEx origin facility	PLANO, TX
3:42 pm	Picked up	PLANO, TX

Local Scan Time

Shipment Facts

Tracking number 805592238626
Weight 4 lbs
Total pieces 1
Packaging FedEx Medium Box
Service FedEx Priority Overnight
Delivered To Receptionist/Front Desk
Total shipment weight 4 lbs / 1.81 kgs
Special handling section Deliver Weekday



1200 CAPITAL AVE
Plano, TX 75074

Location: DNECE
Device ID: DNECE-POS3
Employee: 154518
Transaction: 830114553026

PRIORITY OVERNIGHT

805592238626 4.15 lb (S) 49.10

Scheduled Delivery Date 04/24/2014

Shipment subtotal: 49.10

Total Due: 49.10

FedEx Account: 49.10
*****0762

M = Weight entered manually
S = Weight read from scale
T = Taxable item

Subject to additional charges. See FedEx Service Guide
at fedex.com for details. All merchandise sales final.

Visit us at: fedex.com
Or call 1.800.GoFedEx
1.800.463.3339

April 23, 2014 3:42:42 PM

Subject: Fw: ResCap Bankruptcy - Additional Documents
From: Mortgage Endgame (mortgageendgame@yahoo.com)
To: glenn@pcdrisin.com;
Date: Monday, April 28, 2014 4:26 PM

MORTGAGE ENDGAME®

The only real solution to the home mortgage crisis

----- Forwarded Message -----

From: Greg M <pilot7503@yahoo.com>
To: ENDGAME MORTGAGE <mortgageendgame@yahoo.com>
Sent: Monday, April 28, 2014 11:57 AM
Subject: Fw: ResCap Bankruptcy - Additional Documents

On Monday, April 28, 2014 7:26 AM, "Petts, Jonathan M." <JPetts@mofo.com> wrote:
Mr. Morse,

I'm following up on the email below. Please send by overnight mail the supporting exhibits to your recently filed brief [Docket No. 6825] to the following address:

Jonathan Petts
Morrison & Foerster LLP
250 West 55th Street
New York, NY 10019-9601

Thank you,

Jonathan Petts
Morrison & Foerster LLP
Please note our new office address:
250 West 55th Street | New York, NY 10019-9601
P: +1 (212) 336.4291 | C: +1 (917) 332.9750
JPetts@mofo.com | www.mofo.com

From: Petts, Jonathan M.
Sent: Friday, April 25, 2014 1:42 PM
To: 'pilot7503@yahoo.com'
Cc: Lewis, Adam A.
Subject: ResCap Bankruptcy - Additional Documents

Mr. Morse,

I'm following up on a voicemail I left about an hour ago regarding your claim in the ResCap bankruptcy case. The Bankruptcy Court has informed me that you submitted a box of additional documents today in support of your claim, as well as certain other documents yesterday. At the court's instruction, I am reaching out to

EXHIBIT 733

request that you send copies of the documents referenced above to my address below. We would appreciate it if you could mail the documents by overnight mail.

Thank you,
Jonathan Petts

Jonathan Petts
Morrison & Foerster LLP
250 West 55th Street
New York, NY 10019-9601

P: +1 (212) 336.4291 | C: +1 (917) 332.9750
JPetts@mofo.com | <http://www.mofo.com/>

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