

**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

In The Matter Of The Application Of

THE BANK OF NEW YORK MELLON, in its Capacity  
as Trustee for 278 Residential Mortgage-Backed  
Securitization Trusts,

*Petitioner,*

For Judicial Instructions Under CPLR Article 77  
Concerning the Proper Pass-Through Rate Calculation for  
CWALT Interest Only Senior Certificates.

Index No. 150738/2019

IAS Part 60

Hon. Marcy S. Friedman

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**SILIAN VENTURES LLC'S NOTICE OF INTENTION TO APPEAR,  
ANSWER, AND OBJECTION TO PETITION**

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Pursuant to the Court's February 1, 2019 Order to Show Cause, Silian Ventures LLC ("Silian") submits this Notice of Intention to Appear, Answer, and Objection to the Petition of The Bank of New York Mellon ("BNYM"). Petition ("Pet."), Doc. No. 1. Silian is a beneficial owner of interest-only ("IO") senior certificates in certain of the residential mortgage-backed securities ("RMBS") trusts identified by BNYM in Exhibit A to the Petition. *See* Pet. Ex. A.<sup>1</sup>

### PRELIMINARY STATEMENT

This trust instruction proceeding concerns a dispute over the proper calculation of interest owed to IO senior certificates issued by the Covered Trusts. BNYM's approach to that calculation is directly at odds with the prevailing approach taken by its peer trustees on similarly structured "ratio-strip" deals. There is good reason for this prevailing market practice as BNYM's outlier approach is not only irreconcilable with the language of the pooling and servicing agreements ("PSAs") governing the Covered Trusts, but also leads to commercially absurd results that subvert the intended subordination structure of the trusts by allocating losses from interest-rate modifications to the IO "Senior Certificates" ahead of expressly denominated "Subordinated Certificates." Silian's approach avoids these absurd results while honoring the plain language of PSAs.

The dispute ultimately turns on the proper interpretation of the term "**Mortgage Rate**," and how that definition feeds into various other terms in the PSAs. The PSAs define Mortgage Rate as the "annual rate of interest borne by the Mortgage Note from time to time." And the PSAs

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<sup>1</sup> Silian agrees with BNYM that the PSA for the Countrywide Alternative Loan Trust 2006-6CB (the "**CWALT 2006-6CB Trust**"), dated as of March 1, 2006, and attached as Exhibit B to the Petition, generally is representative of the substance of the relevant provisions in the PSAs for the Covered Trusts that Silian has invested in but notes that, contrary to BNYM's representation, numerous of the other Covered Trusts do not include any "Class X" IO certificates. *See* Pet. ¶¶ 2, 5. Capitalized terms not defined herein shall have the meaning set forth in the PSA for the CWALT 2006-6CB Trust. A glossary of terms as defined in the CWALT 2006-6CB PSA referenced in Silian's response is attached as **Exhibit A** to the Affirmation Of Jonathan E. Pickhardt In Support Of Silian Ventures LLC's Notice Of Intention To Appear, Answer, And Objection To Petition ("**Pickhardt Aff.**").

define “**Mortgage Note**” as “[t]he original executed note.” It is Silian’s position—in contrast to both BNYM’s position and its historical practice (which, in fact, deviates from the approach it describes in the Petition)—that the term Mortgage Rate refers to the original interest rate on each mortgage loan (the “**Original Rate**”) and is not reduced by modifications made to the interest rate after execution of the original mortgage note (the “**Modified Rate**”).

Using the Original Rate to calculate the Pass-Through Rate is consistent with the language of the PSAs and necessary to the coherent functioning of the Covered Trusts. *First*, the definition of Mortgage Rate specifies the Original Rate by referencing the rate appearing in the *original* mortgage note—an adjective that must mean “first in time” (rather than “not a copy”) to avoid rendering other PSA terms superfluous. BNYM’s contrary textual arguments rely on provisions that make no mention of modifications and do not support its reading. *Second*, BNYM’s approach requires two incompatible meanings for the term Mortgage Rate within a single set of calculations, in violation of the axiom of contract construction that a single defined term is presumed to have consistent meaning. *Third*, use of the Modified Rate is irreconcilable with the structure of the Covered Trusts because it subjects the IO “*Senior Certificates*” to credit losses before “*Subordinated Certificates*” that are designed to absorb credit losses first. *Fourth*, use of the Original Rate is confirmed by the practices of BNYM’s peer trustees that properly treat the Mortgage Rate as the Original Rate. For all these reasons, the Court should order BNYM to use the Original Rate throughout its calculations.

## **BACKGROUND**

### **A. The Structure Of The Covered Trusts**

The Covered Trusts are multi-tiered real estate mortgage investment conduit (“**REMIC**”) trusts that are each governed by a pooling and servicing agreement (“**PSA**”). Pet. ¶ 2. The Covered Trusts use “ratio-strip” structures with three types of senior certificates: principal and

interest (“**P&I**”) certificates, IO certificates, and principal-only (“**PO**”) certificates. The IO and PO certificates are included to standardize, at a contractually defined “**Required Coupon**,” the interest rate payable from a diverse pool of primarily fixed-rate mortgages to the P&I certificates.<sup>2</sup> For mortgage loans where the interest rate exceeds the Required Coupon, called “**Non-Discount Mortgage Loans**,” the PSAs segregate, or “strip,” the portion of the interest rate above the Required Coupon and define that segregated portion of the interest rate as the contractual rate payable to the IO senior certificates. For mortgage loans where the Required Coupon exceeds the interest rate, called “**Discount Mortgage Loans**,” the PSAs strip principal (to increase the effective interest rate on the remaining principal to the Required Coupon) and define the segregated portion of principal as the principal amount payable to the PO certificates.

**B. The Relevant PSA Provisions**

**1. The Distribution Waterfall**

The Covered Trusts pay certificateholders from cash flow generated by a pool of underlying mortgage loans, based on a priority set forth in the PSAs, often referred to as the “distribution waterfall.” The PSAs require BNYM to apply Available Funds—meaning all funds collected by the Trust, including both principal and interest—*first* to pay interest owed to each interest-bearing class of Senior Certificates, including the IO senior certificates. PSA § 4.02(a)(1)(ii). The PSAs then direct BNYM to apply the remaining Available Funds to pay principal owed on the Senior Certificates followed by interest and principal owed on the Subordinated Certificates. PSA § 4.02(a)(1)(iv). In this sense, interest payments to Senior Certificates are senior in the distribution waterfall to principal payments on all certificates.

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<sup>2</sup> The Prospectus Supplement for the 2006-6CB Trust provides a list of underlying Mortgage Loans categorized by Mortgage Rate. See Pickhardt Aff. Ex. B, at S-37–38.

## 2. The Class Optimal Interest Distribution Amount

The payment to the IO senior certificates, called the “**Class Optimal Interest Distribution Amount**,” is equal to an interest rate, called the “**Pass-Through Rate**,” multiplied by a dollar amount, called the “**Notional Amount**.” PSA I-6. This calculation may be represented as follows:

$$\textit{Class Optimal Interest Distribution Amount} = \textit{Pass-Through Rate} * \textit{Notional Amount}$$

The “**Pass-Through Rate**” for the IO senior certificates<sup>3</sup> equals “the excess of (a) the weighted average of the Adjusted Net Mortgage Rates of the Non-Discount Mortgage Loans . . . , over (b) 5.50%.” PSA 4 n.19. A “**Non-Discount Mortgage Loan**” is “[a]ny Mortgage Loan . . . with an Adjusted Net Mortgage Rate that is greater than or equal to the Required Coupon . . . .” PSA I-17. The “**Required Coupon**” is “5.50% per annum.” PSA I-28. This calculation may be represented as follows:

$$\textit{Pass-Through Rate} = \textit{Weighted Avg. Of Adjusted Net Mtg. Rate for Non-Discount Mtg. Loans} - 5.50\%$$

The “**Notional Amount**” is “an amount equal to the aggregate of the Stated Principal Balances of the Non-Discount Mortgage Loans . . . as of the Due Date in the preceding calendar month . . . .” PSA I-18–19. The “**Stated Principal Balance**” is the “unpaid principal balance of such Mortgage Loan[s] as of [the] Due Date,” subject to certain adjustments not relevant here. PSA I-31. This calculation may be represented as follows:

$$\textit{Notional Amount} = \textit{Stated Principal Balance of Non-Discount Mtg. Loans}$$

<sup>3</sup> The CWALT 2006-6CB Trust provides for two classes of IO senior certificates. Like the Petition, this response focuses for illustrative purposes on only one of those classes—the Class 1-X Certificates. Pet. 9 n.3. It also ignores the fact that loans are divided into differentiated “Loan Groups” for purposes of the calculations, as the application of the Loan Groups is not in dispute.

As shown above, the Class Optimal Interest Distribution Amount uses the “**Adjusted Net Mortgage Rate**” at three different steps. *First*, the Adjusted Net Mortgage Rate is used to identify the set of Non-Discount Mortgage Loans (*i.e.*, mortgage loans with an Adjusted Net Mortgage Rate greater than or equal to the Required Coupon) used in calculating the Pass-Through-Rate. *Second*, the Pass-Through Rate is calculated by taking the weighted average Adjusted Net Mortgage Rate of those Non-Discount Mortgage Loans and subtracting the Required Coupon. *Third*, the Adjusted Net Mortgage Rate is used to identify the Non-Discount Mortgage Loans whose Stated Principal Balances are added together to calculate the Notional Amount.

The “**Adjusted Net Mortgage Rate**” is the “Mortgage Rate” on a Mortgage Loan minus the Trustee Fee Rate and the Master Servicing Fee Rate. PSA I-1.<sup>4</sup> The “**Mortgage Rate**” is “[t]he annual rate of interest borne by a Mortgage Note from time to time . . . .” PSA I-17.<sup>5</sup> And the “**Mortgage Note**” is “[t]he *original* executed note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan.” *Id.* (emphasis added).

**C. The Parties’ Competing Interpretations Of “Mortgage Rate”**

BNYM’s Petition asks the Court to decide how BNYM should interpret the term Mortgage Rate in calculating the Pass-Through Rate and Notional Amount. Silian contends the Mortgage Rate should be consistently treated as the Original Rate throughout the calculation of Pass-Through Rate and Notional Amount. BNYM, by contrast, contends that the Mortgage Rate should be the Modified Rate when used to calculate the weighted averaged Adjusted Net Mortgage Rate of the Non-Discount Mortgage Loans but should be the Modified Rate *at the time of closing* when identifying the set of Non-Discount Mortgage Loans used in the calculation. This is the equivalent

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<sup>4</sup> The Trustee Fee Rate is “0.009% per annum.” PSA I-34. The Master Servicing Fee Rate is “0.25% per annum.” PSA I-15. Neither is in dispute here.

<sup>5</sup> The Mortgage Rate is reduced by “any interest premium charged by the mortgagee to obtain or maintain any Primary Insurance Policy.” PSA I-17. Those interest premiums are not in dispute here.



of using the Original Rate to identify Non-Discount Mortgage Loans and the Modified Rate for the other parts of the calculation.

BNYM's actual historical calculation of the Class Optimal Interest Distribution Amount is different from the calculation it describes in the Petition. Specifically, whereas the PSAs require the calculation of the Pass Through Rate on a portfolio basis (*i.e.*, calculating the weighted average of *all* Non-Discount Mortgage Loans before subtracting the Required Coupon of 5.50%), BNYM has historically performed this calculation on a loan-by-loan basis (*i.e.*, calculating the excess of *each* Non-Discount Mortgage Loan over the Required Coupon of 5.50% and taking the weighted average of the loan-by-loan excess). The result of BNYM's *actual* calculation is the mathematical equivalent of using the Modified Rate *at present* for all steps of the interest calculation including the identification of Non-Discount Mortgage Loans (which has the effect of allowing Non-Discount Mortgage Loans to become Discount Mortgage Loans over time). But BNYM still uses the Original Rate when allocating cash among the IO, PO, and P&I certificates under Section 4.02(a)(1)(iv) of the distribution waterfall. BNYM makes no attempt to justify this actual historical calculation in the Petition or to explain why the position it takes in the Petition is different from its actual historical calculation.

### **PROCEDURAL BACKGROUND**

In February 2018, Silian contacted BNYM regarding the subject matter of the Petition. After nine months of protracted discussions, on November 30, 2018, BNYM refused to change its calculations, concluding that it did not believe "changing the method now, or bringing an Article 77 proceeding, is in the interest of the Trusts." Pickhardt Aff. Ex. C. In response, Silian filed suit on December 14, 2018, seeking a declaratory judgment that BNYM's calculation was incorrect and money damages against BNYM. *See* Compl., *Silian Ventures LLC v. The Bank Of N.Y.*

*Mellon*, Case No. 18-cv-11763 (S.D.N.Y. Dec. 14, 2018), ECF No. 1. On January 24, 2019, without notice to Silian, BNYM reversed its prior position and initiated this proceeding.<sup>6</sup>

## ARGUMENT

Silian's calculation of the Class Optimal Interest Distribution Amount follows the plain meaning of Mortgage Rate as the rate of interest appearing in the "*original* executed note," which, by definition, cannot be reduced by modifications that occurred after the original note was executed. Silian's approach also consistently defines Mortgage Rate as the Original Rate each time it appears in the PSAs, in accordance with the fundamental rules of contract interpretation. In addition, Silian's approach maintains the intended priority of IO "Senior Certificates" ahead of the Subordinated Certificates, treats interest shortfalls consistently across modified and unmodified Mortgage Loans, and avoids double-counting certain types of modification-based losses. Finally, Silian's interpretation aligns with the prevailing industry practice of BNYM's peer trustees and the investor risk disclosures for the IO senior certificates.

### **I. THE PSAs UNAMBIGUOUSLY SUPPORT SILIAN'S APPROACH**

#### **A. Silian's Interpretation Is Required By The PSAs' Plain Terms**

The Mortgage Rate is "[t]he annual rate of interest borne by a *Mortgage Note* from time to time" minus a premium. PSA I-17 (emphasis added). A Mortgage Note is "[t]he *original* executed note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan." *Id.* (emphasis added). The plain meaning of "original" as used in the definition of Mortgage Note means "first in time," and the annual rate of interest borne by the first in time executed note does not change due to modification losses incurred after that note was executed.

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<sup>6</sup> Silian and BNYM have agreed to temporarily stay the action that Silian filed in the Southern District of New York in light of this proceeding. See Joint Stipulation & Order, *Silian Ventures LLC*, (Feb. 28, 2019), ECF No. 18.

BNYM's argument that "original" in the definition of Mortgage Note instead means "not a copy," Pet. ¶ 58, cannot be squared with the PSAs' other provisions specifying when a copy of a Mortgage Note can be used. PSA § 2.01(c)(i)(B) (requiring a lost note affidavit "stating that the *original Mortgage Note* was lost or destroyed, together with *a copy* of such *Mortgage Note*" (emphasis added)). Moreover, in each instance where BNYM cites to the use of "original" in the phrase "original Mortgage Note," it is clear from the context that the adjective "original" modifying "Mortgage Note" means "not a copy." *Id.*; *see also id.* § 2.01(c)(i)(A) ("[T]he original Mortgage Note endorsed by manual or facsimile signature . . ."). Yet, when read together with the definition of Mortgage Note, these provisions literally refer to the "original" "original executed note." To have an independent non-superfluous meaning, the word "original" in the definition of Mortgage Note must therefore mean "first in time," rather than "not a copy." *See U.S. Bank Nat'l Ass'n v. GreenPoint Mortg. Funding, Inc.*, 157 A.D.3d 93, 100 (1st Dep't 2017) ("In interpreting a contract a court should favor an interpretation that gives effect to all the terms of an agreement rather than ignoring terms or interpreting them unreasonably.").

This interpretation is further supported by Section 2.01(c), which governs the contents of the "Mortgage File" that must be conveyed by the Depositor to the Trustee for each loan. While Section 2.01(c)(i) requires that the Mortgage File contain the "original Mortgage Note" or a lost note affidavit, Section 2.01(c)(iv) separately requires modification agreements be included but permits those to be included as either "the original or copies." *Id.* § 2.01(c)(iv). If the term Mortgage Note included modifications as BNYM contends, the separate requirement for inclusion of modification agreements in the Mortgage File would be superfluous and the more lenient permission to document modifications through "copies" would be nonsensical.

Even if the Court were to find that this language is not dispositive, BNYM comes nowhere near establishing that the PSAs unambiguously support the interpretation it proposes (let alone its actual historical calculation). BNYM’s attempt to twist language that makes no mention of modifications into language requiring that modifications be incorporated into the Mortgage Rate is unconvincing. *First*, BNYM argues that the phrase “from time to time” used in the definition of Mortgage Rate “suggest[s] that the rate will change over time,” because the drafters would have “no reason” to include this phrase if they intended the rates to remain static. Pet. ¶¶ 46–47. Not so. The PSAs define Mortgage Rate as “[t]he annual rate of interest borne by a Mortgage Note from time to time.” PSA I-17. “From time to time” means “once in a while; at intervals.” *Time*, American Heritage Dictionary of the English Language.<sup>7</sup> In the Mortgage Rate definition, “from time to time” modifies the verb “borne,” meaning that the Mortgage Note bears an annual rate of interest at intervals—typically monthly—when the borrower must make interest payments at an annualized rate. The phrase “from time to time” is simply an accurate description of how mortgage loans work, not some roundabout reference to subsequent modifications.

*Second*, BNYM claims that the phrase “at any time” in the definition of Adjusted Net Mortgage Rate “again suggest[s] that the rate will change over time.” Pet. ¶ 47. This argument is even more tenuous, since the definition of Adjusted Net Mortgage Rate is just a derivative of the Mortgage Rate. The PSAs define Adjusted Net Mortgage Rate as “the per annum rate *equal to the Mortgage Rate* less the sum of the Trustee Fee Rate and the Master Servicing Fee Rate.” PSA I-1 (emphasis added). If nothing in the definition of Mortgage Rate “suggests that the rate will change over time,” then the use of “at any time” in the definition of Adjusted Net Mortgage Rate does not convert a constant rate into a variable one.

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<sup>7</sup> <https://www.ahdictionary.com/word/search.html?q=time>.

*Third*, even if these references were read as anticipating potential variation in interest rates over time, they are best read together with the term “original” as simply reflecting an accommodation of rate changes specified in the original executed note—such as rate changes specified in a floating-rate mortgage loan—and not as an implicit reference to *subsequent* modifications. Such intended flexibility would be unsurprising in the broader context of the CWALT and CWHL shelves where the definition Adjusted Net Mortgage Rate (and, indeed, the definition of Mortgage Rate) is standard. Some of the CWALT and CWHL trusts hold pools of fixed-rate mortgages, others hold pools of floating-rate mortgages, and still others hold both pools of fixed- and floating-rate mortgages. *See, e.g.*, Pickhardt Aff. Ex. D, at I-1, I-19 (using identical definitions for two mortgage pools one consisting of fixed-rate mortgages and one consisting of floating-rate mortgages). By using the phrase “at any time”—and, under BNYM’s reading, “from time to time”—the PSAs’ definitions are flexible enough to address both fixed- and floating-rate mortgage pools, without requiring the drafters of each PSA to tailor these definitions to the particular characteristics of the underlying mortgages. The references thus should not be read to *implicitly* incorporate modifications into the Mortgage Rate, especially when doing so would ignore the PSAs’ express requirement that BNYM refer to the “original executed note” when identifying the Mortgage Rate.

*Fourth*, BNYM blatantly misquotes the PSAs as “provid[ing] that IO certificateholders are ‘entitled to interest accruals on each Non-Discount Mortgage Loans in excess of [the] Adjusted Net Mortgage Rate’” to argue that the reference to “interest accruals” as opposed to “scheduled interest” supports its position that the Mortgage Rate is the Modified Rate. Pet. ¶ 48. The quoted language (conspicuously uncited by BNYM) appears in the definition of the Interest Rate applicable to certain *Lower-Tier REMIC Interests* in some, but not all, of the Covered Trusts.

PSA 6 nn.4–5. That Interest Rate is independent of the calculation of the Pass-Through Rate for the IO senior certificates, which are issued at the *Master REMIC*, not the Lower-Tier REMIC. To the extent the definition of Interest Rate at the Lower-Tier REMIC is relevant at all, BNYM’s reading of it only bolsters Silian’s interpretation because it shows that the drafters knew how to include language that (according to BNYM) “confirms that the rate is intended to be dynamic,” Pet. ¶ 48, but deliberately used different language when defining the Pass-Through Rate.

At best, BNYM has identified ambiguity in the definition of Mortgage Rate that could implicitly accommodate modifications. BNYM has not, however, identified any express reference to modifications that unambiguously supports its position. Thus, if the plain language is not conclusive evidence in Silian’s favor, discovery into the drafters’ intent would be necessary to resolve the dispute.

**B. BNYM’s Inconsistent Use Of “Mortgage Rate” Violates Basic Canons Of Contract Interpretation**

BNYM’s interpretation must also be rejected for the independent reason that it would require the Court to ignore the well-established presumption that a defined term is given consistent meaning throughout an agreement unless context clearly demands otherwise. *See State v. R.J. Reynolds Tobacco Co.*, 304 A.D.2d 379, 379–80 (1st Dep’t 2003) (the same phrase used in two sections of the contract “should presumptively be given the same meaning” unless “contexts . . . warrant different interpretations”); *Two Farms, Inc. v. Greenwich Ins. Co.*, 993 F. Supp. 2d 353, 362 (S.D.N.Y. 2014) (“[A] word used by the parties in one sense will be given the same meaning throughout the contract in the absence of countervailing reasons . . .”).

“Adjusted Net Mortgage Rate,” as derived from “Mortgage Rate,” appears twice in the calculation of Pass-Through Rate: *first*, in identifying the set of Non-Discount Mortgage Loans and, *second*, in taking the weighted average Adjusted Net Mortgage Rate of those Non-Discount

Mortgage Loans. See PSA 4 n.19 (defining “Pass-Through Rate”); *id.* at I-17 (defining “Non-Discout Mortgage Loan”). BNYM proposes using the Modified Rate *at the time of closing*—*i.e.*, the Original Rate—to identify the Non-Discout Mortgage Loans, Pet. ¶ 60, but then using the Modified Rate *at present* to calculate the weighted average Adjusted Net Mortgage Rate of those Non-Discout Mortgage Loans, Pet. ¶ 43. This interpretation is presumptively incorrect, and BNYM’s acrobatic attempts to overcome that presumption do not withstand scrutiny.

*First*, BNYM argues that determining the Adjusted Net Mortgage Rate as of different points in time is justified because the “classification of a mortgage loan as a Non-Discout Mortgage Loan or a Discout Mortgage Loan is a one-time determination made at the closing of the transaction.” Pet. ¶ 60. This *ipse dixit* argument is so untethered from the text of the PSAs that BNYM does not even hazard a cite supporting its contention. In fact, the definition of “Non-Discout Mortgage Loan” is irreconcilable with BNYM’s position. To support BNYM’s argument, the definition would need to be rewritten as follows:

“Non-Discout Mortgage Loan: Any Mortgage Loan in a Loan Group with an Adjusted Net Mortgage Rate that ~~is was~~ greater than or equal to the Required Coupon for such Loan Group at the time of closing.”

New York law prohibits rewriting contractual provisions under the guise of interpretation. See *Vt. Teddy Bear Co. v. 538 Madison Realty Co.*, 1 N.Y.3d 470, 475 (2004) (“[C]ourts may not by construction add or excise terms, nor distort the meaning of those used and thereby make a new contract for the parties under the guise of interpreting the writing.”). BNYM’s position is further inconsistent with the definition of Pass-Through Rate for the IO senior certificates, which specifies that the determination of Non-Discout Mortgage Loans be made “as of the Due Date in the preceding calendar month.” PSA 4 n.19.

*Second*, BNYM erects a straw man by contending that its one-time determination argument is supported by terms like “Certificate Balance,” “Denomination,” and “Substitute Mortgage

Loan,” Pet. ¶ 61, which have nothing to do with the definition of Non-Discount Mortgage Loan. At most, these provisions demonstrate something on which both BNYM and Silian agree: the PSAs anticipate that the universe of Non-Discount Mortgage Loans will remain the same each month. Under Silian’s interpretation, however, this conclusion flows naturally from the plain meaning of Non-Discount Mortgage Loan, which is based on a static Adjusted Net Mortgage Rate derived from the Original Rate. By contrast, BNYM proposes a completely *unnatural* reading of Non-Discount Mortgage Loan as a one-time determination, and wrongly contends that this interpretation is necessary to reconcile it with the broader structure of the transaction, including terms like “Certificate Balance,” “Denomination,” and “Substitute Mortgage Loan.” What BNYM fails to grapple with—because it cannot—is that those terms are already fully consistent with Silian’s approach of relying upon the Original Rate without requiring any violence be done to the actual definition of Non-Discount Mortgage Loan. Thus, if anything, BNYM’s efforts to justify its “one-time” calculation approach with resort to other PSA provisions only buttresses Silian’s interpretation, not BNYM’s.

**C. BNYM’s Interpretation Leads To Commercially Unreasonable Results**

Beyond the plain language of the PSAs, a contract “should not be interpreted to produce a result that is absurd, commercially unreasonable or contrary to the reasonable expectations of the parties.” *Greenwich Capital Fin. Prods., Inc. v. Negrin*, 74 A.D.3d 413, 415 (1st Dep’t 2010). BNYM’s interpretation produces commercially unreasonable results for multiple reasons, which provide an independent basis for rejecting its approach.

*First*, BNYM’s interpretation is commercially unreasonable because it turns IO senior certificates into first-loss certificates on modification-related interest losses. BNYM’s stated approach in the Petition allocates the entire interest reduction caused by a rate modification on any Non-Discount Mortgage Loan to the IO senior certificates by reducing the Pass-Through Rate. Its



actual approach allocates all losses up to the difference between the Adjusted Net Mortgage Rate and the Required Coupon to the IO senior certificates before allocating any loss to other certificates. In either case, BNYM effectively subordinates the IO “Senior Certificates” to expressly denominated “Subordinated Certificates,” which are designed to absorb the first losses incurred by the Trust. The Covered Trusts’ offering documents tell investors that “[t]he rights of the holders of the subordinated certificates to receive distributions with respect to the mortgage loans will be subordinated to the rights of the holders of the senior certificates . . . .” Pickhardt Aff. Ex. B, at S-135. BNYM’s interpretation is irreconcilable with this structure.

*Second*, BNYM’s interpretation is commercially unreasonable because it creates an unprincipled disparity between the impact of interest losses on unmodified Mortgage Loans and those on modified Mortgage Loans. For unmodified Mortgage Loans, interest losses (other than Debt Service Reduction and Relief Act Reduction, discussed below) are expressly treated as a Realized Loss. *See* PSA I-25–26. And a Realized Loss—including these interest losses on unmodified Mortgage Loans—reduces the *principal* amount owing to the most subordinate certificates outstanding. PSA § 4.04. But for modified Mortgage Loans, BNYM’s interpretation transforms the same interest losses into a loss for the IO senior certificates. There is no principled basis for treating interest losses differently based solely on whether the Master Servicer agreed to a modification.

A particularly stark example of the inequity in BNYM’s interpretation is seen in its treatment of temporary reductions in interest paid on account of forbearance agreements. BNYM’s interpretation treats these *temporary* interest reductions as an *irreversible* reduction in interest paid to IO senior certificates during the forbearance period, without providing any way for the IO senior certificates to recoup those lost amounts even if the temporary reductions are reversed. This too

stands in sharp contrast with the treatment of interest losses on unmodified Mortgage Loans where Realized Losses are reimbursed in the future as “Subsequent Recoveries” if they are reversed. *See* PSA § 4.02(f).

*Third*, BNYM’s interpretation is commercially unreasonable because it double counts two specific interest shortfalls on modified Mortgage Loans. The PSAs specify that modifications meeting the definition of “**Debt Service Reduction**”<sup>8</sup> or “**Relief Act Reduction**”<sup>9</sup> are not a Realized Loss, but instead, are allocated as a *pro rata* reduction in the interest rate paid to all interest-bearing certificates across the entire trust. PSA § 4.02(d). If these specific rate modifications were *also* accounted for in calculating the Pass-Through Rate of the IO senior certificates, as required by BNYM’s interpretation, they would be taken out of the distribution to certificateholders *twice*—once as a *pro rata* reduction of interest paid to all interest-bearing certificates and again as a reduction in the Pass-Through Rate to the IO senior certificates. This double counting would subvert the pass-through structure of the Covered Trusts, by imposing losses on the certificates that are not tied to losses on the underlying mortgage loans. Moreover, the PSAs’ identification of two specific circumstances when modification losses are addressed by reducing interest paid to all certificates (rather than as a Realized Loss) further highlights that interest losses were never intended to be concentrated on the IO senior certificates.

All three of these commercially unreasonable outcomes are eliminated by Silian’s interpretation. Because interest losses are treated as a Realized Loss regardless of whether they relate to a modified Mortgage Loan or an unmodified Mortgage Loan, there is no disruption of the Covered Trusts’ subordination structure, and interest losses are treated consistently across all

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<sup>8</sup> A Debt Service Reduction is a modification of the interest rate caused by a court order reducing the interest owed on a Mortgage Loan. *See* PSA I-9.

<sup>9</sup> A Relief Act Reduction is a modification in the interest rate on a Mortgage Loan based on the Servicemembers Civil Relief Act or any similar state law. *See* PSA I-26.

Mortgage Loans. And under Silian's approach, modifications tied to Debt Service Reduction and Relief Act Reduction are counted only once, under Section 4.02(d) of the PSAs, and not again under the calculation of the Pass-Through Rate.

## II. EXTRINSIC EVIDENCE STRONGLY SUPPORTS SILIAN'S APPROACH

Though the PSAs unambiguously define the Mortgage Rate as the Original Rate, even if the PSAs are found ambiguous on this point, extrinsic evidence makes clear that the drafters of the PSAs intended the Mortgage Rate to be the Original Rate.

*First*, a developed factual record will clearly show that the prevailing approach of BNYM's peer trustees administering IO senior certificates in similar "ratio-strip" structures across numerous RMBS shelves is to calculate the Pass-Through Rate using Silian's approach. In one particularly compelling example, Deutsche Bank has employed Silian's approach in its role as the trustee for a Residential Asset Securitization Trust, or "RAST," shelf of RMBS trusts (the "**RAST Trusts**"). The RAST Trust PSAs—which were drafted by the same lawyers as the CWALT- and CWHL-shelf PSAs—contain materially identical definitions to those in the Covered Trust PSAs. Like the Covered Trust PSAs, the RAST Trust PSAs define Mortgage Rate as "[t]he annual rate of interest borne by a Mortgage Note from time to time (net of the interest premium for any Lender PMI Loan)." *See, e.g.*, Pickhardt Aff. Ex. E, at 30. And the RAST Trust PSAs, like the Covered Trust PSAs, define the Mortgage Note as "[t]he original executed note or other evidence of the indebtedness of a Mortgagor under a Mortgage Loan." *Id.* The definitions of Adjusted Net Mortgage Rate and Non-Discount Mortgage Loan, and the formula for calculating the Pass-Through Rate for the IO senior certificates, are also substantively identical. *Id.* at 6–7, 12, 30. Applying these very same terms in the RAST Trust PSAs, Deutsche Bank uses the Original Rate to determine the Pass-Through Rate for the IO senior certificates.

BNYM's contention that the conduct of these other Trustees should be ignored cannot be squared with New York law that "[a] contract must be construed according to the custom and use prevailing in a particular trade." *Zurakov v. Register.Com, Inc.*, 304 A.D.2d 176, 179 (1st Dep't 2003). And a ruling in favor of BNYM's approach would call into question the calculations on billions of dollars of certificates across numerous RMBS trusts managed by other trustees, throwing the larger market into turmoil. Thus, to the extent this Court determines extrinsic evidence must be considered, this evidence is highly relevant.

*Second*, the risk disclosures for the Covered Trusts are irreconcilable with BNYM's treatment of the IO senior certificates as first-loss certificates on interest-rate modifications. The Prospectus Supplements for the Covered Trusts repeatedly reference "prepayment risk" as the primary risk for IO senior certificates. Pickhardt Aff. Ex. B, at S-120-21. Prepayment harms the IO senior certificates because it shortens the time when the IO senior certificates receive interest generated by the Non-Discount Mortgage Loans. Interest-rate modifications would create an even more substantial risk that the IO senior certificates would receive less interest. Indeed, if IO senior certificates were truly intended to be the first-lost certificates for any interest shortfalls related to rate modifications, prepayment risk would be dwarfed by this "modification risk." That the Prospectus Supplement is completely silent on "modification risk" further supports Silian's approach.

By contrast, the extrinsic evidence that BNYM references in the Petition does not support its use of the Modified Rate to calculate the Pass-Through Rate. *First*, there has been no market reliance on the faulty interpretation that BNYM advances in the Petition, Pet. ¶¶ 49-50, because BNYM's actual practice is different than the approach described in the Petition. *See supra* pp. 5-6. Moreover, both BNYM's interpretation and its historical practice are at odds with its peers in

the industry. BNYM cannot change the meaning of the PSAs through its own unilateral conduct. *See* PSA § 10.01 (requiring certificateholder consent for amendments that “reduce in any manner the amount of . . . payments required to be distributed to any Certificate”). That other holders of the IO senior certificates may not have raised their concerns earlier—if true—says nothing about whether BNYM’s use of the Modified Rate is correct. Remedying trustee errors is a costly and time-consuming endeavor—as illustrated by the history of this case—and a decision by certain holders of IO senior certificates not to challenge BNYM’s error in the past does not suggest they agreed with BNYM’s approach. Finally, BNYM’s *ipse dixit* contention that the market has somehow relied on BNYM’s error in pricing and trading CWALT certificates deserves no weight, particularly considering that BNYM is not an investor in the RMBS market with any relevant knowledge of how IO senior certificates might trade. In fact, BNYM’s conjecture regarding the market’s trading of the IO senior certificates bears no resemblance to the actual approach of the sophisticated investors that trade these securities.

*Second*, as regards BNYM’s argument concerning so-called “uncertificated IOs” paid to master servicers, Pet. ¶¶ 51–53, BNYM conspicuously fails to cite to an actual trust containing such compensation and the only example that Silian is aware of does not support BNYM’s interpretation. As a preliminary matter, the extra fee paid to the original Master Servicer—which is called an Excess Master Servicing Fee, not an “uncertificated IO”—arises only when the servicing of the loans transfers to a third-party. *See, e.g.*, Pickhardt Aff. Ex. F §§ 3.08(b)(vii), 3.14. Thus, contrary to BNYM’s contention, Pet. ¶ 52, the party calculating the extra fee (*i.e.*, the new Master Servicer) has an incentive to minimize rather than maximize the former Master Servicer’s recoveries. Moreover, the additional servicing compensation provisions use entirely different language and an entirely different structure than the interest calculation for the IO senior

certificates at issue here, and any calculations under that different method should have no bearing on the proper calculation of the Pass-Through Rate.

### **III. THE IO SENIOR CERTIFICATES ARE ENTITLED TO PAST INTEREST SHORTFALLS AS CLASS UNPAID INTEREST AMOUNTS**

On each Distribution Date, BNYM's miscalculation of the Pass-Through Rate caused an interest-payment shortfall to the IO senior certificates. The PSAs specifically address how to resolve this payment shortfall. *First*, the PSAs define the difference between the Class Optimal Interest Distribution Amount and the amount of interest actually distributed to a given class of certificates as the "**Class Interest Shortfall**." PSA I-6 (defining Class Interest Shortfall as "the amount by which the amount described in clause (i) of the definition of Class Optimal Interest Distribution Amount for such Class exceeds the amount of interest actually distributed on such Class on such Distribution Date pursuant to clause (i)"). *Second*, the PSAs aggregate these Class Interest Shortfalls into "**Class Unpaid Interest Amounts**." *See id.* (defining Class Unpaid Interest Amounts as "the amount by which the aggregate Class Interest Shortfalls for such Class on prior Distribution Dates exceeds the amount distributed" through the distribution waterfall). *Third*, the PSAs require that these shortfalls be repaid on the next Distribution Date as part of the Class Optimal Interest Distribution Amount for each class of interest-bearing Senior Certificates. *See id.* (defining Class Optimal Interest Distribution Amount to include "any Class Unpaid Interest Amounts for such Class"). The Class Optimal Interest Distribution Amount—including the Class Unpaid Interest Amounts—is distributed to each class of Senior Certificates before any principal amounts are distributed. PSA § 4.02(a)(1)(ii).

BNYM's seemingly contrary position that "any . . . changes [in its calculation of the Pass-Through Rate] should be made on a prospective basis only," Pet. ¶ 70, fails to even mention its contractual obligation to reimburse Class Unpaid Interest Amounts. BNYM's request for a

prospective-only order must therefore be rejected. Additionally, BNYM's suggestion that current certificateholders are somehow not entitled to contractually required reimbursement because they were not holders when the payment shortfalls began ignores controlling New York statutory authority providing that claims against the trustee or obligor on the certificates transfer with the certificates. *See* General Obligations Law § 13-107(1).

**IV. BNYM'S REQUEST FOR AN ORDER FINDING THAT IT COMPLIED WITH ITS DUTIES SHOULD BE DENIED**

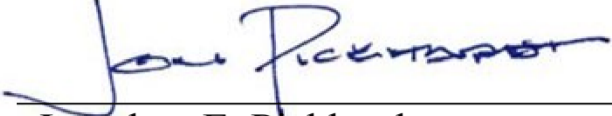
BNYM's interpretation conflicts with the plain language of the PSAs, is internally inconsistent, would lead to absurd results, and is inconsistent with the interpretation of similar provisions by its peer trustees. BNYM's interpretation is also inconsistent with its own actual historical calculations. These circumstances create significant fact issues as to whether BNYM's conduct was negligent, and therefore compensable with damages. *See* PSA § 8.01 (providing that “[n]o provision of this Agreement shall be construed to relieve the Trustee from liability for its own negligent action,” subject to certain qualifications that also raise factual issues). These factual issues are particularly acute for the period after Silian informed BNYM of its error in February 2018, when BNYM continued to underpay the IO senior certificates. In light of these factual issues, BNYM's request that the Court “expressly instruct that all payments made to this point were made in accordance with a reasonable interpretation of the PSAs” and order that “all parties . . . are barred from asserting claims against the Trustee,” Pet. ¶ 71, should be denied as premature, so that the Court can resolve the request on a developed factual record.

**CONCLUSION**

For the reasons stated above, the Court should direct BNYM to use the Original Rate consistently throughout its calculation of the Class Optimal Interest Distribution Amount.

Dated: New York, New York  
March 8, 2019

QUINN EMANUEL URQUHART &  
SULLIVAN, LLP

By: 

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**SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK**

In The Matter Of The Application Of

THE BANK OF NEW YORK MELLON, in its Capacity  
as Trustee for 278 Residential Mortgage-Backed  
Securitization Trusts,

*Petitioner,*

For Judicial Instructions Under CPLR Article 77  
Concerning the Proper Pass-Through Rate Calculation for  
CWALT Interest Only Senior Certificates.

Index No. 150738/2019

IAS Part 60

Hon. Marcy S. Friedman

**Affirmation Of Jonathan E. Pickhardt In Support Of  
Silian Ventures LLC’s Notice Of Intention To Appear, Answer, And Objection To Petition**

I, Jonathan E. Pickhardt, an attorney duly admitted to practice before the Courts of the State of New York, hereby affirm the following to be true, under penalty of perjury, pursuant to CPLR 2106.

1. I am a partner at Quinn Emanuel Urquhart & Sullivan, LLP, attorneys for Respondent Silian Ventures LLC (“**Silian**”) in the above-captioned litigation. I submit this affirmation in support of Silian’s Notice Of Intention To Appear, Answer, And Objection To Petition dated March 8, 2019.

2. Attached hereto as **Exhibit A** is a true and correct copy of a glossary of defined terms and calculations used in Silian’s Notice Of Intention To Appear, Answer, And Objection To Petition as defined in the PSA for the Countrywide Alternative Loan Trust 2006-6CB.

3. Attached hereto as **Exhibit B** is a true and correct copy of excerpts from the prospectus supplement to the prospectus dated March 27, 2006, for Countrywide Alternative Loan Trust 2006-6CB dated March 29, 2006;

4. Attached hereto as **Exhibit C** is a true and correct copy of a letter from counsel for

The Bank of New York Mellon, Jason M. Halper, Cadwalader, Wickersham & Taft LLP, to Jonathan Pickhardt, Quinn Emanuel Urquhart & Sullivan, LLP, dated November 30, 2018.

5. Attached hereto as **Exhibit D** is a true and correct copy of excerpts from the pooling and servicing agreement for Countrywide Alternative Loan Trust 2006-J7, Mortgage Pass-Through Certificates, Series 2006-J7, among CWALT, Inc., as Depositor; Countrywide Home Loans, Inc., Park Granada LLC, Park Monaco Inc., and Park Sienna LLC, as Sellers; Countrywide Home Loans Servicing LP, as Master Servicer; and The Bank of New York, as Trustee, dated as of October 1, 2006;

6. Attached hereto as **Exhibit E** is a true and correct copy of excerpts from the pooling and servicing agreement for Residential Asset Securitization Trust, Series 2005-A15, Mortgage Pass-Through Certificates Series 2005-O, among IndyMac MBS, Inc., as Depositor; IndyMac Bank, F.S.B., as Seller and Master Servicer; and Deutsche Bank National Trust Company, as Trustee, dated as of December 1, 2005.

7. Attached hereto as **Exhibit F** is a true and correct copy of excerpts from the pooling and servicing agreement for CHL Mortgage Pass-Through Trust 2004-24, Mortgage Pass-Through Certificates, Series 2004-24, among CWMBS, Inc., as Depositor; Countrywide Home Loans, Inc., and Park Granada LLC, as Sellers; Countrywide Home Loans Servicing LP, as Master Servicer; and The Bank of New York, as Trustee, dated as of October 1, 2004.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: March 8, 2019  
New York, New York

By:



Jonathan E. Pickhardt

# **EXHIBIT A**

**Glossary Of Defined Terms And Calculations Used In Silian Ventures LLC's  
Notice Of Intention To Appear, Answer, And Objection To Petition**

**Adjusted Net Mortgage Rate**..... (Defined at p. 5) PSA I-1.

As to each Mortgage Loan, and at any time, the per annum rate equal to the Mortgage Rate less the sum of the Trustee Fee Rate and the Master Servicing Fee Rate. For purposes of determining whether any Substitute Mortgage Loan is a Discount Mortgage Loan or a Non-Discount Mortgage Loan and for purposes of calculating the applicable PO Percentage and the applicable Non-PO Percentage, each Substitute Mortgage Loan shall be deemed to have an Adjusted Net Mortgage Rate equal to the Adjusted Net Mortgage Rate of the Deleted Mortgage Loan for which it is substituted.

**Class Interest Shortfall**..... (Defined at p. 19) PSA I-6.

As to any Distribution Date and Class, the amount by which the amount described in clause (i) of the definition of Class Optimal Interest Distribution Amount for such Class exceeds the amount of interest actually distributed on such Class on such Distribution Date pursuant to such clause (i).

**Class Optimal Interest Distribution Amount**..... (Defined at p. 4) PSA I-6.

With respect to any Distribution Date and interest bearing Class or, with respect to any interest-bearing Component, the sum of (i) one month's interest accrued during the related Interest Accrual Period at the Pass-Through Rate for such Class on the related Class Certificate Balance, Component Balance, Notional Amount or Component Notional Amount, as applicable, immediately prior to such Distribution Date, subject to reduction as provided in Section 4.02(d) and (ii) any Class Unpaid Interest Amounts for such Class or Component.

**Class Unpaid Interest Amounts**..... (Defined at p. 19) PSA I-6.

As to any Distribution Date and Class of interest bearing Certificates, the amount by which the aggregate Class Interest Shortfalls for such Class on prior Distribution Dates exceeds the amount distributed on such Class on prior Distribution Dates pursuant to clause (ii) of the definition of Class Optimal Interest Distribution Amount.

**Debt Service Reduction**..... (Defined at p. 15 & n.8) PSA I-9.

With respect to any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the Bankruptcy Code in the Scheduled Payment for such Mortgage Loan which became final and non-appealable, except such a reduction resulting from a Deficient Valuation or any reduction that results in a permanent forgiveness of principal.

**Discount Mortgage Loan**..... (Defined at p. 3) PSA I-10.

Any Mortgage Loan in a Loan Group with an Adjusted Net Mortgage Rate that is less than the Required Coupon for that Loan Group.

**IO** ..... (Defined at p. 1)

Interest-only certificates. Holders of IO certificates receive interest payments but not principal payments.

**Master Servicing Fee Rate**..... (Defined at p. 5 & n.4) PSA I-15.

With respect to each Mortgage Loan, 0.25% per annum.

**Modified Rate** ..... (Defined at p. 2)

An interest rate adjusted for forbearance agreements or other modifications to the underlying mortgage loans that occurred after the Covered Trusts were issued.

**Mortgage Note** ..... (Defined at p. 5) PSA I-17.

The original executed note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan.

**Mortgage Rate** ..... (Defined at p. 5) PSA I-17.

The annual rate of interest borne by a Mortgage Note from time to time, net of any interest premium charged by the mortgagee to obtain or maintain any Primary Insurance Policy.

**Non-Discount Mortgage Loan**..... (Defined at p. 4) PSA I-17.

Any Mortgage Loan in a Loan Group with an Adjusted Net Mortgage Rate that is greater than or equal to the Required Coupon for such Loan Group.

**Notional Amount** ..... (Defined at p. 4) PSA I-18–19.

... With respect to any Distribution Date and the Class 1-X Certificates, an amount equal to the aggregate of the Stated Principal Balances of the Non-Discount Mortgage Loans in Loan Group 1 as of the Due Date in the preceding calendar month (after giving effect to Principal Prepayments received in the Prepayment Period related to such Due Date).

**Original Rate** ..... (Defined at p. 2)

The unmodified rate of interest that appeared in the original mortgage note for the mortgage loan.

**Pass-Through Rate**..... (Defined at p. 4) PSA I-20.

For any interest bearing Class of Certificates or Component, the per annum rate set forth or calculated in the manner described in the Preliminary Statement.

**P&I** ..... (Defined at p. 3)

Principal and interest certificates. Holders of P&I certificates receive principal payments and interest payments.

**PO** ..... (Defined at p. 3)

Principal-only certificates. Holders of PO certificates receive principal payments but not interest payments.

**PSA** ..... (Defined at p. 2)

Pooling and servicing agreement. Among other things, a pooling and serving agreement sets forth the terms of payment for each class of certificates and governs the Trustee’s rights and obligations.

**RAST Trusts** ..... (Defined at p. 16)

Residential Asset Securitization Trust, a shelf of RMBS trusts with substantively similar definitions for the relevant terms, for which Deutsche Bank acted as trustee and employed the approach for determining the Mortgage Rate advocated by Plaintiff Silian in this action.

**Realized Loss** ..... (Defined at p. 14) PSA I-25–26.

With respect to each Liquidated Mortgage Loan, an amount (not less than zero or more than the Stated Principal Balance of the Mortgage Loan) as of the date of such liquidation, equal to (i) the Stated Principal Balance of the Liquidated Mortgage Loan as of the date of such liquidation, plus (ii) interest at the Adjusted Net Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date in the month in which Liquidation Proceeds are required to be distributed on the Stated Principal Balance of such Liquidated Mortgage Loan from time to time, minus (iii) the Liquidation Proceeds, if any, received during the month in which such liquidation occurred, to the extent applied as recoveries of interest at the Adjusted Net Mortgage Rate and to principal of the Liquidated Mortgage Loan. . . .

**Relief Act** ..... (Defined at p. 15 & n.9) PSA I-26.

The Servicemembers Civil Relief Act.

**Relief Act Reduction** ..... (Defined at p. 15 & n.9) PSA I-26.

With respect to any Distribution Date and any Mortgage Loan as to which there has been a reduction in the amount of interest collectible thereon for the most recently ended calendar month as a result of the application of the Relief Act or any similar state laws, the amount, if any, by which (i) interest collectible on such Mortgage Loan for the most recently ended calendar month is less than (ii) interest accrued thereon for such month pursuant to the Mortgage Note.

**REMIC** ..... (Defined a p. 2)

Real estate mortgage investment conduit.

**Required Coupon** ..... (Defined at p. 4) PSA I-28.

With respect to the Mortgage Loans in Loan Group 1, 5.50% per annum and with respect to the Mortgage Loans in Loan Group 2, 5.75% per annum.

**RMBS** ..... (Defined at p. 1)

Residential mortgage-backed securities.

**Stated Principal Balance**..... (Defined at p. 4) PSA I-31.

As to any Mortgage Loan and Due Date, the unpaid principal balance of such Mortgage Loan as of such Due Date, as specified in the amortization schedule at the time relating thereto (before any adjustment to such amortization schedule by reason of any moratorium or similar waiver or grace period) after giving effect to the sum of: (i) any previous partial Principal Prepayments and the payment of principal due on such Due Date, irrespective of any delinquency in payment by the related Mortgagor, and (ii) Liquidation Proceeds allocable to principal (other than with respect to any Liquidated Mortgage Loan) received in the prior calendar month and Principal Prepayments received through the last day of the related Prepayment Period, in each case, with respect to that Mortgage Loan.

**Subordinated Certificates**..... (Defined at p. 3) PSA 13.

Class M, Class B-1, Class B-2, Class B-3, Class B-4 and Class B-5 Certificates.

**Subsequent Recoveries** ..... (Defined at p. 15) PSA I-32.

As to any Distribution Date, with respect to a Liquidated Mortgage Loan that resulted in a Realized Loss in a prior calendar month, unexpected amounts received by the Master Servicer (net of any related expenses permitted to be reimbursed pursuant to Section 3.08) specifically related to such Liquidated Mortgage Loan.

**Trustee Fee Rate**..... (Defined at p. 5 & n.4) PSA I-34.

With respect to each Mortgage Loan, 0.009% per annum.

**Calculations Used In Silian Ventures LLC's  
Notice Of Intention To Appear, Answer, And Objection To Petition**

1. Class Optimal Interest Distribution Amount

***Class Optimal Interest Distribution Amount = Pass-Through Rate \* Notional Amount***

2. Pass-Through Rate

***Pass-Through Rate =  
Weighted Avg. Of Adjusted Net Mtg. Rate for Non-Discount Mtg. Loans – 5.50%***

3. Notional Amount

***Notional Amount = Stated Principal Balance of Non-Discount Mtg. Loans***

# **EXHIBIT B**



**PROSPECTUS SUPPLEMENT**  
(To Prospectus dated March 27, 2006)

**\$2,164,334,096**  
(Approximate)

**CWALT, INC.**  
Depositor



**Countrywide®**

**HOME LOANS**

Sponsor and Seller

**Countrywide Home Loans Servicing LP**

Master Servicer

**Alternative Loan Trust 2006-6CB**

Issuing Entity

**Mortgage Pass-Through Certificates, Series 2006-6CB**

Distributions payable monthly, beginning April 25, 2006

The issuing entity will issue certificates, including the following classes of certificates, that are offered pursuant to this prospectus supplement and the accompanying prospectus:

	Initial Class Certificate Balance/ Initial Notional Amount(1)	Pass-Through Rate(2)		Initial Class Certificate Balance/ Initial Notional Amount(1)	Pass-Through Rate(2)
Class 1-A-1	\$ 46,428,750	5.50%	Class 2-A-7	\$ 15,000,000	Floating
Class 1-A-2	\$ 446,987,000	Floating	Class 2-A-8	\$ 166,040,900(3)	Floating
Class 1-A-3	\$ 446,987,000(3)	Floating	Class 2-A-9	\$ 22,640,000	5.75%
Class 1-A-4	\$ 140,597,250	5.50%	Class 2-A-10	\$ 132,058,500	6.00%
Class 1-A-5	\$ 65,349,000	5.50%	Class 2-A-11	\$ 132,058,500	5.50%
Class 1-A-6	\$ 25,000,000	Floating	Class 2-A-12	\$ 11,680,600	5.75%
Class 1-A-7	\$ 25,000,000(3)	Floating	Class 2-A-13	\$ 101,040,900	Floating
Class 1-A-8	\$ 506,249,850	5.50%	Class 2-A-14	\$ 590,909(3)	Floating
Class 1-A-9	\$ 8,752,750	5.50%	Class 2-A-15	\$ 10,000,000	5.75%
Class 1-A-10	\$ 216,965,000	5.50%	Class 2-A-16	\$ 4,500,000	5.75%
Class 1-A-11	\$ 3,820,000	5.50%	Class 2-A-17	\$ 1,639,975	5.75%
Class 1-X	\$ 1,359,441,862(3)	Variable	Class 2-X	\$ 655,268,271(3)	Variable
Class 2-A-1	\$ 66,900,000	Floating	Class PO	\$ 2,911,796	(4)
Class 2-A-2	\$ 66,900,000(3)	Floating	Class A-R	\$ 100	5.50%
Class 2-A-3	\$ 1,000,000	5.75%	Class M	\$ 43,679,900	Variable
Class 2-A-4	\$ 49,490,425	5.75%	Class B-1	\$ 16,379,900	Variable
Class 2-A-5	\$ 30,100,000	5.75%	Class B-2	\$ 13,103,900	Variable
Class 2-A-6	\$ 50,000,000	Floating			

**Consider carefully the risk factors beginning on page S-24 in this prospectus supplement and on page 2 in the prospectus.**

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

This prospectus supplement may be used to offer and sell the offered certificates only if accompanied by the prospectus.

(1) This amount is subject to a permitted variance in the aggregate of plus or minus 5%.

(2) The classes of certificates offered by this prospectus supplement are listed, together with their pass-through rates (and, in the case of the floating rate certificates, the index on which the pass-through rates are based) and their initial ratings, in the tables under "Summary — Description of the Certificates" beginning on page S-7 of this prospectus supplement.

(3) The Class 1-A-3, Class 1-A-7, Class 2-A-2, Class 2-A-8, Class 2-A-14, Class 1-X and Class 2-X Certificates are interest only notional amount certificates and are not included in the aggregate class certificate balance of all of the certificates offered.

(4) The Class PO Certificates are principal only certificates and will not accrue interest.

This prospectus supplement and the accompanying prospectus relate only to the offering of the certificates listed above and not to the other classes of certificates that will be issued by the issuing entity. The certificates represent interests in a pool consisting of two loan groups of primarily 30-year conventional, fixed rate mortgage loans secured by first liens on one- to four-family residential properties.

Credit enhancement and other support for the transaction will consist of:

- Subordination; and
- Cross-collateralization between loan groups.

The credit enhancement for each class of certificates varies. Not all credit enhancement is available for every class. The credit enhancement for the certificates is described in more detail in this prospectus supplement.

The Class 1-A-2, Class 1-A-6, Class 2-A-1, Class 2-A-6, Class 2-A-7 and Class 2-A-13 Certificates also will have the benefit of separate interest rate corridor contracts.

**These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.**

Deutsche Bank Securities Inc. will offer the Class A Certificates and Countrywide Securities Corporation will offer the Class M, Class B-1 and Class B-2 Certificates to the public at varying prices to be determined at the time of sale. The proceeds to the depositor from the sale of these classes of certificates are expected to be approximately \$2,116,983,769, plus accrued interest, before deducting expenses. The Class PO and Class X Certificates will not be purchased by Deutsche Bank Securities Inc. or Countrywide Securities Corporation. They will be transferred to Countrywide Home Loans, Inc. on or about March 30, 2006 as partial consideration for the sale of the mortgage loans to the depositor. See "Method of Distribution" in this prospectus supplement.

**Deutsche Bank Securities**

**Countrywide Securities Corporation**

March 29, 2006

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**Loan Group 1**

**Mortgage Rates<sup>(1)</sup>**

<u>Mortgage Rates (%)</u>	<b>Number of Initial Mortgage Loans</b>	<b>Aggregate Principal Balance Outstanding</b>	<b>Percent of Initial Mortgage Loans in Loan Group 1</b>	<b>Average Principal Balance Outstanding (\$)</b>	<b>Weighted Average Remaining Term to Maturity (Months)</b>	<b>Weighted Average FICO Credit Score</b>	<b>Weighted Average Original Loan-to-Value Ratio (%)</b>
5.000.....	2	\$ 516,617.22	0.04%	258,308.61	355	738	67.60
5.125.....	4	722,687.35	0.06	180,671.84	336	692	53.81
5.250.....	2	615,427.05	0.05	307,713.53	354	730	65.90
5.325.....	1	157,733.37	0.01	157,733.37	359	652	90.05
5.375.....	9	2,279,501.62	0.19	253,277.96	332	697	70.01
5.500.....	31	7,556,952.99	0.64	243,772.68	352	727	69.98
5.625.....	71	14,346,373.75	1.22	202,061.60	354	706	64.27
5.720.....	2	300,900.00	0.03	150,450.00	360	673	90.37
5.735.....	1	150,846.05	0.01	150,846.05	359	715	81.62
5.750.....	195	41,911,098.16	3.55	214,928.71	355	717	67.71
5.775.....	1	136,948.52	0.01	136,948.52	239	693	88.55
5.780.....	2	743,294.07	0.06	371,647.04	359	685	87.98
5.875.....	525	112,078,595.50	9.50	213,483.04	358	717	68.25
5.905.....	2	357,418.66	0.03	178,709.33	359	683	90.00
5.930.....	1	118,693.82	0.01	118,693.82	353	660	89.18
5.935.....	2	247,291.49	0.02	123,645.75	359	729	87.76
5.970.....	1	276,000.00	0.02	276,000.00	359	661	84.92
5.990.....	7	1,142,368.27	0.10	163,195.47	359	709	76.25
6.000.....	730	166,412,353.13	14.11	227,962.13	359	714	68.73
6.030.....	7	1,338,930.00	0.11	191,275.71	360	683	88.39
6.035.....	1	208,000.00	0.02	208,000.00	355	701	91.23
6.050.....	1	152,849.14	0.01	152,849.14	359	780	86.44
6.055.....	3	500,785.00	0.04	166,928.33	360	675	88.31
6.060.....	1	169,039.46	0.01	169,039.46	359	724	90.00
6.125.....	757	156,320,667.87	13.25	206,500.22	359	719	70.89
6.135.....	1	89,916.65	0.01	89,916.65	359	788	90.00
6.155.....	3	655,482.49	0.06	218,494.16	360	667	86.86
6.170.....	2	331,972.59	0.03	165,986.30	358	721	86.23
6.180.....	5	742,258.00	0.06	148,451.60	359	679	89.09
6.220.....	2	453,859.04	0.04	226,929.52	360	652	85.00
6.245.....	1	102,850.00	0.01	102,850.00	360	697	85.00
6.250.....	1,449	305,211,942.26	25.87	210,636.26	359	719	70.43

<u>Mortgage Rates (%)</u>	<u>Number of Initial Mortgage Loans</u>	<u>Aggregate Principal Balance Outstanding</u>	<u>Percent of Initial Mortgage Loans in Loan Group 1</u>	<u>Average Principal Balance Outstanding (\$)</u>	<u>Weighted Average Remaining Term to Maturity (Months)</u>	<u>Weighted Average FICO Credit Score</u>	<u>Weighted Average Original Loan-to-Value Ratio (%)</u>
6.255.....	1	166,500.00	0.01	166,500.00	360	734	90.00
6.280.....	1	374,000.00	0.03	374,000.00	360	653	86.98
6.295.....	3	683,983.87	0.06	227,994.62	359	742	88.90
6.300.....	1	59,444.09	0.01	59,444.09	359	672	85.00
6.310.....	1	84,200.00	0.01	84,200.00	360	712	89.57
6.370.....	3	593,293.88	0.05	197,764.63	360	730	84.78
6.375.....	1,603	338,978,544.67	28.74	211,465.09	359	718	72.00
6.470.....	2	399,050.00	0.03	199,525.00	360	740	84.81
6.500.....	44	8,259,322.11	0.70	187,711.87	359	713	76.84
6.625.....	24	4,664,730.35	0.40	194,363.76	359	738	75.73
6.750.....	31	5,842,977.47	0.50	188,483.14	358	727	75.96
6.875.....	10	2,780,072.92	0.24	278,007.29	359	722	71.57
7.125.....	2	397,560.00	0.03	198,780.00	358	729	80.00
<b>Total .....</b>	<b>5,548</b>	<b>\$1,179,633,332.88</b>	<b>100.00%</b>				

(1) The lender acquired mortgage insurance Initial Mortgage Loans in loan group 1 are shown in the preceding table at the mortgage rates net of interest premium charge by the related lenders. As of the initial cut-off date, the weighted average mortgage rate of the Initial Mortgage Loans in loan group 1 (net of such premiums) was approximately 6.171% per annum. Without the adjustment, the weighted average mortgage rate of the Initial Mortgage Loans in loan group 1 was approximately 6.174% per annum.

**Sensitivity of the Class 2-A-8 Certificates to Prepayments and LIBOR  
(Pre-Tax Yield to Maturity)**

<u>LIBOR</u>	Percentage of the Prepayment Assumption				
	0%	50%	100%	150%	200%
3.75%.....	523.7%	482.6%	396.9%	303.4%	214.7%
4.25%.....	320.4%	284.3%	209.3%	130.2%	60.8%
4.75%.....	154.2%	121.2%	50.0%	(15.6)%	(65.3)%
5.35% and above.....	**	**	**	**	**

\*\* Less than (99.9)%

**Sensitivity of the Class 2-A-14 Certificates to Prepayments and LIBOR  
(Pre-Tax Yield to Maturity)**

<u>LIBOR</u>	Percentage of the Prepayment Assumption				
	0%	50%	100%	150%	200%
3.75%.....	603.5%	561.3%	473.1%	376.7%	283.5%
4.25%.....	603.5%	561.3%	473.1%	376.7%	283.5%
4.75%.....	603.5%	561.3%	473.1%	376.7%	283.5%
5.40% and above.....	**	**	**	**	**

\*\* Less than (99.9)%

It is highly unlikely that all of the mortgage loans in a loan group will have the characteristics assumed or that those mortgage loans will prepay at the same rate until maturity or that all of the mortgage loans in a loan group will prepay at the same rate or time. In addition, there can be no assurance that LIBOR will correspond to the levels shown herein and it is highly unlikely that the level of LIBOR will remain constant. As a result of these factors, the pre-tax yields on the Inverse Floating Rate Certificates are likely to differ from those shown in the tables above, even if all of the mortgage loans in the related loan group prepay at the indicated percentages of the Prepayment Assumption and LIBOR is at the indicated level. No representation is made as to the actual rate of principal payments on the mortgage loans in any loan group, the level of LIBOR for any period or over the lives of the Inverse Floating Rate Certificates or as to the yields on the Inverse Floating Rate Certificates. Investors must make their own decisions as to the appropriate combinations of prepayment assumptions and assumptions regarding the level of LIBOR to be used in deciding whether to purchase the Inverse Floating Rate Certificates.

**Sensitivity of the Class 1-X and Class 2-X Certificates**

The yields to investors in the Class 1-X and Class 2-X Certificates will be sensitive to the rate of principal payments (including prepayments) on the Non-Discount mortgage loans in the related loan group (particularly those with high net mortgage rates), which generally can be prepaid at any time. On the basis of the structuring assumptions and prices below, the yields to maturity on the Class 1-X and Class 2-X Certificates would be approximately 0% if prepayments of the Non-Discount mortgage loans in the related loan group were to occur at a constant rate of approximately 100% and 104%, respectively, of the Prepayment Assumption. If the actual prepayment rate of the Non-Discount mortgage loans in the related loan group were to exceed the foregoing levels for as little as one month while equaling the levels for the remaining months, the investors in the Class 1-X and Class 2-X Certificates would not fully recoup their initial investments.

As described under “*Description of the Certificates — General*,” the pass-through rates of the Class 1-X and Class 2-X Certificates in effect from time to time are calculated by reference to the net mortgage rates of the Non-Discount mortgage loans in the related loan group. The Non-Discount mortgage loans in the related loan group will have higher net mortgage rates (and higher mortgage rates) than the

other mortgage loans in that loan group. In general, mortgage loans with higher mortgage rates tend to prepay at higher rates than mortgage loans with relatively lower mortgage rates in response to a given change in market interest rates. As a result, the Non-Discount mortgage loans in a loan group may prepay at higher rates, thereby reducing the related pass-through rate and related notional amount of the Class 1-X and Class 2-X Certificates, as applicable.

The information set forth in the following table has been prepared on the basis of the structuring assumptions and on the assumption that the respective purchase prices of the Class 1-X and Class 2-X Certificates (expressed as percentages of their respective initial notional amounts) are as follows:

Class	Price*
Class 1-X .....	1.670%
Class 2-X .....	1.863%

\* The prices do not include accrued interest. Accrued interest has been added to each such price in calculating the yields set forth in the tables below.

**Sensitivity of the Class 1-X Certificates  
to Prepayments  
(Pre-tax Yields to Maturity)**

Class	Percentage of Prepayment Assumption				
	0%	50%	75%	150%	200%
Class 1-X .....	26.3%	13.7%	7.0%	(14.4)%	(30.2)%

**Sensitivity of the Class 2-X Certificates  
to Prepayments  
(Pre-tax Yields to Maturity)**

Class	Percentage of Prepayment Assumption				
	0%	50%	100%	150%	200%
Class 2-X .....	27.7%	14.9%	1.2%	(13.6)%	(29.7)%

It is unlikely that the Non-Discount mortgage loans in any loan group will have the precise characteristics described in this prospectus supplement or that the Non-Discount mortgage loans in any loan group will all prepay at the same rate until maturity or that all of the Non-Discount mortgage loans in any loan group will prepay at the same rate or time. As a result of these factors, the pre-tax yields on the Class 1-X and Class 2-X Certificates are likely to differ from those shown in the tables above, even if all of the Non-Discount mortgage loans in the related loan group prepay at the indicated percentages of the Prepayment Assumption. No representation is made as to the actual rate of principal payments on the Non-Discount mortgage loans in any loan group for any period or over the lives of the Class 1-X and Class 2-X Certificates or as to the yields on those Certificates. Investors must make their own decisions as to the appropriate prepayment assumptions to be used in deciding whether to purchase the Class 1-X and Class 2-X Certificates.

distributions. Accelerating the amortization of the classes of subordinated certificates with higher distribution priorities relative to the other classes of subordinated certificates is intended to preserve the availability of the subordination provided by the other classes.

For purposes of allocating losses and prepayments to the subordinated certificates, the Class M Certificates will be considered to have a lower numerical class designation and a higher distribution priority than each other class of subordinated certificates.

### **Credit Enhancement**

#### **Subordination**

Realized Losses allocable to the senior certificates will be allocated as set forth under “*Description of the Certificates — Allocation of Losses*” in this prospectus supplement.

The rights of the holders of the subordinated certificates to receive distributions with respect to the mortgage loans will be subordinated to the rights of the holders of the senior certificates and the rights of the holders of each class of subordinated certificates (other than the Class M Certificates) to receive the distributions will be further subordinated to the rights of the class or classes of subordinated certificates with higher distribution priorities, in each case only to the extent described in this prospectus supplement. The subordination of the subordinated certificates to the senior certificates, the subordination of the classes of subordinated certificates to the subordination of the classes of subordinated certificates with lower distribution priorities to those with higher distribution priorities is intended to increase the likelihood of receipt, respectively, by the senior certificateholders and the holders of subordinated certificates with higher distribution priorities of the maximum amount to which they are entitled on any Distribution Date and to provide the holders protection against Realized Losses. The applicable Non-PO Percentage of Realized Losses will be allocated to the class of subordinated certificates then outstanding with the lowest distribution priority.

### **Use of Proceeds**

We expect the proceeds to the depositor from the sale of the offered certificates (other than the Class PO and Class X Certificates) to be approximately \$2,116,983,769, plus accrued interest, before deducting issuance expenses payable by the depositor. The depositor will apply the net proceeds from the sale of these classes of certificates against the purchase price of the Group 1 Closing Date Mortgage Loans and to fund the Pre-funding Account and Capitalized Interest Account.

### **Legal Proceedings**

There are no legal proceedings against Countrywide Home Loans, the depositor, the trustee, the issuing entity or the master servicer, or to which any of their respective properties are subject, that is material to the certificateholders, nor is the depositor aware of any proceedings of this type contemplated by governmental authorities.

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

The following discussion and the discussion in the prospectus under the caption “Material Federal Income Tax Consequences” is the opinion of Sidley Austin LLP (“Tax Counsel”) on the anticipated material federal income tax consequences of the purchase, ownership, and disposition of the offered certificates. It is based on the current provisions and interpretations of the Internal Revenue Code of 1986, as amended (the “Code”), and the accompanying Treasury regulations and on current judicial and



**Alternative Loan Trust 2006-6CB****Issuer****CWALT, INC.****Depositor****Countrywide<sup>®</sup>****HOME LOANS****Sponsor and Seller****Countrywide Home Loans Servicing LP****Master Servicer****\$2,164,334,096****(Approximate)****Mortgage Pass-Through Certificates, Series 2006-6CB**

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**PROSPECTUS SUPPLEMENT**

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**Deutsche Bank Securities****Countrywide Securities Corporation**

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information.

We are not offering the Series 2006-6CB Mortgage Pass-Through Certificates in any state where the offer is not permitted.

Dealers will deliver a prospectus supplement and prospectus when acting as underwriters of the Series 2006-6CB Mortgage Pass-Through Certificates and with respect to their unsold allotments or subscriptions. In addition, all dealers selling the Series 2006-6CB Mortgage Pass-Through Certificates will be required to deliver a prospectus supplement and prospectus until 90 days after the date of this prospectus supplement.

March 29, 2006

# **EXHIBIT C**

## C A D W A L A D E R

Cadwalader, Wickersham & Taft LLP  
200 Liberty Street, New York, NY 10281  
Tel +1 212 504 6000 Fax +1 212 504 6666  
www.cadwalader.com

November 30, 2018

## VIA CERTIFIED MAIL

Jonathan Pickhardt  
Quinn Emanuel Urquhart & Sullivan LLP  
51 Madison Avenue  
New York, New York 10010

Re: Calculation of Pass-Through Rate for Interest Only Certificates

Dear Jonathan:

We write on behalf of The Bank of New York Mellon (“Trustee”) in response to the request made by Och-Ziff Capital Management (with its affiliates, “OZ”), a certificateholder in certain trusts (the “Trusts”) on the Countrywide Alternative Loan Trust (“CWALT”) platform, for Trustee to file an Article 77 petition in the Supreme Court of the State of New York. OZ would have Trustee seek as relief in such a proceeding, among other things, a judicial determination regarding the “proper” calculation of the Pass-Through Rate for interest only certificates issued by the Trusts.<sup>1</sup>

After significant deliberation and careful consideration of the arguments and positions advanced by OZ, please be advised that Trustee has determined that it cannot agree to OZ’s request. In response to your inquiries, Trustee reviewed the relevant contract language and assessed each of your arguments but ultimately determined that its method of computing the Pass-Through Rate, which has remained consistent for the life of the Trusts, without objection from any holder, is consistent with the contract. Trustee does not believe that changing that method now, or bringing an Article 77 proceeding, is in the interest of the Trusts.

Trustee expressly reserves all of its rights, remedies, powers, privileges and defenses under applicable law, the PSA, any other applicable agreement and in equity. Nothing in this letter shall operate as a waiver or forbearance of any of the rights, remedies, powers, privileges or defenses of Trustee.

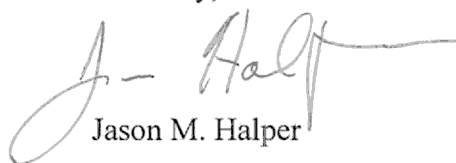
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<sup>1</sup> For purposes of this letter, we refer to the terms of the Pooling and Servicing Agreement (the “PSA”), dated as of November 1, 2005, for the CWALT Series 2005-67CB. Capitalized terms used but not defined herein shall have the meaning ascribed to them in the PSA.

CADWALADER

Jonathan Pickhardt  
November 30, 2018

Sincerely,



Jason M. Halper

# **EXHIBIT D**

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EXHIBIT 99.1

The Pooling and Servicing Agreement

EXECUTION COPY

=====

CWALT, INC.,

Depositor

COUNTRYWIDE HOME LOANS, INC.,

Seller

PARK GRANADA LLC,

Seller

PARK MONACO INC.,

Seller

PARK SIENNA LLC,

Seller

COUNTRYWIDE HOME LOANS SERVICING LP,

Master Servicer

and

THE BANK OF NEW YORK,

Trustee

-----

POOLING AND SERVICING AGREEMENT

Dated as of October 1, 2006

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ALTERNATIVE LOAN TRUST 2006-J7

MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2006-J7

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THIS POOLING AND SERVICING AGREEMENT, dated as of October 1, 2006, among CWALT, INC., a Delaware corporation, as depositor (the "Depositor"), COUNTRYWIDE HOME LOANS, INC. ("Countrywide"), a New York corporation, as a seller (a "Seller"), PARK GRANADA LLC ("Park Granada"), a Delaware limited

liability company, as a seller (a "Seller"), PARK MONACO INC. ("Park Monaco"), a Delaware corporation, as a seller (a "Seller"), PARK SIENNA LLC ("Park Sienna"), a Delaware limited liability company, as a seller (a "Seller") COUNTRYWIDE HOME LOANS SERVICING LP, a Texas limited partnership, as master servicer (the "Master Servicer"), and THE BANK OF NEW YORK, a banking corporation organized under the laws of the State of New York, as trustee (the "Trustee").

WITNESSETH THAT

In consideration of the mutual agreements herein contained, the parties hereto agree as follows:

PRELIMINARY STATEMENT

The Depositor is the owner of the Trust Fund that is hereby conveyed to the Trustee in return for the Certificates. For federal income tax purposes, the Trust Fund (other than the Pre-funding Account and the Capitalized Interest Account) will consist of two, separate chains of real estate mortgage investment conduits ("REMICs").

The first chain of REMICs will relate solely to Loan Group 1 and consist of two REMICs (the "Group 1 Lower Tier REMIC" and the "Group 1 Master REMIC," respectively). Each Group 1 Certificate, other than the Class 1-A-R Certificate, will represent ownership of one or more regular interests in the Group 1 Master REMIC for purposes of the REMIC Provisions. The Class 1-A-R Certificate will represent ownership of the sole class of residual interest in the Group 1 Lower Tier REMIC and the Group 1 Master REMIC. The Group 1 Master REMIC will hold as assets the several classes of uncertificated Group 1 Lower Tier REMIC Interests (other than the Class G1-LTR-A-R Interest). The Group 1 Lower Tier REMIC will hold as assets all property of the Trust Fund relating to Group 1 (other than the Pre-funding Account and the Capitalized Interest Account). Each Group 1 Lower Tier REMIC Interest (other than the Class G1-LTR-A-R Interest) is hereby designated as a regular interest in the Group 1 Lower Tier REMIC. The latest possible maturity date of all REMIC regular interests created herein shall be the Latest Possible Maturity Date.

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The following table sets forth characteristics of the Group 1 Master REMIC Certificates, together with the minimum denominations and integral multiples in excess thereof in which such Classes shall be issuable (except one Residual Certificate representing the Tax Matters Person Certificate may be issued in a different amount):

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Class Designation	Initial Class Certificate Balance	Pass-Through Rate (per annum)	Minimum Denomination	Integral Multiples in Excess of Minimum
<S> Class 1-A-1	<C> \$ 79,091,000.00	<C> 6.25%	<C> \$25,000.00	<C> \$1.00
<S> Class 1-A-2	<C> \$ 50,168,000.00	<C> 6.25%	<C> \$25,000.00	<C> \$1.00

Class 1-A-3	\$ 3,061,000.00	6.25%	\$1,000.00	\$1.00
Class 1-A-4A-8 (1)(2)	\$ 4,791,000.00	5.50%	\$25,000.00	\$1.00
Class 1-A-4B-8 (1)	\$ 4,791,000.00 (3)	0.25%	\$25,000.00(4)	\$1.00(4)
Class 1-A-4C-8 (1)	\$ 4,791,000.00 (3)	0.25%	\$25,000.00(4)	\$1.00(4)
Class 1-A-4D-8 (1)	\$ 4,791,000.00 (3)	0.25%	\$25,000.00(4)	\$1.00(4)
Class 1-A-4A-9 (1)(2)	\$ 11,015,000.00	5.50%	\$25,000.00	\$1.00
Class 1-A-4B-9 (1)	\$ 11,015,000.00 (3)	0.25%	\$25,000.00(4)	\$1.00(4)
Class 1-A-4C-9 (1)	\$ 11,015,000.00 (3)	0.25%	\$25,000.00(4)	\$1.00(4)
Class 1-A-4D-9 (1)	\$ 11,015,000.00 (3)	0.25%	\$25,000.00(4)	\$1.00(4)
Class 1-X	\$ 151,692,330.00(3)	(5)	\$25,000.00(4)	\$1.00(4)
Class 1-PO	\$ 130,861.00	(6)	\$25,000.00	\$1.00
Class 1-A-R(7)	\$ 100.00	6.25%	(8)	(8)
Class 1-M	\$ 4,268,000.00	6.25%	\$25,000.00	\$1.00
Class 1-B-1	\$ 1,976,000.00	6.25%	\$25,000.00	\$1.00
Class 1-B-2	\$ 1,185,500.00	6.25%	\$25,000.00	\$1.00
Class 1-B-3	\$ 948,500.00	6.25%	\$100,000.00	\$1.00
Class 1-B-4	\$ 790,500.00	6.25%	\$100,000.00	\$1.00
Class 1-B-5	\$ 632,324.90	6.25%	\$100,000.00	\$1.00
Class 1-P	\$ 100.00(8)	0.00%(9)	(9)	(9)

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- (1) This Class of Group 1 Master REMIC regular interest will be uncertificated and will be held by the ES Grantor Trust. The ES Grantor Trust will initially issue the Class 1-A-4 Certificate, which will represent all the interests in the Class 1-A-4A-8, Class 1-A-4B-8, Class 1-A-4C-8, Class 1-A-4D-8, Class 1-A-4A-9, Class 1-A-4B-9, Class 1-A-4C-9 and Class 1-A-4D-9 Group 1 Master REMIC regular interests.
- (2) Principal payable to the Class 1-A-4A Interests and Realized Losses (and increases in Principal Balances attributable to Subsequent Recoveries) allocable to the Class 1-A-4A Interests shall be payable and allocable sequentially to the Class 1-A-4A-8 and Class 1-A-4A-9 Interests until their principal balances are reduced to zero.
- 3) This Class of Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on its Notional Amount.
- (4) Minimum denomination is based on the Notional Amount of such Class.

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- (5) The Pass-Through Rate for the Class 1-X Certificates for the Interest Accrual Period for any Distribution Date will be equal to the excess of (a) the Weighted Average Adjusted Net Mortgage Rate of the Non-Discount Mortgage Loans in Loan Group 1, over (b) 6.25%. The Pass-Through Rate for the Class 1-X Certificates for the Interest Accrual Period for the first Distribution Date is 0.53766% per annum.
- (6) The Class 1-PO Certificates are Principal Only Certificates and will not receive any distributions of interest.
- (7) The Class 1-A-R Certificates represent the sole Class of residual interest in the Group 1 Master REMIC.
- (8) The Class A-R Certificate shall be issued as two separate certificates, one with an initial Certificate Balance of \$99.99 and the Tax Matters Person Certificate with an initial Certificate Balance of \$0.01.

(9) The Class 1-P Certificates will also have a notional amount equal to the aggregate Stated Principal Balance of the Initial Mortgage Loans in Loan Group 1 with a Prepayment Charge in Loan Group 1. The Class 1-P Certificates are issuable in minimum notional amounts equal to a 20% Percentage Interest and any amount in excess thereof. For federal income tax purposes, the Class 1-P Certificates will be entitled to 100% of all the amounts payable with respect to the Class G1-LTR-1-P Group 1 Lower Tier REMIC Interest.

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The following table specifies the class designation, interest rate, and principal amount for each class of Group 1 Lower Tier REMIC Interests:

Group 1 Lower Tier REMIC Interest Designation	Initial Principal Balance	Interest Rate	Corresponding Group 1 Master REMIC Certificate
G1-LTR- 1-A-1	\$ 79,091,000.00	6.25%	Class 1-A-1
G1-LTR- 1-A-2	\$ 50,168,000.00	6.25%	Class 1-A-2
G1-LTR- 1-A-3	\$ 3,061,000.00	6.25%	Class 1-A-3
G1-LTR- 1-A-4-8	\$ 4,791,000.00	6.25%	Class 1-A-4A-8, Class 1-A-4B-8, Class 1-A-4C-8, Class 1-A-4D-8 (1)
G1-LTR- 1-A-4-9	\$ 11,015,000.00	6.25%	Class 1-A-4A-9, Class 1-A-4B-9, Class 1-A-4C-9, Class 1-A-4D-9 (2)
G1-LTR- 1-X	(3)	(4)	Class 1-X
G1-LTR- 1-PO	\$ 130,861.00	(5)	Class 1-PO
G1-LTR-\$100	\$ 100.00	6.25%	Class 1-A-R
G1-LTR- 1-M	\$ 4,268,000.00	6.25%	Class 1-M
G1-LTR- 1-B-1	\$ 1,976,000.00	6.25%	Class 1-B-1
G1-LTR- 1-B-2	\$ 1,185,500.00	6.25%	Class 1-B-2
G1-LTR- 1-B-3	\$ 948,500.00	6.25%	Class 1-B-3
G1-LTR- 1-B-4	\$ 790,500.00	6.25%	Class 1-B-4
G1-LTR- 1-B-5	\$ 632,324.90	6.25%	Class 1-B-5
G1-LTR- 1-P	\$ 100.00	(4)(6)	Class 1-P
G1-LTR- 1-A-R	(7)	(7)	N/A

(1) For each Distribution Date, each Class 1-A-4B-8, Class 1-A-4C-8 and Class 1-A-4D-8 Group 1 Master REMIC Interest is entitled to a portion of the interest payable on the Class G1-LTR-1-A-4-8 Group 1 Lower Tier REMIC Interest. Specifically, for each Distribution Date, each Class 1-A-4B-8, Class 1-A-4C-8 and Class 1-A-4D-8 Group 1 Master REMIC Interest is entitled to the interest payable on the Class G1-LTR-1-A-4-8 Group 1 Lower Tier REMIC Interest at a per annum rate equal to 0.25%.

(2) For each Distribution Date, each Class 1-A-4B-9, Class 1-A-4C-9 and Class 1-A-4D-9 Group 1 Master REMIC Interest is entitled to a portion of the interest payable on the Class G1-LTR-1-A-4-9 Group 1 Lower Tier REMIC Interest. Specifically, for each Distribution Date, each Class 1-A-4B-9, Class 1-A-4C-9 and Class 1-A-4D-9 Group 1 Master REMIC Interest is entitled to the interest payable on the Class G1-LTR-1-A-4-9 Group 1 Lower Tier REMIC Interest at a per annum rate equal to 0.25%.

(3) This Class of Group 1 Lower Tier REMIC Interest pays no principal.

(4) The G1-LTR-1-X Group 1 Lower Tier REMIC Interest is entitled to receive on each Distribution Date a specified portion of the interest payable on each Group 1 Non-Discount Mortgage Loan equal to all of the interest payable on such mortgage loan in excess of an Adjusted Net Mortgage Rate of 6.25%.

(5) This Class of Group 1 Lower Tier REMIC Interest pays no interest.

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(6) For each Distribution Date, the Class G1-LTR- 1-P Group 1 Lower Tier REMIC Interest is entitled to all Prepayment Charges collected with respect to the Group 1 Mortgage Loans.

(7) The Class G1-LTR-1-A-R Group 1 Lower Tier REMIC Interest represents the sole Class of residual interest in the Group 1 Lower Tier REMIC Interest.

On each Distribution Date, the Loan Group 1 Available Funds shall be distributed with respect to the Group 1 Lower Tier REMIC Interests in the following manner:

(1) Interest is to be distributed with respect to each Group 1 Lower Tier REMIC Interest at the rate, or according to the formulas, described above; and

(2) Principal is to be distributed with respect to each Group 1 Lower Tier REMIC Interest in the same manner and in the same amount as principal is distributed with respect to each Group 1 Lower Tier REMIC Interest's Corresponding Class or Classes of Certificates.

On each Distribution Date, Realized Losses (and increases in Principal Balances attributable to Subsequent Recoveries) shall be allocated among the Group 1 Lower Tier REMIC Interests in the same manner that Realized Losses (and increases in Class Certificate Balances attributable to Subsequent Recoveries) are allocated among each Group 1 Lower Tier REMIC Interest's Corresponding Class or Classes of Certificates.

The foregoing REMIC structure is intended to cause all of the cash from the Group 1 Mortgage Loans to flow through to the Group 1 Master REMIC as cash flow on a REMIC regular interest, without creating any shortfall-actual or potential (other than for credit losses) to any REMIC regular interest.

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The second chain of REMICs will relate solely to Loan Group 2 and will consist of two REMICs (the "Group 2 Lower Tier REMIC" and the "Group 2 Master REMIC," respectively). Each Group 2 Certificate, other than the Class 2-A-R Certificates, will represent ownership of one or more regular interests in the Group 2 Master REMIC for purposes of the REMIC Provisions. The Class 2-A-R Certificates will represent ownership of the sole class of residual interest in the Group 2 Lower Tier REMIC and the Group 2 Master REMIC. The Group 2 Master REMIC will hold as assets the several classes of uncertificated Group 2 Lower Tier REMIC Interests (other than the Class G2-LTR-A-R Interest). The Group 2 Lower Tier REMIC will hold as assets all property of the Trust Fund relating to Group 2. Each Group 2 Lower Tier REMIC Interest (other than the Class G2-LTR-A-R Interest) is hereby designated as a regular interest in the Group 2 Lower Tier REMIC .

The following table sets forth characteristics of the Group 2 Master REMIC Certificates, together with the minimum denominations and integral multiples in excess thereof in which such Classes shall be issuable (except



that one Residual Certificate representing the Tax Matters Person Certificate may be issued in a different amount):

<TABLE>  
<CAPTION>

in	Pass-Through Initial Class	Rate	Minimum	Integral Multiples
Class Designation	Certificate Balance	(per annum)	Denomination	Excess of Minimum
<S>	<C>	<C>	<C>	<C>
Class 2-A-1	\$ 132,377,000.00	(1)	\$25,000.00	\$1.00
Class 2-A-2	\$ 33,094,000.00	(1)	\$25,000.00	\$1.00
Class 2-X-1	\$ 165,471,000.00(1)	0.600%	\$25,000.00(2)	\$1.00(2)
Class 2-X-2A	\$ 165,471,000.00(3)	(4)	\$25,000.00(2)	\$1.00(2)
Class 2-X-2B	\$ 30,352,992.00(3)	(5)	\$25,000.00	\$1.00
Class 2-A-R(6)	\$ 100.00	(7)	(8)	(8)
Class 2-M-1	\$ 5,874,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-2	\$ 5,385,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-3	\$ 1,958,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-4	\$ 1,958,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-5	\$ 1,958,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-6	\$ 1,468,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-7	\$ 979,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-8	\$ 979,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-9	\$ 1,468,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-10	\$ 3,035,000.00	(9)	\$25,000.00	\$1.00
Class 2-M-11	\$ 1,174,000.00	(9)	\$25,000.00	\$1.00
Class 2-B-1	\$ 979,000.00	(9)	\$100,000.00	\$1.00
Class 2-B-2	\$ 587,000.00	(9)	\$100,000.00	\$1.00
Class 2-B-3	\$ 2,550,992.92	(9)	\$100,000.00	\$1.00
Class 2-P	\$ 100.00(9)	0.00%(10)	(10)	(10)

</TABLE>

(1) The Pass-Through Rate for the Class 2-A-1 and Class 2-A-2 Certificates for the Interest Accrual Period for any Distribution Date will be a per annum rate equal to the lesser of (1) COFI plus 1.500% and (2) the related Net Rate Cap. The Pass-Through Rate for the Interest Accrual Period for the first Distribution Date is 5.777%.

(2) Minimum denomination is based on the Notional Amount of such Class

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(3) The Class 2-X-2A and Class 2-X-2B Certificates initially will have no Class Certificate Balances and will bear interest on the Component Notional Amounts of their respective Notional Amount Components. Solely for federal income tax purposes: (i) the Class 2-X-2A Certificates will have a notional balance equal to the sum of the principal balances in respect of the Class G2-LTR-SR and Class G2-LTR-X-1 Accrual Interests and (ii) the Class 2-X-2B Certificates will have a notional balance equal to the sum of the principal balances in respect of the Class G2-LTR-SB and Class G2-LTR-X-2 Accrual Interests.

- (4) The Pass-Through Rate Class 2-X-2A-IO Component for the Interest Accrual Period related to any Distribution Date will be a per annum rate equal to, the excess, if any, of (x) the Weighted Average Adjusted Net Mortgage Rate for the Group 2 Mortgage Loans minus 0.600%, over (y) the Weighted Average Pass-Through Rate of the Class 2-A-1 and Class 2-A-2 Certificates and the Class 2-X-2A-PO Component for the related Interest Accrual Period. The Pass-Through Rate for the Class 2-X-2A-IO Components for the Interest Accrual Period for the first Distribution Date will be 0.61564% per annum.

For federal income tax purposes, for each Interest Accrual Period for any Distribution Date, the Class 2-X-2A Certificates are entitled a specified portion of the interest on the Class G2-LTR-SR and Class G2-LTR-X-1 Accrual Interests equal to the excess of (a) the Net Rate Cap over (b) the product of two and the weighted average interest rate of the Class G2-LTR-SR and Class G2-LTR-X-1 Accrual Interests with each Interest (other than the Class GT-LTR-X-1 Accrual Interest) subject to a cap equal to the Pass-Through Rate of the corresponding Certificate Class plus .60% and the Class G2-LTR-X-1 Accrual Interest subject to a cap of 0.00%. The amounts so calculated shall be a rate sufficient to entitle the Class 2-X-2A Certificates to all interest accrued on the Class G2-LTR-SR and Class G2-LTR-X-1 Accrual Interests less the interest accrued on the Class 2-A-1A and Class 2-A-2 Certificates.

- (5) The Pass-Through Rate for the Class 2-X-2B-IO Component for the Interest Accrual Period related to any Distribution Date will be a per annum rate equal to the excess, if any, of (x) the Weighted Average Adjusted Net Mortgage Rate for the Group 2 Mortgage Loans over (y) the Weighted Average Pass-Through Rate of the Group 2 Subordinate Certificates (calculated on the basis of a 360-day year divided into twelve 30-day months) and the Class 2-X-2B-PO Component for the related Interest Accrual Period. The Pass-Through Rate for the Class 2-X-2B-IO Component for the Interest Accrual Period for the first Distribution Date will be 2.47630% per annum.

For federal income tax purposes, for each Interest Accrual Period for any Distribution Date, the Class 2-X-2B Certificates are entitled a specified portion of the interest on the Class G2-LTR-SB and Class G2-LTR-X-2 Accrual Interests equal to the excess of (a) the Net Rate Cap over (b) the product of two and the weighted average interest rate of the Class Class G2-LTR-SB and Class G2-LTR-X-2 Accrual Interests with each Interest (other than the Class GT-LTR-X-2 Accrual Interest) subject to a cap equal to the Pass-Through Rate of the corresponding Certificate Class and the Class G2-LTR-X-2 Accrual Interest subject to a cap of 0.00%. The amounts so calculated shall be a rate sufficient to entitle the Class 2-X-2B Certificates to all interest accrued on the Class G2-LTR-SB and Class G2-LTR-X-2 Accrual Interests less the interest accrued on the Class 2-M and Class 2-B Certificates.

- (6) The Class 2-A-R Certificates represent the sole Class of residual interest in the Group 2 Master REMIC.
- (7) The Pass-Through Rate of the Class 2-A-R Certificates for the Interest Accrual Period related to each Distribution Date will be a per annum rate equal to the Weighted Average Adjusted Net Mortgage

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Rate of the Mortgage Loans in Loan Group 2. The Pass-Through Rate for the Class 2-A-R Certificates for the Interest Accrual Period related to the first Distribution Date is 6.99264% per annum.

- (8) The Class 2-A-R Certificate shall be issued as two separate certificates, one with an initial Certificate Balance of \$99.99 and the Tax Matters Person Certificate with an initial Certificate Balance of \$0.01.
- (9) Each Class of LIBOR Certificates will bear interest during each Interest Accrual Period at a per annum rate equal to the lesser of (i) One-Month LIBOR, plus the applicable Pass-Through Margin for such Class, and (ii) the related Net Rate Cap.
- (10) The Class 2-P Certificates will also have a notional amount equal to the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 with a Prepayment Charge. The Class 2-P Certificates are issuable in minimum notional amounts equal to a 20% Percentage Interest and any amount in excess thereof. For federal income tax purposes, the Class 2-P Certificates will be entitled to 100% of all the amounts payable with respect to the Class G2-LTR-2-P Group 2 Lower Tier REMIC Interest.

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The following table specifies the Class designation, interest rate, and principal amount for each Class of G2 Lower Tier REMIC Interest:

G2 Lower Tier REMIC Interest	Initial Principal Balance	Interest Rate	Corresponding Group 2 Master REMIC Certificate
G2-LTR-SR-2-A-1	(1)	(3)	Class 2-A-1, Class 2-X-1 (6)
G2-LTR-SR-2-A-2	(1)	(3)	Class 2-A-2, Class 2-X-1 (6)
G2-LTR-X-1 Accrual	(1)	(3)	N/A
G2-LTR-\$100	\$100	(3)	Class 2-A-R
G2-LTR-SB-M-1	(2)	(3)	Class 2-M-1
G2-LTR-SB-M-2	(2)	(3)	Class 2-M-2
G2-LTR-SB-M-3	(2)	(3)	Class 2-M-3
G2-LTR-SB-M-4	(2)	(3)	Class 2-M-4
G2-LTR-SB-M-5	(2)	(3)	Class 2-M-5
G2-LTR-SB-M-6	(2)	(3)	Class 2-M-6
G2-LTR- SB-M-7	(2)	(3)	Class 2-M-7
G2-LTR- SB-M-8	(2)	(3)	Class 2-M-8
G2-LTR- SB-M-9	(2)	(3)	Class 2-M-9
G2-LTR- SB-M-10	(2)	(3)	Class 2-M-10
G2-LTR- SB-M-11	(2)	(3)	Class 2-M-11
G2-LTR- SB-B-1	(2)	(3)	Class 2-B-1
G2-LTR- SB-B-2	(2)	(3)	Class 2-B-2
G2-LTR- SB-B-3	(2)	(3)	Class 2-B-3
G2-LTR- X-2 Accrual	(2)	(3)	N/A
G2-LTR-2-P	\$100.00	(4)	Class 2-P
G2-LTR-2-A-R	(5)	(5)	N/A

- (1) Each Class G2-LTR-SR Interest has a principal balance that is initially equal to 50% of its Corresponding Certificate Class issued by the Group 2 Master REMIC. The Class G2-LTR-X-1 Accrual Interest has a principal balance that is initially equal to the aggregate of the initial principal balances of the Class G2-LTR-SR Interests.
- (2) Each Class G2-LTR-SB Interest has a principal balance that is initially equal to 50% of its Corresponding Certificate Class issued by the Master REMIC. The Class G2-LTR-X-2 Accrual Interest has a principal balance that

is initially equal to the aggregate of the initial principal balances of the Class G2-LTR-SB Interests.

- (3) The interest rate with respect to any Distribution Date (and the related Interest Accrual Period) for this G2-LTR REMIC Interest is a per annum rate equal to the Net Rate Cap.
- (4) The Class G2-LTR-2-P Interest is entitled all Prepayment Charges paid on the Mortgage Loans and all Master Servicer Prepayment Charge Amounts.

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- (5) The Class G2-LTR-2-A-R Interest is the sole Class of residual interest in the G2-LTR REMIC. It pays no interest or principal.
- (6) For each Interest Accrual Period for any Distribution Date, the Class 2-X-1 Certificates are entitled a specified portion of the interest payable on this Class G2-LTR-SR Interest at a rate equal to 1.20% per annum.

On each Distribution Date, the Available Funds payable with respect to the Mortgage Loans and all prepayment charges and Master Servicer Prepayment Charge Amounts for such Distribution Date shall be distributed with respect to the G2-LTR REMIC Interests in the following manner:

(1) Interest. Interest is to be distributed with respect to each G2-LTR REMIC Interest at the rate, or according to the formulas, described above; and

(2) Principal. Principal payments, both scheduled and prepaid, Realized Losses, Subsequent Recoveries and interest accruing on the Mortgage Loans will be allocated (a) to each Class G2-LTR-SR and G2-LTR-SB Interest so as to maintain its size relative to its Corresponding Certificate Class (that is, 50%) with any excess payments of principal, Realized Losses, Subsequent Recoveries and interest accruing on the Mortgage Loans being allocated (b) to (i) the Class G2-LTR -X-1 Accrual Interest so as to cause the principal balance of the Class G2-LTR -X-1 Accrual Interest to have a principal balance equal to (A) the aggregate principal balance of the Class G2-LTR -SR Interests plus (B) 100% of the Net Deferred Interest allocated to the Class 2-X-2A-PO Component of the Class 2-X-2A Certificates and, if any, 100% of the Net Deferred Interest allocated to the Class 2-X-1 Certificates and (ii) the Class G2-LTR-X-2-Accrual Interest so as to cause the principal balance of the Class G2-LTR -X-2 Accrual Interest to have a principal balance equal to (A) the principal balance of the Class G2-LTR-SB Interests plus (B) 100% of the Net Deferred Interest allocated to the Class 2-X-2B PO Component of the Class 2-X-2B Certificates.

(3) Any Prepayment Charges paid on the Mortgage Loans and any Master Servicer Prepayment Charge Amounts will be allocated to the Class G2-LTR-2-P Interest.

The foregoing REMIC structure is intended to cause all of the cash from the Group 2 Mortgage Loans to flow through to the Group 2 Master REMIC as cash flow on a REMIC regular interest, without creating any shortfall-actual or potential (other than for credit losses) to any REMIC regular interest.

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Set forth below are designations of Classes or Components of Certificates and other defined terms to the categories used herein:

<TABLE>  
<CAPTION>

<p>&lt;S&gt; Accretion Directed Certificates.....</p> <p>Accretion Directed Components.....</p> <p>Accrual Certificates.....</p> <p>Accrual Components.....</p> <p>Book-Entry Certificates..... Physical Certificates.</p> <p>COFI Certificates.....</p> <p>Combined Certificates.....</p> <p>Component Certificates.....</p>	<p>&lt;C&gt; None.</p> <p>None.</p> <p>None.</p> <p>None.</p> <p>All Classes of Certificates other than the</p> <p>Class 2-A-1 and Class 2-A-2 Certificates.</p> <p>None.</p> <p>Class 2-X-2A and Class 2-X-2B Certificates.</p>
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principal and/or interest,  
comprised of multiple  
Initial Component Principal  
applicable, and

For purposes of calculating distributions of  
each Class of Component Certificates will be  
payment components having the Designations,  
Balances and Component Notional Amounts, as  
Pass-Through Rates set forth below:

Pass-Through Rate	Designation	Initial Component Principal Balance	Closing Date Component Notional Amount
----	-----	-----	-----
(1)	Class 2-X-2A-IO	N/A	\$165,471,000
(2)	Class 2-X-2B-IO	N/A	\$ 30,352,992
0%	Class 2-X-2A-PO	\$0	N/A
0%	Class 2-X-2A-PO	\$0	N/A

Distribution Date, a per  
the Weighted Average  
Mortgage Loans weighted on  
thereof as of the Due Date  
to Prepayments  
prior Due Date) minus  
Through Rate of the COFI

(1) For the Interest Accrual Period for each  
annum rate equal to the excess, if any, of (x)  
Adjusted Net Mortgage Rate for the Group 2  
the basis of the Stated Principal Balances  
in the prior calendar month (after giving effect  
received in the Prepayment Period related to such  
0.600%, over (y) the weighted average Pass-

Certificates and the Class 2-X-2A-PO Component.

(2) For the Interest Accrual Period for each annum rate equal to the excess, if any of (x) the Adjusted Net Mortgage Rate for the Group 2 the basis of the Stated Principal Balances in the preceding calendar month (after giving received in the Prepayment Period related to such (y) the weighted average Pass-Through Rate of the (calculated on the basis of a 360-day year months) and the Class 2-X-2B-PO Component for the Accrual Period.

Distribution Date, a per Weighted Average Mortgage Loans weighted on thereof as of the Due Date effect to Prepayments prior Due Date) over LIBOR Certificates divided into twelve 30-day related Interest

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Components.....	The Notional Amount Components and Principal Only Components. The Components are not separately transferable from the related Class of Certificates.
Delay Certificates..... other than the Non-Delay	All interest-bearing Classes of Certificates Certificates, if any.
Depositible Certificates..... 1-A-4 Certificates.	Class 1-A-1, Class 1-A-2, Class 1-A-3 and Class 1-A-4 Certificates.
ERISA-Restricted Certificates..... A-1 and Class 2-X Certificates) and any Certificate of rating requirement under	The Group 2 Certificates (other than the Class 2-Residual Certificates and Private Certificates; a Class that ceases to satisfy the applicable the Underwriter's Exemption.
Exchangeable Certificates..... 8, Class 1-A-9, Class 1-A-10, Certificates.	Class 1-A-5, Class 1-A-6, Class 1-A-7, Class 1-A-8, Class 1-A-9, Class 1-A-10, Class 1-A-11, Class 1-A-12 and Class 1-A-13
Floating Rate Certificates.....	The COFI Certificates and the LIBOR Certificates.
Group 1 Certificates..... Subordinated Certificates.	Group 1 Senior Certificates and the Group 1
Group 1 Senior Certificates..... 4, Class 1-A-5, Class 1-A-6, 10, Class 1-A-11, and Class 1-A-R	Class 1-A-1, Class 1-A-2, Class 1-A-3, Class 1-A-4, Class 1-A-5, Class 1-A-6, Class 1-A-7, Class 1-A-8, Class 1-A-9, Class 1-A-10, Class 1-A-11, Class 1-A-12, Class 1-A-13, Class 1-X, Class 1-PO

Certificates.

Group 1 Subordinated Certificates..... Class 1-B-4 and Class 1-B-5	Class 1-M, Class 1-B-1, Class 1-B-2, Class 1-B-3, Certificates
Group 2 Certificates..... Subordinated Certificates.	Group 2 Senior Certificates and the Group 2
Group 2 Senior Certificates..... Class 2-A-1, Class 2-A-2, Class 2-X-1, Class 2-X-2A, Class 2-X-2B and	Class 2-A-R Certificates.
Group 2 Subordinated Certificates..... 4, Class 2-M-5, Class 2-M-6, 10, Class 2-M-11, Class 2-B-1,	Class 2-M-1, Class 2-M-2, Class 2-M-3, Class 2-M-4, Class 2-M-7, Class 2-M-8, Class 2-M-9, Class 2-M-10, Class 2-B-2 and Class 2-B-3 Certificates
Inverse Floating Rate Certificates.....	None.
LIBOR Certificates.....	The Group 2 Subordinated Certificates.
Non-Delay Certificates.....	LIBOR Certificates.
Notional Amount Certificates..... Certificates.	Class 1-A-13, Class 1-X-1 and Class 2-X-1
Notional Amount Components..... Component.	Class 2-X-2A-IO Component and Class 2-X-2B-IO

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Offered Certificates..... Private Certificates.	All Classes of Certificates other than the
Physical Certificates..... Certificates.	Private Certificates and the Residual
Planned Principal Classes.....	None.
Principal Only Certificates or Class PO Certificates.....	Class 1-PO Certificates.
Principal Only Components..... Component.	Class 2-X-2A-PO Component and Class 2-X-2B-PO
Private Certificates..... Class 1-B-5, Class 2-B-1, Class	Class 1-P, Class 2-P, Class 1-B-3, Class 1-B-4, 2-B-2 and Class 2-B-3 Certificates.
Rating Agencies.....	S&P and Moody's.
Regular Certificates..... Residual Certificates.	All Classes of Certificates, other than the
Residual Certificates.....	Class A-R Certificates.
Scheduled Principal Classes.....	None.
Senior Certificate Group..... Senior Certificates,	The Group 1 Senior Certificates or the Group 2 as applicable.

Senior Certificates.....	The Group 1 Senior Certificates and the Group 2 Senior Certificates.
Subordinated Certificates.....	The Group 1 Subordinated Certificates and the Group 2 Subordinated Certificates.
Targeted Principal Classes.....	None.
Underwriter.....	Countrywide Securities Corporation.

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With respect to any of the foregoing designations as to which the corresponding reference is "None," all defined terms and provisions herein relating solely to such designations shall be of no force or effect, and any calculations herein incorporating references to such designations shall be interpreted without reference to such designations and amounts. Defined terms and provisions herein relating to statistical rating agencies not designated above as Rating Agencies shall be of no force or effect.

If the aggregate Stated Principal Balance of the Initial Mortgage Loans in Loan Group 1 and Loan Group 2 on the Closing Date is equal to or greater than the aggregate Class Certificate Balance of the Group 1 Certificates and Group 2 Certificates, as of such date, all references herein to "Aggregate Supplemental Purchase Amount", "Aggregate Supplemental Transfer Amount", "Capitalized Interest Account", "Capitalized Interest Requirement", "Funding Period", "Funding Period Distribution Date", "Remaining Pre-funded Amount", "Remaining Non-PO Pre-funded Amount", "Remaining PO Pre-funded Amount", "Pre-funded Amount", "Supplemental Cut-off Date", "Pre-funding Account", "Supplemental Mortgage Loan", "Supplemental Transfer Agreement" and "Supplemental Transfer Date"

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with respect to each Loan Group, as applicable, shall be of no force or effect and all provisions herein related thereto shall similarly be of no force or effect.

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ARTICLE I  
DEFINITIONS

SECTION 1.01. Defined Terms.

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

Account: The Escrow Account, the Certificate Account, the Distribution Account, the Pre-funding Account, the Capitalized Interest Account, the Carryover Shortfall Reserve Fund, the ES Grantor Trust, the Principal Reserve Fund or any other account related to the Trust Fund or the Mortgage Loans.

Accretion Directed Certificates: As specified in the Preliminary Statement.

Accretion Direction Rule: Not applicable.



Accrual Amount: With respect to any Class of Accrual Certificates or any Accrual Component and any Distribution Date prior to the related Accrual Termination Date, the amount allocable to interest on such Class of Accrual Certificates or Accrual Component with respect to such Distribution Date pursuant to Section 4.02(a).

Accrual Certificates: As specified in the Preliminary Statement.

Accrual Components: As specified in the Preliminary Statement.

Accrual Termination Date: Not applicable.

Additional Designated Information: As defined in Section 11.02.

Adjusted Mortgage Rate: As to each Mortgage Loan, and at any time, the per annum rate equal to the Mortgage Rate less the Master Servicing Fee Rate.

Adjusted Net Mortgage Rate: As to each Mortgage Loan, and at any time, the per annum rate equal to the Mortgage Rate less the sum of the Trustee Fee Rate and the Master Servicing Fee Rate. For purposes of determining whether any Substitute Mortgage Loan in Loan Group 1 is a Discount Mortgage Loan or a Non-Discount Mortgage Loan and for purposes of calculating the applicable PO Percentage and the applicable Non-PO Percentage, each Substitute Mortgage Loan shall be deemed to have an Adjusted Net Mortgage Rate equal to the Adjusted Net Mortgage Rate of the Deleted Mortgage Loan for which it is substituted.

Adjusted Rate Cap: With respect to the COFI Certificates for any Distribution Date, the excess, if any, of (1) the related Net Rate Cap for that Distribution Date, over (2) a fraction, the numerator of which is equal to the product of (x) 12 and (y) the amount of Net Deferred Interest for that Distribution Date, and (ii) the denominator of which is the aggregate Stated Principal Balance of the Group 2 Mortgage Loans as of the first day of the related Due Period (after giving effect to Principal Prepayments received in the Prepayment Period ending during such Due Period).

With respect to the LIBOR Certificates for any Distribution Date, the excess, if any, of (1) the related Net Rate Cap for that Distribution Date, over (2) a fraction, expressed as a percentage, (i)

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the numerator of which is equal to the product of (a) a fraction, the numerator of which is 360 and the denominator of which is the actual number of days in the related Interest Accrual Period, and (b) the amount of Net Deferred Interest for that Distribution Date, and (ii) the denominator of which is the aggregate Stated Principal Balance of the Group 2 Mortgage Loans as of the first day of the related Due Period (after giving effect to Principal Prepayments received in the Prepayment Period ending during such Due Period).

With respect to the for each of the Class 2-X-2A-IO and Class 2-X-2B-IO Components and any Distribution Date, the Pass-Through Rate for such IO Component computed for this purpose by (1) reducing the Weighted Average Adjusted Net Mortgage Rate of the Group 2 Mortgage Loans by a per annum rate equal to (A) the product of (i) the Net Deferred Interest for the Group 2 Mortgage Loans for such Distribution Date and (ii) 12, divided by (2) the aggregate Stated Principal Balance of the Group 2 Mortgage Loans as of the first day of the related Due Period (after giving effect to Principal Prepayments received in the Prepayment Period ending during such Due Period) month prior to such Distribution Date, and (B) computing the Pass-Through

Rates of the COFI Certificates, in the case of the Class 2-X-2A-IO Component, and the Subordinated Certificates, in the case of the Class 2-X-2B-IO Component, by substituting "Adjusted Rate Cap" for "Net Rate Cap" in the calculation thereof.

Advance: As to a Loan Group, the payment required to be made by the Master Servicer with respect to any Distribution Date pursuant to Section 4.01, the amount of any such payment being equal to the aggregate of payments of principal and interest on the Mortgage Loans in such Loan Group that were due on the related Due Date and not received by the Master Servicer as of the close of business on the related Determination Date, together with an amount equivalent to interest on each Mortgage Loan as to which the related Mortgaged Property is an REO Property (net of any net income from such REO Property), less the aggregate amount of any such delinquent payments that the Master Servicer has determined would constitute a Nonrecoverable Advance, if advanced.

Aggregate Planned Balance: With respect to any group of Planned Principal Classes or Components and any Distribution Date, the amount set forth for such group for such Distribution Date in Schedule V hereto.

Aggregate Supplemental Purchase Amount: With respect to any Supplemental Transfer Date and Loan Group 1, the applicable "Aggregate Supplemental Purchase Amount" identified in the related Supplemental Transfer Agreement for such Loan Group, which shall be an estimate of the aggregate Stated Principal Balances of the Supplemental Mortgage Loans to be included in such Loan Group identified in such Supplemental Transfer Agreement.

Aggregate Supplemental Transfer Amount: With respect to any Supplemental Transfer Date and Loan Group 1, the aggregate Stated Principal Balance as of the related Supplemental Cut-off Date of the Supplemental Mortgage Loans to be included in such Loan Group conveyed on such Supplemental Transfer Date, as listed on the revised Mortgage Loan Schedule delivered pursuant to Section 2.01(f); provided, however, that such amount shall not exceed the amount on deposit in the Pre-funding Account allocated to purchasing Supplemental Mortgage Loans for such Loan Group.

Aggregate Targeted Balance: With respect to any group of Targeted Principal Classes or Components and any Distribution Date, the amount set forth for such group for such Distribution Date in Schedule V hereto.

Agreement: This Pooling and Servicing Agreement and all amendments or supplements hereto.

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Allocable Share: As to any Distribution Date and any Mortgage Loan in Loan Group 1 (i) with respect to the Class 1-PO Certificates, zero, (ii) with respect to the Class 1-X Certificates, (a) the ratio that the excess, if any, of the Adjusted Net Mortgage Rate with respect to such Mortgage Loan, over the related Required Coupon bears to such Adjusted Net Mortgage Rate or (b) if the Adjusted Net Mortgage Rate with respect to such Mortgage Loan does not exceed the related Required Coupon, zero and (iii) with respect to each other Class of Certificates the product of (a) the lesser of (I) the ratio that the related Required Coupon bears to the Adjusted Net Mortgage Rate of such Mortgage Loan and (II) one, multiplied by (b) the ratio that the amount calculated with respect to such Distribution Date, pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)) bears to the amount calculated with respect to such Distribution Date for each Class of Group 1 Certificates pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)). As to any Distribution Date, any Mortgage

Loan in Loan Group 2 and any Group 2 Certificate, the ratio that the amount calculated with respect to such Distribution Date, pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)) bears to the aggregate amount calculated with respect to such Distribution Date for each such Class of Group 2 Certificates pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)).

Amount Available for Senior Principal: As to any Distribution Date and any Loan Group, Available Funds for such Distribution Date and Loan Group, reduced by the aggregate amount distributable (or allocable to a related Accrual Amount, if applicable) on such Distribution Date in respect of interest on the related Senior Certificates pursuant to Section 4.02(a).

Amount Held for Future Distribution: As to any Distribution Date and Mortgage Loans in a Loan Group, the aggregate amount held in the Certificate Account at the close of business on the related Determination Date on account of (i) Principal Prepayments received after the related Prepayment Period and Liquidation Proceeds and Subsequent Recoveries received in the month of such Distribution Date relating to such Loan Group and (ii) all Scheduled Payments due after the related Due Date relating to such Loan Group.

Applicable Credit Support Percentage: As defined in Section 4.02(e).

Appraised Value: With respect to any Mortgage Loan, the Appraised Value of the related Mortgaged Property shall be: (i) with respect to a Mortgage Loan other than a Refinancing Mortgage Loan, the lesser of (a) the value of the Mortgaged Property based upon the appraisal made at the time of the origination of such Mortgage Loan and (b) the sale price of the Mortgaged Property at the time of the origination of such Mortgage Loan; (ii) with respect to a Refinancing Mortgage Loan other than a Streamlined Documentation Mortgage Loan, the value of the Mortgaged Property based upon the appraisal made-at the time of the origination of such Refinancing Mortgage Loan; and (iii) with respect to a Streamlined Documentation Mortgage Loan, (a) if the loan-to-value ratio with respect to the Original Mortgage Loan at the time of the origination thereof was 80% or less and the loan amount of the new mortgage loan is \$650,000 or less, the value of the Mortgaged Property based upon the appraisal made at the time of the origination of the Original Mortgage Loan and (b) if the loan-to-value ratio with respect to the Original Mortgage Loan at the time of the origination thereof was greater than 80% or the loan amount of the new loan being originated is greater than \$650,000, the value of the Mortgaged Property based upon the appraisal (which may be a drive-by appraisal) made at the time of the origination of such Streamlined Documentation Mortgage Loan.

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Available Funds: As to any Distribution Date and the Mortgage Loans in a Loan Group, the sum of (a) the aggregate amount held in the Certificate Account at the close of business on the related Determination Date, including any Subsequent Recoveries, in respect of such Mortgage Loans, net of the related Amount Held for Future Distribution, net of the related Prepayment Charges received and net of amounts permitted to be withdrawn from the Certificate Account pursuant to clauses (i) - (viii), inclusive, of Section 3.08(a) in respect of such Mortgage Loans and amounts permitted to be withdrawn from the Distribution Account pursuant to clauses (i) - (v), inclusive, of Section 3.08(b) in respect of such Mortgage Loans, (b) the amount of the related Advance, (c) in connection with Defective Mortgage Loans in such Loan Group, as applicable, the aggregate of the Purchase Prices and Substitution Adjustment Amounts deposited on the related Distribution Account Deposit Date, (d) with respect to Loan Group 1, on each Funding Period Distribution Date, the amount, if any, transferred from the Capitalized

Interest Account in respect of the applicable Capitalized Interest Requirement with respect to such Loan Group, and (e) with respect to Loan Group 1, on the last Funding Period Distribution Date, the amount, if any, transferred from the Pre-funding Account representing the Remaining Non-PO Pre-funded Amount and the applicable Remaining PO Pre-funded Amount, if any. The Holders of the Class 1-P and Class 2-P Certificates will be entitled to all Prepayment Charges received on the Mortgage Loans in Loan Group 1 and Loan Group 2, respectively, and such amounts will not be available for distribution to the Holders of any other Class of Certificates.

Bankruptcy Code: The United States Bankruptcy Reform Act of 1978, as amended.

Book-Entry Certificates: As specified in the Preliminary Statement.

Business Day: Any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the City of New York, New York, or the States of California or Texas or the city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed.

Capitalized Interest Account: The separate Eligible Account designated as such and created and maintained by the Trustee pursuant to Section 3.05(h) hereof. The Capitalized Interest Account shall be treated as an "outside reserve fund" under applicable Treasury regulations and shall not be part of the REMIC. Except as provided in Section 3.05(h) hereof, any investment earnings on the amounts on deposit in the Capitalized Interest Account shall be treated as owned by the Depositor and will be taxable to the Depositor.

Capitalized Interest Requirement: With respect to each Funding Period Distribution Date and Loan Group 1, the excess, if any, of (a) the sum of (1) the amount calculated pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount for each Class of Group 1 Certificates for such Distribution Date, plus (2) the Trustee Fee allocated to Loan Group 1, over (b) with respect to each Mortgage Loan in Loan Group 1, (1) 1/12 of the product of the related Adjusted Mortgage Rate and the related Stated Principal Balance as of the related Due Date (prior to giving effect to any Scheduled Payment due on such Mortgage Loan on such Due Date) minus (2) any related reductions required by Section 4.02(d) hereof. On the Closing Date, the amount deposited in the Capitalized Interest Account shall be \$206,450.13.

Carryover Shortfall Amount: For any Class of Floating Rate Certificates and any Distribution Date, the sum of (a) the excess, if any, of (i) the amount of interest such Class of Certificates would have been entitled to receive on such Distribution Date pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (prior to any reductions pursuant to Section 4.02(d) and any reduction due to the allocation of Net Deferred Interest) had the applicable Pass-Through Rate not been limited to the related Net Rate Cap, over (ii) the amount of interest such Class of Certificates is entitled to

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receive on such Distribution Date pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (prior to any reductions pursuant to Section 4.02(d) and any reduction due to the allocation of Net Deferred Interest) and (b) with respect to each Class of Floating Rate Certificates (other than the Class 2-B-1, Class 2-B-2 and Class 2-B-3 Certificates), the unpaid portion of any such excess from prior Distribution Dates (and interest accrued thereon at the then applicable Pass-Through Rate on such Class of Certificates, without giving effect to the related Net Rate Cap).

**Carryover Shortfall Reserve Fund:** The separate fund created and initially maintained by the Trustee pursuant to Section 3.05(g) in the name of the Trustee for the benefit of the Holders of the Floating Rate Certificates and the Class 2-X-2A and Class 2-X-2B Certificates and designated "The Bank of New York in trust for registered holders of CWALT, Inc., Alternative Loan Trust 2006-J7, Mortgage Pass-Through Certificates, Series 2006-J7." Funds in the Carryover Shortfall Reserve Fund shall be held in trust for the Holders of the Floating Rate Certificates and the Class 2-X-2A and Class 2-X-2B Certificates for the uses and purposes set forth in this Agreement.

**Certificate:** Any one of the Certificates executed by the Trustee in substantially the forms attached hereto as exhibits.

**Certificate Account:** The separate Eligible Account or Accounts created and maintained by the Master Servicer pursuant to Section 3.05 with a depository institution in the name of the Master Servicer for the benefit of the Trustee on behalf of Certificateholders and designated "Countrywide Home Loans Servicing LP, in trust for the registered holders of Alternative Loan Trust 2006-J7, Mortgage Pass-Through Certificates, Series 2006-J7."

**Certificate Balance:** With respect to any Certificate at any date (other than the Notional Amount Certificates), the maximum dollar amount of principal to which the Holder thereof is then entitled hereunder, such amount being equal to the Denomination thereof (A) plus any increase in the Certificate Balance of each Certificate pursuant to Section 4.02 due to the receipt of Subsequent Recoveries, (B) minus the sum of (i) all distributions of principal previously made with respect thereto and (ii) all Realized Losses allocated thereto and, in the case of the Subordinated Certificates, all other reductions in Certificate Balance previously allocated thereto pursuant to Section 4.04, (C) in the case of any Class of Accrual Certificates, increased by the Accrual Amount added to the Class Certificate Balance of such Class prior to such date and (D) with respect to the Group 2 Certificates, increased by the amount of Net Deferred Interest allocated to the applicable Class or Component pursuant to Section 4.03. With respect to each of the Component Certificates at any date, the maximum dollar amount of principal to which the Holder thereof is entitled under this Agreement, such amount being equal to the Component Principal Balance of the related Principal Only Component as of such date. The Notional Amount Certificates have no Certificate Balances.

**Certificate Group:** The Group 1 Certificates or the Group 2 Certificates, as the context requires.

**Certificate Owner:** With respect to a Book-Entry Certificate, the Person who is the beneficial owner of such Book-Entry Certificate. For the purposes of this Agreement, in order for a Certificate Owner to enforce any of its rights hereunder, it shall first have to provide evidence of its beneficial ownership interest in a Certificate that is reasonably satisfactory to the Trustee, the Depositor, and/or the Master Servicer, as applicable.

**Certificate Register:** The register maintained pursuant to Section 5.02 hereof.

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**Certificateholder or Holder:** The person in whose name a Certificate is registered in the Certificate Register, except that, solely for the purpose of giving any consent pursuant to this Agreement, any Certificate registered in the name of the Depositor or any affiliate of the Depositor shall be deemed not to be Outstanding and the Percentage Interest evidenced thereby shall not be taken into account in determining whether the requisite amount of Percentage Interests necessary to effect such consent has been obtained; provided, however, that if any such Person (including the Depositor) owns 100% of the Percentage Interests evidenced by a Class of Certificates, such

Certificates shall be deemed to be Outstanding for purposes of any provision hereof (other than the second sentence of Section 10.01 hereof) that requires the consent of the Holders of Certificates of a particular Class as a condition to the taking of any action hereunder. The Trustee is entitled to rely conclusively on a certification of the Depositor or any affiliate of the Depositor in determining which Certificates are registered in the name of an affiliate of the Depositor.

Certification Party: As defined in Section 11.05.

Certifying Person: As defined in Section 11.05.

Class: All Certificates bearing the same class designation as set forth in the Preliminary Statement.

Class Certificate Balance: With respect to any Class and as to any date of determination, the aggregate of the Certificate Balances of all Certificates of such Class as of such date.

Class Interest Shortfall: As to any Distribution Date and Class or Component, the amount by which the amount described in clause (i) of the definition of Class Optimal Interest Distribution Amount for such Class or Component exceeds the amount of interest actually distributed on such Class or Component on such Distribution Date pursuant to such clause (i).

Class Optimal Interest Distribution Amount: With respect to any Distribution Date and interest bearing Class or Component, with respect to any interest-bearing Component, the sum of (i) one month's interest accrued during the related Interest Accrual Period at the Pass-Through Rate for such Class on the related Class Certificate Balance, Notional Amount or Component Notional Amount, as applicable, immediately prior to such Distribution Date, subject to reduction as provided in Section 4.02(d), and with respect to each Class of Group 2 Certificates, reduced by any Net Deferred Interest on the Mortgage Loans in Loan Group 2 for that Distribution Date allocated to the Class Certificate Balance or Component Principal Balance, thereof and (ii) any Class Unpaid Interest Amounts for such Class or Component.

Class PO Certificates: The Class 1-PO Certificates.

Class P Principal Distribution Date: With respect to the Class 1-P and Class 2-P Certificates, the first Distribution Date that occurs after the end of the latest Prepayment Charge period for the Mortgage Loans that have a Prepayment Charge in Loan Group 1 and Loan Group 2, respectively.

Class PO Component: Not applicable.

Class PO Deferred Amount: As to any Distribution Date and Loan Group 1, the aggregate of the applicable PO Percentage of each Realized Loss on a Discount Mortgage Loan in Loan Group 1 to be allocated to the Class 1-PO Certificates on such Distribution Date on or prior to the related Senior Credit Support Depletion Date or previously allocated to such Class 1-PO Certificates and not yet paid to the Holders of the Class 1-PO Certificates.

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Class Subordination Percentage: With respect to any Distribution Date and each Class of Subordinated Certificates related to a Loan Group, the quotient (expressed as a percentage) of (a) the Class Certificate Balance of such Class of Subordinated Certificates immediately prior to such Distribution Date divided by (b) the aggregate of the Class Certificate Balances immediately prior to such Distribution Date of all Classes of Certificates related to such Loan Group.

Class Unpaid Interest Amounts: As to any Distribution Date and Class of interest bearing Certificates or any interest-bearing Component, the amount by which the aggregate Class Interest Shortfalls for such Class or Component on prior Distribution Dates exceeds the amount distributed on such Class or Component on prior Distribution Dates pursuant to clause (ii) of the definition of Class Optimal Interest Distribution Amount.

Closing Date: October 30, 2006.

Code: The Internal Revenue Code of 1986, including any successor or amendatory provisions.

COFI: The Monthly Weighted Average Cost of Funds Index for the Eleventh District Savings Institutions published by the Federal Home Loan Bank of San Francisco.

COFI Certificates: As specified in the Preliminary Statement.

Commission: The U.S. Securities and Exchange Commission.

Combined Certificates: As specified in the Preliminary Statement.

Combined Certificates Payment Rule: Not applicable.

Compensating Interest: As to any Distribution Date and Loan Group, an amount equal to the product of one-twelfth of 0.125% and the aggregate Stated Principal Balance of the Mortgage Loans in such Loan Group as of the Due Date in the prior calendar month.

Component: As specified in the Preliminary Statement.

Component Balance: [Reserved].

Component Certificates: As specified in the Preliminary Statement.

Component Notional Amount: With respect to the Interest Accrual Period for any Distribution Date and:

(i) the Class 2-X-2A-IO Component, the sum of the aggregate Class Certificate Balance of the Class 2-A-1 and Class 2-A-2 Certificates and the Component Principal Balance of the Class 2-X-2A-PO Component immediately prior to such Distribution Date; and

(ii) the Class 2-X-2B-IO Component, the sum of (1) the aggregate Class Certificate Balance of the Group 2 Subordinated Certificates and the Component Principal Balance of the Class 2-X-2B-PO Component immediately prior to such Distribution Date.

Component Principal Balance: With respect to any date and any Principal Only Component, an amount equal to (i) the aggregate Net Deferred Interest allocated to the related Notional Amount Component pursuant to Section 4.03 on all prior Distribution Dates minus (ii) all amounts

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actually distributed as principal of such Principal Only Component and all Realized Losses applied in reduction of principal of such Principal Only Component on all prior Distribution Dates plus (iii) any increase in the Component Principal Balance of such Principal Only Component pursuant to Section 4.02 on all prior Distribution Dates due to the receipt of Subsequent Recoveries.

Coop Shares: Shares issued by a Cooperative Corporation.

**Cooperative Corporation:** The entity that holds title (fee or an acceptable leasehold estate) to the real property and improvements constituting the Cooperative Property and which governs the Cooperative Property, which Cooperative Corporation must qualify as a Cooperative Housing Corporation under Section 216 of the Code.

**Cooperative Loan:** Any Mortgage Loan secured by Coop Shares and a Proprietary Lease.

**Cooperative Property:** The real property and improvements owned by the Cooperative Corporation, including the allocation of individual dwelling units to the holders of the Coop Shares of the Cooperative Corporation.

**Cooperative Unit:** A single family dwelling located in a Cooperative Property.

**Corporate Trust Office:** The designated office of the Trustee in the State of New York at which at any particular time its corporate trust business with respect to this Agreement shall be administered, which office at the date of the execution of this Agreement is located at 101 Barclay Street, 8W, New York, New York 10286 (Attn: Mortgage-Backed Securities Group, CWALT, Inc. Series 2006-J7), facsimile no. (212) 815-3986, and which is the address to which notices to and correspondence with the Trustee should be directed.

**Countrywide:** Countrywide Home Loans, Inc., a New York corporation, and its successors and assigns in its capacity as the seller of the Countrywide Mortgage Loans to the Depositor.

**Countrywide Mortgage Loans:** The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Countrywide is the applicable Seller.

**Cut-off Date:** In the case of any Initial Mortgage Loan, the Initial Cut-off Date, and in the case of any Supplemental Mortgage Loan, the related Supplemental Cut-off Date.

**Cut-off Date Pool Principal Balance:** An amount equal to the sum of (x) the Initial Cut-off Date Pool Principal Balance plus (y) with respect to Loan Group 1, the amount, if any, deposited in the Pre-funding Account on the Closing Date.

**Cut-off Date Principal Balance:** As to any Mortgage Loan, the Stated Principal Balance thereof as of the close of business on the Cut-off Date.

**Debt Service Reduction:** With respect to any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the Bankruptcy Code in the Scheduled Payment for such Mortgage Loan which became final and non-appealable, except such a reduction resulting from a Deficient Valuation or any reduction that results in a permanent forgiveness of principal.

**Defective Mortgage Loan:** Any Mortgage Loan which is required to be repurchased pursuant to Section 2.02 or 2.03.

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**Deferred Interest:** With respect to each Mortgage Loan in Loan Group 2 and any Due Period, the excess, if any, of the amount of interest accrued on such Mortgage Loan at the applicable Mortgage Rate from the Due Date in the preceding Due Period to the Due Date in such Due Period over the Scheduled Payment due on such Mortgage Loan for such Due Period.

**Deficient Valuation:** With respect to any Mortgage Loan, a valuation



by a court of competent jurisdiction of the Mortgaged Property in an amount less than the then-outstanding indebtedness under the Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any Scheduled Payment that results in a permanent forgiveness of principal, which valuation or reduction results from an order of such court which is final and non-appealable in a proceeding under the Bankruptcy Code.

**Definitive Certificates:** Any Certificate evidenced by a Physical Certificate and any Certificate issued in lieu of a Book-Entry Certificate pursuant to Section 5.02(e).

**Delay Certificates:** As specified in the Preliminary Statement.

**Delay Delivery Certification:** As defined in Section 2.02(a) hereof.

**Delay Delivery Mortgage Loans:** The Mortgage Loans for which all or a portion of a related Mortgage File is not delivered to the Trustee on the Closing Date or Supplemental Transfer Date, as applicable. The number of Delay Delivery Mortgage Loans shall not exceed 50% of the aggregate number of Initial Mortgage Loans in each Loan Group as of the Closing Date and 90% of the Supplemental Mortgage Loans in Loan Group 1 conveyed on the related Supplemental Transfer Date. To the extent that Countrywide Home Loans Servicing LP shall be in possession of any Mortgage Files with respect to any Delay Delivery Mortgage Loan, until delivery of such Mortgage File to the Trustee as provided in Section 2.01, Countrywide Home Loans Servicing LP shall hold such files as Master Servicer hereunder, as agent and in trust for the Trustee.

**Deleted Mortgage Loan:** As defined in Section 2.03(c) hereof.

**Denomination:** With respect to each Certificate, the amount set forth on the face thereof as the "Initial Certificate Balance of this Certificate" or the "Initial Notional Amount of this Certificate" or, if neither of the foregoing, the Percentage Interest appearing on the face thereof.

**Depositable Certificate:** As specified in the Preliminary Statement.

**Depositor:** CWALT, Inc., a Delaware corporation, or its successor in interest.

**Depository:** The initial Depository shall be The Depository Trust Company, the nominee of which is CEDE & Co., as the registered Holder of the Book-Entry Certificates. The Depository shall at all times be a "clearing corporation" as defined in Section 8-102(a)(5) of the Uniform Commercial Code of the State of New York.

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

**Determination Date:** As to any Distribution Date and the Group 1 Mortgage Loans, the 22nd day of each month or if such 22nd day is not a Business Day the next preceding Business Day. As to any Distribution Date and the Group 2 Mortgage Loans, the 15th day of each month or if such 15th day is

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not a Business Day the next preceding Business Day. Notwithstanding the foregoing, if such 22nd day or 15th day or such Business Day, whichever is applicable, is less than two Business Days prior to the related Distribution Date, the Determination Date for the affected Loan Group shall be the first Business Day which is two Business Days preceding such Distribution Date.

Discount Mortgage Loan: Any Mortgage Loan in Loan Group 1 with an Adjusted Net Mortgage Rate that is less than the Required Coupon for Loan Group 1.

Distribution Account: The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.05 in the name of the Trustee for the benefit of the Certificateholders and designated "The Bank of New York in trust for registered holders of Alternative Loan Trust 2006-J7, Mortgage Pass-Through Certificates, Series 2006-J7." Funds in the Distribution Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement.

Distribution Account Deposit Date: As to any Distribution Date, 12:30 p.m. Pacific time on the Business Day immediately preceding such Distribution Date.

Distribution Date: With respect to the Group 1 Certificates, the 25th day of each calendar month after the initial issuance of the Certificates, or if such 25th day is not a Business Day, the next succeeding Business Day, commencing in November 2006. With respect to the Group 2 Certificates, the 20th day of each calendar month after the initial issuance of the Certificates, or if such 20th day is not a Business Day, the next succeeding Business Day, commencing in November 2006.

Due Date: With respect to a Mortgage Loan, the date on which Scheduled Payments are due on that Mortgage Loan. With respect to any Distribution Date, the related Due Date is the first day of the calendar month in which that Distribution Date occurs.

Due Period: With respect to any Distribution Date, the period beginning on the second day of the calendar month preceding the month in which such Distribution Date occurs and ending on the first day of the calendar month in which such Distribution Date occurs.

EDGAR: The Commission's Electronic Data Gathering, Analysis and Retrieval system.

Eligible Account: Any of (i) an account or accounts maintained with a federal or state chartered depository institution or trust company, the short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the debt obligations of such holding company) have the highest short-term ratings of Moody's or Fitch and one of the two highest short-term ratings of S&P, if S&P is a Rating Agency, at the time any amounts are held on deposit therein, or (ii) an account or accounts in a depository institution or trust company in which such accounts are insured by the FDIC (to the limits established by the FDIC) and the uninsured deposits in which accounts are otherwise secured such that, as evidenced by an Opinion of Counsel delivered to the Trustee and to each Rating Agency, the Certificateholders have a claim with respect to the funds in such account or a perfected first priority security interest against any collateral (which shall be limited to Permitted Investments) securing such funds that is superior to claims of any other depositors or creditors of the depository institution or trust company in which such account is maintained, or (iii) a trust account or accounts maintained with (a) the trust department of a federal or state chartered depository institution or (b) a trust company, acting in its fiduciary capacity or (iv) any other account acceptable to each Rating Agency. Eligible Accounts may bear interest, and may include, if otherwise qualified under this definition, accounts maintained with the Trustee.

originated not more than one year prior to the Closing Date or the related Supplemental Transfer Date, as applicable, (ii) was purchased by a Seller or one of its affiliates pursuant to a purchase agreement containing provisions under which the seller thereunder has become obligated to repurchase such Mortgage Loan from Countrywide due to a Scheduled Payment due on or prior to the first Scheduled Payment owing to the Trust Fund becoming delinquent and (iii) was not purchased through Countrywide Home Loan Inc.'s Correspondent Lending Division.

Eligible Repurchase Month: As defined in Section 3.11 hereof.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

ERISA-Qualifying Underwriting: A best efforts or firm commitment underwriting or private placement that meets the requirements of the Underwriter's Exemption.

ERISA-Restricted Certificate: As specified in the Preliminary Statement.

ES Grantor Trust: The separate trust created under this Agreement pursuant to Section 3.05(1).

Escrow Account: The Eligible Account or Accounts established and maintained pursuant to Section 3.06(a) hereof.

Event of Default: As defined in Section 7.01 hereof.

Excess Proceeds: With respect to any Liquidated Mortgage Loan, the amount, if any, by which the sum of any Liquidation Proceeds received with respect to such Mortgage Loan during the calendar month in which such Mortgage Loan became a Liquidated Mortgage Loan plus any Subsequent Recoveries received with respect to such Mortgage Loan, net of any amounts previously reimbursed to the Master Servicer as Nonrecoverable Advance(s) with respect to such Mortgage Loan pursuant to Section 3.08(a)(iii), exceeds (i) the unpaid principal balance of such Liquidated Mortgage Loan as of the Due Date in the month in which such Mortgage Loan became a Liquidated Mortgage Loan plus (ii) accrued interest at the Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date applicable to the Distribution Date immediately following the calendar month during which such liquidation occurred.

Exchange Act: The Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

Exchange Act Reports: Any reports on Form 10-D, Form 8-K and Form 10-K required to be filed by the Depositor with respect to the Trust Fund under the Exchange Act.

Exchangeable Certificate: As specified in the Preliminary Statement.

Expense Fee: As to each Mortgage Loan and any Distribution Date, the product of the Expense Fee Rate and its Stated Principal Balance as of the Due Date in the prior month.

Expense Fee Rate: As to each Mortgage Loan, the sum of the Master Servicing Fee Rate and the Trustee Fee Rate.

FDIC: The Federal Deposit Insurance Corporation, or any successor thereto.

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

Final Certification: As defined in Section 2.02(a) hereof.

FIRREA: The Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Fitch: Fitch, Inc., or any successor thereto. If Fitch is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Fitch shall be Fitch, Inc., One State Street Plaza, New York, New York 10004, Attention: Residential Mortgage Surveillance Group, or such other address as Fitch may hereafter furnish to the Depositor and the Master Servicer.

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

Form 10-D Disclosure Item: With respect to any Person, any material litigation or governmental proceedings pending against such Person, or against any of the Trust Fund, the Depositor, the Trustee, the co-trustee, the Master Servicer or any Subservicer if such Person has actual knowledge thereof.

Form 10-K Disclosure Item: With respect to any Person, (a) any Form 10-D Disclosure Item and (b) any affiliations or relationships between such Person and any Item 1119 Party.

Funding Period: The period from the Closing Date until the earliest of (i) the date on which the amount on deposit in the Pre-funding Account is less than \$150,000, (ii) an Event of Default occurs and (iii) November 30, 2006.

Funding Period Distribution Date: Each Distribution Date during the Funding Period and, if the Funding Period ends after the Distribution Date in a month, the immediately succeeding Distribution Date.

Grantor Trust: A trust described in section 671 of the Code, the items of income, deductions and credits of which must be included in computing the taxable income and credits of the person treated as the owner of such trust (either the grantor or other person designated under the Code).

Gross Margin: With respect to each Mortgage Loan in Loan Group 2, the fixed percentage set forth in the related Mortgage Note that is added to the Mortgage Index on each Adjustment Date in accordance with the terms of the related Mortgage Note used to determine the Mortgage Rate for such Mortgage Loan.

Group 1 Certificates: As defined in the Preliminary Statement.

Group 1 Lower Tier REMIC: As specified in the Preliminary Statement.

Group 1 Master Tier REMIC: As specified in the Preliminary Statement.

Group 1 Mortgage Loans: As defined in the Preliminary Statement.

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Group 1 Senior Certificates: As specified in the Preliminary Statement.

Group 1 Senior Principal Distribution Amount: As to any Distribution Date and the Group 1 Senior Certificates, the sum of (i) the sum of the related Senior Percentage of the applicable Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of "Non-PO Formula Principal Amount" with respect to Loan Group 1 for such Distribution Date, (ii) with respect to any Mortgage Loan in Loan Group 1 that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the lesser of (x) the related Senior Percentage of the applicable Non-PO Percentage of the Stated Principal Balance of such Mortgage Loan and (y) the related Senior Prepayment Percentage of the applicable Non-PO Percentage of the amount of the Liquidation Proceeds allocable to principal received with respect to the Mortgage Loan and (iii) the sum of (x) the related Senior Prepayment Percentage of the applicable Non-PO Percentage of the amounts described in subclause (f) of clause (i) of the definition of "Non-PO Formula Principal Amount" with respect to Loan Group 1 for such Distribution Date plus (y) on the last Funding Period Distribution Date, the amount, if any, of the Remaining Non-PO Pre-funded Amount with respect to that Loan Group plus (z) the related Senior Prepayment Percentage of any Subsequent Recoveries described in clause (ii) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date.

Group 1 Subordinated Principal Distribution Amount: With respect to any Distribution Date and Loan Group 1, an amount equal to the excess of (A) the sum, not less than zero, of (i) the Subordinated Percentage of the applicable Non-PO Percentage for Loan Group 1 of all amounts described in subclauses (a) through (d) of clause (i) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date, (ii) with respect to each Mortgage Loan in Loan Group 1 that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the applicable Non-PO Percentage of the amount of the Liquidation Proceeds allocated to principal received with respect thereto remaining after application thereof pursuant to clause (ii) of the definition of Group 1 Senior Principal Distribution Amount, up to the Subordinated Percentage for Loan Group 1 of the applicable Non-PO Percentage of the Stated Principal Balance of such Mortgage Loan, (iii) the Subordinated Prepayment Percentage of the applicable Non-PO Percentage of all amounts described in subclause (f) of clause (i) of the definition of "Non-PO Formula Principal Amount" for Loan Group 1 and Distribution Date, and (iv) the related Subordinated Prepayment Percentage of any Subsequent Recoveries described in clause (ii) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date, over (B) the amount of any payments in respect of Class PO Deferred Amounts for the Class 1-PO Certificates on the related Distribution Date.

Group 2 Certificates: As defined in the Preliminary Statement.

Group 2 Lower Tier REMIC: As specified in the Preliminary Statement.

Group 2 Master Tier REMIC: As specified in the Preliminary Statement.

Group 2 Mortgage Loans: As defined in the Preliminary Statement.

Group 2 Senior Certificates: As specified in the Preliminary Statement.

Group 2 Senior Principal Distribution Amount: As to any Distribution Date and the Group 2 Senior Certificates, the sum of (i) the related Senior Percentage of all amounts described in clauses (a) through (d) of the definition of "Principal Amount" with respect to the Loan Group 2 for such Distribution Date, (ii) with respect to any Mortgage Loan in Loan Group 2 that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the lesser of (x) the related Senior Percentage of the Stated Principal Balance of such Mortgage Loan as of the Due

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Date occurring in the month preceding the month of the Distribution Date (after giving effect to Principal Prepayments in the Prepayment Period related to that prior Due Date) and (y) the related Senior Prepayment Percentage of the amount of the Liquidation Proceeds allocable to principal received on such Mortgage Loan, (iii) the sum of the related Senior Prepayment Percentage of the amounts described in clauses (f) and (g) of the definition of "Principal Amount" with respect to Loan Group 2 for such Distribution Date.

Group 2 Subordinated Principal Distribution Amount: With respect to any Distribution Date and Loan Group 2, an amount equal to the excess of (A) the sum, not less than zero, of the sum of (i) the Subordinated Percentage of all amounts described in clauses (a) through (d) of the definition of "Principal Amount" for Loan Group 2 and that Distribution Date, (ii) with respect to each Mortgage Loan in Loan Group 2 that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the Liquidation Proceeds allocable to principal received with respect thereto remaining after application thereof pursuant to clause (ii) of the definition of "Group 2 Senior Principal Distribution Amount", up to the Subordinated Percentage for Loan Group 2 of the Stated Principal Balance of that Mortgage Loan as of the Due Date occurring in the month preceding the month of the Distribution Date, and (iii) the Subordinated Prepayment Percentage for Loan Group 2 of all amounts described in clauses (f) and (g) of the definition of "Principal Amount" for Loan Group 2 and Distribution Date.

Index: With respect to any Interest Accrual Period for the COFI Certificates, if any, the then-applicable index used by the Trustee pursuant to Section 4.07 to determine the applicable Pass-Through Rate for such Interest Accrual Period for the COFI Certificates.

Indirect Participant: A broker, dealer, bank or other financial institution or other Person that clears through or maintains a custodial relationship with a Depository Participant.

Initial Certification: As defined in Section 2.02(a) hereof.

Initial Component Balance: As specified in the Preliminary Statement.

Initial Cut-off Date: With respect to any Initial Mortgage Loan, the later of (i) the date of origination of such Mortgage Loan and (ii) October 1, 2006. Initial Cut-off Date Pool Principal Balance: \$317,385,197.

Initial Mortgage Loan: With respect to any Mortgage Loan included in each Loan Group, a Mortgage Loan conveyed to the Trust Fund on the Closing Date pursuant to this Agreement as identified on the Mortgage Loan Schedule delivered to the Trustee on the Closing Date.

Insurance Policy: With respect to any Mortgage Loan included in the Trust Fund, any insurance policy, including all riders and endorsements thereto in effect, including any replacement policy or policies for any Insurance Policies.

Insurance Proceeds: Proceeds paid by an insurer pursuant to any Insurance Policy, in each case other than any amount included in such Insurance Proceeds in respect of Insured Expenses.

Insured Expenses: Expenses covered by an Insurance Policy or any other insurance policy with respect to the Mortgage Loans.

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**Interest Accrual Period:** With respect to each Class of Delay Certificates, its corresponding Lower Tier REMIC Regular Interest and any Distribution Date, the calendar month prior to the month of such Distribution Date. With respect to any Class of Non-Delay Certificates, its corresponding Lower Tier REMIC Regular Interest and any Distribution Date, the one month period commencing on the Distribution Date of the month preceding the month in which such Distribution Date occurs (or, in the case of the first Distribution Date, commencing on the Closing Date) and ending on the day prior to such Distribution Date.

**Interest Determination Date:** With respect to (a) any Interest Accrual Period for any LIBOR Certificates and (b) any Interest Accrual Period for the COFI Certificates for which the applicable Index is LIBOR, the second Business Day prior to the first day of such Interest Accrual Period.

**Item 1119 Party:** The Depositor, any Seller, the Master Servicer, the Trustee, any Subservicer, any originator identified in the Prospectus Supplement and any other material transaction party, as identified in Exhibit X hereto, as updated pursuant to Section 11.04.

**Latest Possible Maturity Date:** The Distribution Date following the third anniversary of the scheduled maturity date of the Mortgage Loan having the latest scheduled maturity date as of the Cut-off Date.

**Lender PMI Mortgage Loan:** Certain Mortgage Loans as to which the lender (rather than the borrower) acquires the Primary Insurance Policy and charges the related borrower an interest premium.

**LIBOR:** The London interbank offered rate for one-month United States dollar deposits calculated in the manner described in Section 4.08.

**LIBOR Certificates:** As specified in the Preliminary Statement.

**Limited Exchange Act Reporting Obligations:** The obligations of the Master Servicer under Section 3.16(b), Section 6.02 and Section 6.04 with respect to notice and information to be provided to the Depositor and Article XI (except Section 11.07(a)(1) and (2)).

**Liquidated Mortgage Loan:** With respect to any Distribution Date, a defaulted Mortgage Loan (including any REO Property) which was liquidated in the calendar month preceding the month of such Distribution Date and as to which the Master Servicer has determined (in accordance with this Agreement) that it has received all amounts it expects to receive in connection with the liquidation of such Mortgage Loan, including the final disposition of an REO Property.

**Liquidation Proceeds:** Amounts, including Insurance Proceeds, received in connection with the partial or complete liquidation of defaulted Mortgage Loans, whether through trustee's sale, foreclosure sale or otherwise or amounts received in connection with any condemnation or partial release of a Mortgaged Property and any other proceeds received in connection with an REO Property, less the sum of related unreimbursed Master Servicing Fees, Servicing Advances and Advances.

**Loan Group:** Any of Loan Group 1 or Loan Group 2, as applicable.

**Loan Group 1:** All Mortgage Loans identified as Loan Group 1 Mortgage Loans on the Mortgage Loan Schedule.

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Loan Group 2: All Mortgage Loans identified as Loan Group 2 Mortgage Loans on the Mortgage Loan Schedule.

Loan Group Principal Balance: As to any Distribution Date and Loan Group, the aggregate Stated Principal Balance of the Mortgage Loans in that Loan Group as of the Due Date in the month preceding the month of the Distribution Date (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date), plus the amount, if any, on deposit in the Pre-funding Account with respect to that Loan Group).

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

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

Lower Tier REMIC: As specified in the Preliminary Statement.

Lower Tier REMIC Interest: As specified in the Preliminary Statement.

Lower Tier REMIC Regular Interest: As specified in the Preliminary Statement.

LTR-A-R Interest: As specified in the Preliminary Statement.

Maintenance: With respect to any Cooperative Unit, the rent paid by the Mortgagor to the Cooperative Corporation pursuant to the Proprietary Lease.

Majority in Interest: As to any Class of Regular Certificates and Certificate Group, the Holders of Certificates of such Class evidencing, in the aggregate, at least 51% of the Percentage Interests evidenced by all Certificates of such Class in such Certificate Group.

Master REMIC: As described in the Preliminary Statement.

Master Servicer: Countrywide Home Loans Servicing LP, a Texas limited partnership, and its successors and assigns, in its capacity as master servicer hereunder.

Master Servicer Advance Date: As to any Distribution Date, 12:30 p.m. Pacific time on the Business Day immediately preceding such Distribution Date.

Master Servicing Fee: As to each Mortgage Loan and any Distribution Date, an amount payable out of each full payment of interest received on such Mortgage Loan and equal to one-twelfth of the Master Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan as of the Due Date in the month preceding the month of such Distribution Date, subject to reduction as provided in Section 3.14.

Master Servicing Fee Rate: With respect to each Mortgage Loan, the per annum rate set forth on the Mortgage Loan Schedule.

Maximum Mortgage Rate: With respect to each Mortgage Loan in Loan Group 2, the maximum rate of interest set forth as such in the related Mortgage Note.



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Maximum Negative Amortization: With respect to each Mortgage Loan in Loan Group 2, the percentage set forth in the related Mortgage Note as the percentage of the original principal balance of such Mortgage Loan, that if exceeded due to Deferred Interest, will result in a recalculation of the Scheduled Payment so that the then unpaid principal balance of such Mortgage Loan will be fully amortized over the Mortgage Loan's remaining term to maturity.

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

MERS Mortgage Loan: Any Mortgage Loan registered with MERS on the MERS System.

MERS (R) System: The system of recording transfers of mortgages electronically maintained by MERS.

Middle Tier REMIC: As specified in the Preliminary Statement.

Middle Tier REMIC Interest: As specified in the Preliminary Statement.

Middle Tier REMIC Regular Interest: As specified in the Preliminary Statement.

MIN: The Mortgage Identification Number for any MERS Mortgage Loan.

Minimum Mortgage Rate: With respect to each Mortgage Loan in Loan Group 2, the minimum rate of interest set forth as such in the related Mortgage Note.

MOM Loan: Any Mortgage Loan as to which MERS is acting as mortgagee, solely as nominee for the originator of such Mortgage Loan and its successors and assigns.

Monthly Statement: The statement delivered to the Certificateholders pursuant to Section 4.06.

Moody's: Moody's Investors Service, Inc., or any successor thereto. If Moody's is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Moody's shall be Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Residential Pass-Through Monitoring, or such other address as Moody's may hereafter furnish to the Depositor or the Master Servicer.

Mortgage: The mortgage, deed of trust or other instrument creating a first lien on an estate in fee simple or leasehold interest in real property securing a Mortgage Note.

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

Mortgage Index: As to each Mortgage Loan in Loan Group 2, the index from time to time in effect for adjustment of the Mortgage Rate as set forth as such on the related Mortgage Note.

Mortgage Loans: Such of the mortgage loans as from time to time are transferred and assigned to the Trustee pursuant to the provisions hereof and any Supplemental Transfer Agreement and that are held as a part of the Trust Fund (including any REO Property), the mortgage loans so held being

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identified in the Mortgage Loan Schedule, notwithstanding foreclosure or other acquisition of title of the related Mortgaged Property.

Mortgage Loan Schedule: The list of Mortgage Loans (as from time to time amended by the Master Servicer to reflect the addition of Substitute Mortgage Loans, the addition of any Supplemental Mortgage Loans pursuant to the provisions of this Agreement and any Supplemental Transfer Agreement and the deletion of Deleted Mortgage Loans pursuant to the provisions of this Agreement) transferred to the Trustee as part of the Trust Fund and from time to time subject to this Agreement, attached hereto as Schedule I, setting forth the following information with respect to each Mortgage Loan by Loan Group:

- (i) the loan number;
- (ii) the Mortgagor's name and the street address of the Mortgaged Property, including the zip code;
- (iii) the maturity date;
- (iv) the original principal balance;
- (v) the Cut-off Date Principal Balance;
- (vi) the first payment date of the Mortgage Loan;
- (vii) the Scheduled Payment in effect as of the Cut-off Date;
- (viii) the Loan-to-Value Ratio at origination;
- (ix) a code indicating whether the residential dwelling at the time of origination was represented to be owner-occupied;
- (x) a code indicating whether the residential dwelling is either (a) a detached single family dwelling (b) a dwelling in a de minimis PUD, (c) a condominium unit or PUD (other than a de minimis PUD), (d) a two- to four-unit residential property or (e) a Cooperative Unit;
- (xi) the Mortgage Rate in effect on the Cut-off Date;
- (xii) a code indicating whether the Mortgage Loan is a Countrywide Mortgage Loan, a Park Granada Mortgage Loan, a Park Monaco Mortgage Loan or a Park Sienna Mortgage Loan;
- (xiii) a code indicating whether the Mortgage Loan is a Lender PMI Mortgage Loan and, in the case of any Lender PMI Mortgage Loan, a percentage representing the amount of the related interest premium charged to the borrower;
- (xiv) the purpose for the Mortgage Loan;
- (xv) the type of documentation program pursuant to which the Mortgage Loan was originated;
- (xvi) the direct servicer as of the Cut-off Date and the Master Servicing Fee Rate;

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- (xvii) a code indicating whether the Mortgage Loan is a MERS Mortgage Loan; and
- (xviii) with respect to each Mortgage Loan in Loan Group 2, the Gross Margin, the Mortgage Index, the Maximum Mortgage Rate, the Minimum Mortgage Rate, the Payment Adjustment Date, the Maximum Negative Amortization and the first Adjustment Date after the Cut-off Date, as applicable.

Such schedule shall also set forth the total of the amounts described under (iv) and (v) above for all of the Mortgage Loans and for each Loan Group and in the aggregate. Countrywide shall update the Mortgage Loan Schedule in connection with each Supplemental Transfer Agreement within a reasonable period of time after delivery to it of the Schedule of Supplemental Mortgage Loans attached to the related Supplemental Transfer Agreement as Schedule A thereto.

**Mortgage Note:** The original executed note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan.

**Mortgage Rate:** The annual rate of interest borne by a Mortgage Note from time to time, net of any interest premium charged by the mortgagee to obtain or maintain any Primary Insurance Policy.

**Mortgaged Property:** The underlying property securing a Mortgage Loan, which, with respect to a Cooperative Loan, is the related Coop Shares and Proprietary Lease.

**Mortgagor:** The obligor(s) on a Mortgage Note.

**MTR-A-R Interest:** As specified in the Preliminary Statement.

**National Cost of Funds Index:** The National Monthly Median Cost of Funds Ratio to SAIF-Insured Institutions published by the Office of Thrift Supervision.

**Net Deferred Interest:** With respect to Loan Group 2 and each Distribution Date, an amount equal to the excess, if any, of the Deferred Interest that accrued on the Mortgage Loans in Loan Group 2 from the preceding Due Date to the Due Date related to that Distribution Date over the Principal Prepayment Amount for Loan Group 2 for that Distribution Date.

**Net Prepayment Interest Shortfalls:** As to any Distribution Date and Loan Group, the amount by which the aggregate of Prepayment Interest Shortfalls for such Distribution Date and Loan Group exceeds the Compensating Interest for such Loan Group and Distribution Date.

**Net Prepayments:** As to any Distribution Date and Loan Group 2, the amount equal to the excess, if any, of (i) the Principal Prepayment Amount for that Loan Group over (ii) the aggregate amount of Deferred Interest accrued on the Mortgage Loans in that Loan Group from the preceding Due Date to the Due Date related to that Distribution Date.

**Net Rate Cap:** With respect to the Class 2-A-1, Class 2-A-2 and Class 2-A-R Certificates for any Distribution Date, the Weighted Average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 2, minus 0.600%.

With respect to the Group 2 Subordinated Certificates for any Distribution Date, the Weighted Average Adjusted Net Mortgage Rate of the Mortgage Loans in Loan Group 2, adjusted to

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reflect the accrual of interest on the basis of a 360-day year and the actual number of days for the related Interest Accrual Period.

Non-Delay Certificates: As specified in the Preliminary Statement.

Non-Discount Mortgage Loan: Any Mortgage Loan in Loan Group 1 with an Adjusted Net Mortgage Rate that is greater than or equal to the Required Coupon for Loan Group 1.

Non-PO Formula Principal Amount: As to any Distribution Date and Loan Group 1, the sum of (i) the sum of the applicable Non-PO Percentage of (a) the principal portion of each Scheduled Payment (without giving effect to any reductions thereof caused by any Debt Service Reductions or Deficient Valuations) due on each Mortgage Loan in Loan Group 1 on the related Due Date, (b) the Stated Principal Balance of each Mortgage Loan in the Loan Group 1 that was repurchased by a Seller or purchased by the Master Servicer pursuant to this Agreement as of such Distribution Date, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan in Loan Group 1 received with respect to such Distribution Date, (d) any Insurance Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans in the Loan Group 1 that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan in Loan Group 1 that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of the Liquidation Proceeds allocable to principal received during the calendar month preceding the month of such Distribution Date with respect to such Mortgage Loan and (f) all Principal Prepayments for Loan Group 1 received during the related Prepayment Period, (ii) (A) any Subsequent Recoveries on the Mortgage Loans in Loan Group 1 received during the calendar month preceding the month of such Distribution Date, or (B) with respect to Subsequent Recoveries attributable to a Discount Mortgage Loan in Loan Group 1 which incurred a Realized Loss after the related Senior Credit Support Depletion Date, the Non-PO Percentage of such Subsequent Recoveries received during the calendar month preceding the month of such Distribution Date and (iii) the last Funding Period Distribution Date, the Remaining Non-PO Pre-funded Amount.

Non-PO Percentage: As to any Discount Mortgage Loan in Loan Group 1, a fraction (expressed as a percentage) the numerator of which is the Adjusted Net Mortgage Rate of such Discount Mortgage Loan and the denominator of which is the Required Coupon for Loan Group 1. As to any Non-Discount Mortgage Loan, 100%.

Nonrecoverable Advance: Any portion of an Advance previously made or proposed to be made by the Master Servicer that, in the good faith judgment of the Master Servicer, will not be ultimately recoverable by the Master Servicer from the related Mortgagor, related Liquidation Proceeds, Subsequent Recoveries or otherwise.

Notice of Final Distribution: The notice to be provided pursuant to Section 9.02 to the effect that final distribution on any of the Certificates shall be made only upon presentation and surrender thereof.

Notional Amount: With respect to any Distribution Date on or after one of the following Recombinations has been exercised and the Class 1-A-13 Certificates are Outstanding, an amount equal to either:

- (a) a fraction, the numerator of which is (i) the product of 0.25% and the Class Certificate Balance of the Class 1-A-10 Certificates immediately prior to such Distribution Date, and the denominator of which is (ii) 6.25% if Recombination 5 is applicable;

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(b) a fraction, the numerator of which is (i) the product of 0.50% and the Class Certificate Balance of the Class 1-A-11 Certificates immediately prior to such Distribution Date, and the denominator of which is and (ii) 6.25% if Recombination 6 is applicable; or

(c) a fraction, the numerator of which is (i) the product of 0.75% and the Class Certificate Balance of the Class 1-A-12 Certificates immediately prior to such Distribution Date, and the denominator of which is (ii) 6.25% if Recombination 7 is applicable.

With respect to any Distribution Date and the Class 1-X Certificates, the aggregate Stated Principal Balance of the Non-Discount Mortgage Loans in Loan Group 1 as of the Due Date in the preceding calendar month (after giving effect to Principal Prepayments received in the Prepayment Period related to that preceding Due Date).

With respect to any Distribution Date and the Class 2-X-1 Certificates, the aggregate Class Certificate Balance of the Class 2-A-1 and Class 2-A-2 Certificates immediately prior to such Distribution Date.

Notional Amount Certificates: As specified in the Preliminary Statement.

Offered Certificates: As specified in the Preliminary Statement.

Officer's Certificate: A certificate (i) in the case of the Depositor, signed by the Chairman of the Board, the Vice Chairman of the Board, the President, a Managing Director, a Vice President (however denominated), an Assistant Vice President, the Treasurer, the Secretary, or one of the Assistant Treasurers or Assistant Secretaries of the Depositor, (ii) in the case of the Master Servicer, signed by the President, an Executive Vice President, a Vice President, an Assistant Vice President, the Treasurer, or one of the Assistant Treasurers or Assistant Secretaries of Countrywide GP, Inc., its general partner or (iii) if provided for in this Agreement, signed by a Servicing Officer, as the case may be, and delivered to the Depositor and the Trustee, as the case may be, as required by this Agreement or (iv) in the case of any other Person, signed by an authorized officer of such Person.

Opinion of Counsel: A written opinion of counsel, who may be counsel for a Seller, the Depositor or the Master Servicer, including, in-house counsel, reasonably acceptable to the Trustee; provided, however, that with respect to the interpretation or application of the REMIC Provisions, such counsel must (i) in fact be independent of a Seller, the Depositor and the Master Servicer, (ii) not have any direct financial interest in a Seller, the Depositor or the Master Servicer or in any affiliate thereof, and (iii) not be connected with a Seller, the Depositor or the Master Servicer as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Optional Termination: The termination of the trust created hereunder in connection with the purchase of the Mortgage Loans pursuant to Section 9.01(a) hereof.

Original Applicable Credit Support Percentage: With respect to each of the following Classes of Certificates, the corresponding percentage described below, as of the Closing Date:

The Group 1 Subordinated

Loan Group 1

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## Certificates

Class 1-M	6.20%
Class 1-B-1	3.50%
Class 1-B-2	2.25%
Class 1-B-3	1.50%
Class 1-B-4	0.90%
Class 1-B-5	0.40%

The Group 2 Subordinated  
Certificates

## Loan Group 2

Class 2-M-1	15.50%
Class 2-M-2	12.50%
Class 2-M-3	9.75%
Class 2-M-4	8.75%
Class 2-M-5	7.75%
Class 2-M-6	6.75%
Class 2-M-7	6.00%
Class 2-M-8	5.50%
Class 2-M-9	5.00%
Class 2-M-10	4.25%
Class 2-M-11	2.70%
Class 2-B-1	2.10%
Class 2-B-2	1.60%
Class 2-B-3	1.30%

Original Mortgage Loan: The mortgage loan refinanced in connection with the origination of a Refinancing Mortgage Loan.

Original Subordinate Principal Balance: For a Loan Group, the aggregate of the Class Certificate Balances of the related Subordinated Certificates as of the Closing Date.

OTS: The Office of Thrift Supervision.

Outside Reference Date: As to any Interest Accrual Period for the COFI Certificates, the close of business on the tenth day thereof.

Outstanding: With respect to the Certificates as of any date of determination, all Certificates theretofore executed and authenticated under this Agreement except:

(i) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation; and

(ii) Certificates in exchange for which or in lieu of which other Certificates have been executed and delivered by the Trustee pursuant to this Agreement;

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provided, however, that upon the exchange of any Depositible or Exchangeable Certificate pursuant to Section 5.02 hereof, the Depositible or Exchangeable Certificate so exchanged shall be deemed no longer to be Outstanding, and the Certificates issued in exchange therefor shall be deemed to be Outstanding.

Outstanding Mortgage Loan: As of any Due Date, a Mortgage Loan with a Stated Principal Balance greater than zero, which was not the subject of a Principal Prepayment in Full prior to such Due Date or during the related Prepayment Period related to such Due Date and which did not become a

Liquidated Mortgage Loan prior to such Due Date.

Overcollateralized Group: As defined in Section 4.05.

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

Park Granada: Park Granada LLC, a Delaware limited liability company, and its successors and assigns, in its capacity as the seller of the Park Granada Mortgage Loans to the Depositor.

Park Granada Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Park Granada is the applicable Seller.

Park Monaco: Park Monaco Inc., a Delaware corporation, and its successors and assigns, in its capacity as the seller of the Park Monaco Mortgage Loans to the Depositor.

Park Monaco Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Park Monaco is the applicable Seller.

Park Sienna: Park Sienna LLC, a Delaware limited liability company, and its successors and assigns, in its capacity as the seller of the Park Sienna Mortgage Loans to the Depositor.

Park Sienna Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Park Sienna is the applicable Seller.

Pass-Through Margin: With respect to the Interest Accrual Period for any Distribution Date and each Class of LIBOR Certificates, the per annum rate indicated in the following table:

Class of Certificates	Pass-Through Margin (%)	
	(1)	(2)
Class 2-M-1.....	0.410%	0.615%
Class 2-M-2.....	0.430%	0.645%
Class 2-M-3.....	0.450%	0.675%
Class 2-M-4.....	0.570%	0.855%
Class 2-M-5.....	0.620%	0.930%
Class 2-M-6.....	0.720%	1.080%
Class 2-M-7.....	1.550%	2.325%
Class 2-M-8.....	1.850%	2.775%
Class 2-M-9.....	2.250%	3.375%
Class 2-M-10.....	2.250%	3.375%
Class 2-M-11.....	2.250%	3.375%
Class 2-B-1.....	2.250%	2.250%
Class 2-B-2.....	2.250%	2.250%

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Class of Certificates	Pass-Through Margin (%)	
	(1)	(2)
Class 2-B-3.....	2.250%	2.250%

(1) For the Interest Accrual Period related to any Distribution Date occurring on or prior to the first possible Optional

Termination Date.

(2) For each other Interest Accrual Period.

Pass-Through Rate: For any interest bearing Class of Certificates or Component, the per annum rate set forth or calculated in the manner described in the Preliminary Statement.

Percentage Interest: As to any Certificate, the percentage interest evidenced thereby in distributions required to be made on the related Class, such percentage interest being set forth on the face thereof or equal to the percentage obtained by dividing the Denomination of such Certificate by the aggregate of the Denominations of all Certificates of the same Class.

Performance Certification: As defined in Section 11.05.

Permitted Investments: At any time, any one or more of the following obligations and securities:

- (i) obligations of the United States or any agency thereof, provided such obligations are backed by the full faith and credit of the United States;
- (ii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency;
- (iii) commercial or finance company paper which is then receiving the highest commercial or finance company paper rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency;
- (iv) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal and/or state banking authorities, provided that the commercial paper and/or long term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company, but only if Moody's is not a Rating Agency) are then rated one of the two highest long-term and the highest short-term ratings of each Rating Agency for such securities, or such lower ratings as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by either Rating Agency;

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- (v) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust company (acting as principal) described in clause (iv) above;
- (vi) units of a taxable money-market portfolio having the highest rating assigned by each Rating Agency (except if Fitch is a



Rating Agency and has not rated the portfolio, the highest rating assigned by Moody's) and restricted to obligations issued or guaranteed by the United States of America or entities whose obligations are backed by the full faith and credit of the United States of America and repurchase agreements collateralized by such obligations; and

- (vii) such other relatively risk free investments bearing interest or sold at a discount acceptable to each Rating Agency as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by either Rating Agency, as evidenced by a signed writing delivered by each Rating Agency

provided, that no such instrument shall be a Permitted Investment if such instrument evidences the right to receive interest only payments with respect to the obligations underlying such instrument.

Permitted Transferee: Any person other than (i) the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing, (ii) a foreign government, International Organization or any agency or instrumentality of either of the foregoing, (iii) an organization (except certain farmers' cooperatives described in section 521 of the Code) which is exempt from tax imposed by Chapter 1 of the Code (including the tax imposed by section 511 of the Code on unrelated business taxable income) on any excess inclusions (as defined in section 860E(c)(1) of the Code) with respect to any Residual Certificate, (iv) rural electric and telephone cooperatives described in section 1381(a)(2)(C) of the Code, (v) an "electing large partnership" as defined in Section 775 of the Code, (vi) a Person that is not 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, or an estate or trust whose income from sources without the United States is includible in gross income for United States federal income tax purposes regardless of its connection with the conduct of a trade or business within the United States 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 unless such Person has furnished the transferor and the Trustee with a duly completed Internal Revenue Service Form W-8ECI or any applicable successor form, and (vii) any other Person so designated by the Depositor based upon an Opinion of Counsel that the Transfer of an Ownership Interest in a Residual Certificate to such Person may cause any REMIC hereunder to fail to qualify as a REMIC at any time that the Certificates are outstanding. The terms "United States," "State" and "International Organization" shall have the meanings set forth in section 7701 of the Code or successor provisions. A corporation will not be treated as an instrumentality of the United States or of any State or political subdivision thereof for these purposes if all of its activities are subject to tax and, with the exception of the Federal Home Loan Mortgage Corporation, a majority of its board of directors is not selected by such government unit.

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

Physical Certificate: As specified in the Preliminary Statement.

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Plan: An "employee benefit plan" as defined in section 3(3) of ERISA that is subject to Title I of ERISA, a "plan" as defined in section 4975 of

the Code that is subject to section 4975 of the Code, or any Person investing on behalf of or with plan assets (as defined in 29 CFR ss.2510.3-101 or otherwise under ERISA) of such an employee benefit plan or plan.

**Planned Balance:** With respect to any group of Planned Principal Classes or Components in the aggregate and any Distribution Date appearing in Schedule V hereto, the Aggregate Planned Balance for such group and Distribution Date. With respect to any other Planned Principal Class or Component and any Distribution Date appearing in Schedule V hereto, the applicable amount appearing opposite such Distribution Date for such Class or Component.

**Planned Principal Classes:** As specified in the Preliminary Statement.

**PO Formula Principal Amount:** As to any Distribution Date and the Class 1-PO Certificates, the sum of (i) the sum of the applicable PO Percentage of (a) the principal portion of each Scheduled Payment (without giving effect to any reductions thereof caused by any Debt Service Reductions or Deficient Valuations) due on each Mortgage Loan in Loan Group 1 on the related Due Date, (b) the Stated Principal Balance of each Mortgage Loan in Loan Group 1 that was repurchased by a Seller or purchased by the Master Servicer pursuant to this Agreement as of such Distribution Date, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan in the related Loan Group received with respect to such Distribution Date, (d) any Insurance Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans in Loan Group 1 that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan in Loan Group 1 that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of Liquidation Proceeds allocable to principal received with respect to such Mortgage Loan during the calendar month preceding the month of such Distribution Date with respect to such Mortgage Loan, and (f) all Principal Prepayments with respect to the Mortgage Loans in Loan Group 1 received during the related Prepayment Period, (ii) with respect to Subsequent Recoveries attributable to a Discount Mortgage Loan in Loan Group 1 which incurred a Realized Loss after the Senior Credit Support Depletion Date for the Group 1 Certificates, the PO Percentage of any such Subsequent Recoveries on the Mortgage Loans in Loan Group 1 received during the calendar month preceding the month of such Distribution Date and (iii) with respect to the last Funding Period Distribution Date, the Remaining PO Pre-funded Amount.

**PO Percentage:** As to any Discount Mortgage Loan in a Loan Group 1, a fraction (expressed as a percentage) the numerator of which is the excess of the Required Coupon for Loan Group 1 over the Adjusted Net Mortgage Rate of such Discount Mortgage Loan and the denominator of which is such Required Coupon. As to any Non-Discount Mortgage Loan, 0%.

**PO Sublimit:** With respect to Loan Group 1, \$0.00.

**Pool Characteristics:** With respect to the Mortgage Loans in Loan Group 1 as of the Cut-off Date, the characteristics set forth in the sixth bullet point under "The Mortgage Pool--Conveyance of Supplemental Mortgage Loans" set forth on pages S-73 of the Prospectus Supplement.

**Pool Stated Principal Balance:** As of any date of determination, the aggregate of the Stated Principal Balances of the Outstanding Mortgage Loans plus, with respect to Loan Group 1, the amount on deposit in the Pre-funding Account, exclusive of any investment income included therein.

**Pre-funded Amount:** The amount deposited in the Pre-funding Account on the Closing Date, which shall equal \$36,496,682.

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**Pre-funding Account:** The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.05 in the name of the Trustee for the benefit of the Certificateholders and designated "The Bank of New York, in trust for registered holders of Alternative Loan Trust 2006-J7, Mortgage Pass-Through Certificates, Series 2006-J7." Funds in the Pre-funding Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement and shall not be a part of any REMIC created hereunder; provided, however, that any investment income earned from Permitted Investments made with funds in the Pre-funding Account shall be for the account of the Depositor.

**Prepayment Charge:** With respect to any Mortgage Loan, the charges or premiums, if any, due in connection with a full or partial Principal Prepayment of such Mortgage Loan within the related Prepayment Charge Period in accordance with the terms thereof.

**Prepayment Charge Amount:** As to any Loan Group and Distribution Date, the sum of the Prepayment Charges collected on the Mortgage Loans in that Loan Group during the related Prepayment Period and any amounts in respect of such Mortgage Loans paid pursuant to Section 3.19 for such Distribution Date.

**Prepayment Charge Period:** With respect to any Mortgage Loan, the period of time during which a Prepayment Charge may be imposed.

**Prepayment Interest Excess:** As to any Principal Prepayment received by Countrywide Home Loans Servicing LP from the first day through the fifteenth day of any calendar month (other than the calendar month in which the Initial Cut-off Date occurs), all amounts paid by the related Mortgagor in respect of interest on such Principal Prepayment. All Prepayment Interest Excess shall be paid to the Master Servicer as additional master servicing compensation.

**Prepayment Interest Shortfall:** As to any Distribution Date, Mortgage Loan and Principal Prepayment received (a) by Countrywide Home Loans Servicing LP on or after the sixteenth day of the month preceding the month of such Distribution Date (or, in the case of the first Distribution Date, on or after October 1, 2006) and on or before the last day of the month preceding the month of such Distribution Date or (b) by any other servicer during the month preceding the month of such Distribution Date, the amount, if any, by which one month's interest at the related Mortgage Rate, net of the Master Servicing Fee Rate, on such Principal Prepayment exceeds the amount of interest paid in connection with such Principal Prepayment.

**Prepayment Period:** As to any Distribution Date and the related Due Date (i) with respect to any Mortgage Loan directly serviced by Countrywide Home Loans Servicing LP, the period from the 16th day of a calendar month (or, in the case of the first Distribution Date, from October 1, 2006) through the 15th day of the following calendar month and (ii) with respect to any other Mortgage Loan, the calendar month immediately preceding the month of that Distribution Date.

**Prepayment Shift Percentage:** Not applicable.

**Primary Insurance Policy:** Each policy of primary mortgage guaranty insurance or any replacement policy therefor with respect to any Mortgage Loan.

**Prime Rate:** The prime commercial lending rate of The Bank of New York, as publicly announced to be in effect from time to time. The Prime Rate shall be adjusted automatically, without notice, on the effective date of any change in such prime commercial lending rate. The Prime Rate is not

necessarily The Bank of New York's lowest rate of interest.

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Principal Amount: As to any Distribution Date and Loan Group 2, the sum of (a) the principal portion of each Scheduled Payment (without giving effect to any reductions thereof caused by any Debt Service Reductions or Deficient Valuations) due on each Mortgage Loan (other than a Liquidated Mortgage Loan) in Loan Group 2 on the related Due Date, (b) the principal portion of the Purchase Price of each Mortgage Loan in the Loan Group 2 that was repurchased by the applicable Seller or the Master Servicer pursuant to this Agreement as of such Distribution Date, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan in Loan Group 2 received with respect to such Distribution Date, (d) any Insurance Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans in the related Loan Group 2 that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan in Loan Group 2 that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of the Liquidation Proceeds allocable to principal received during the calendar month preceding the month of such Distribution Date with respect to such Mortgage Loan, (f) all Principal Prepayments for Loan Group 2 received during the related Prepayment Period, (g) any Subsequent Recoveries received during the calendar month preceding the month of such Distribution Date and (h) with respect to the last Funding Period Distribution Date, the Remaining Pre-funded Amount.

Principal Only Certificates: As specified in the Preliminary Statement.

Principal Prepayment: Any payment of principal by a Mortgagor on a Mortgage Loan that is received in advance of its scheduled Due Date and is not accompanied by an amount representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment. Partial Principal Prepayments shall be applied by the Master Servicer in accordance with the terms of the related Mortgage Note.

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

Principal Relocation Payment: A payment from any Loan Group to an Lower Tier REMIC Regular Interest other than a Regular Interest corresponding to that Loan Group as provided in the Preliminary Statement. Principal Relocation Payments from a Loan Group shall be made of the amounts in respect of principal from the Mortgage Loans of the Loan Group and shall include a proportionate allocation of the Realized Losses from the Mortgage Loans of the Loan Group.

Principal Reserve Fund: A separate Eligible Account created and maintained by the Trustee pursuant to Section 3.05(j) with a depository institution in the name of the Trustee for the benefit of the Class P Certificateholders specified in Section 3.05(j) and designated "The Bank of New York, Principal Reserve Fund in trust for registered holders of CWALT 2006-J7 Alternative Loan Trust, Mortgage Pass-Through Certificates, Series 2006-J7, Class P".

Priority Amount: As to any Distribution Date, an amount equal to the sum of (i) the product of (A) the Scheduled Principal Distribution Amount for Loan Group 1, (B) the Shift Percentage and (C) the Priority Percentage and (ii) the product of (A) the Unscheduled Principal Distribution Amount for Loan Group 1, (B) the Shift Percentage and (C) the Priority Percentage.

Priority Percentage: As to any Distribution Date, the percentage

equivalent of a fraction, the numerator of which is the Class Certificate Balance of the Class 1-A-4 Certificates immediately prior to such Distribution Date and the denominator of which is the aggregate Class Certificate Balance of the Group 1 Certificates (other than the Class 1-PO Certificates) immediately prior to that Distribution Date.

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Private Certificate: As specified in the Preliminary Statement.

Pro Rata Share: As to any Distribution Date, the Group 1 Subordinated Principal Distribution Amount, the Group 2 Subordinated Principal Distribution Amount and any Class of Subordinated Certificates in the related Certificate Group, the portion of the applicable Subordinated Principal Distribution Amount allocable to such Class, equal to the product of the applicable Subordinated Principal Distribution Amount on such Distribution Date and a fraction, the numerator of which is the Class Certificate Balance thereof and the denominator of which is the aggregate of the Class Certificate Balances of the Subordinated Certificates in the same Certificate Group as such Class of Subordinated Certificates.

Proprietary Lease: With respect to any Cooperative Unit, a lease or occupancy agreement between a Cooperative Corporation and a holder of related Coop Shares.

Prospectus: The Prospectus dated October 26, 2006 generally relating to the mortgage pass-through certificates to be sold by the Depositor.

Prospectus Supplement: The Prospectus Supplement dated October 27, 2006 relating to the Offered Certificates.

PUD: Planned Unit Development.

Purchase Price: With respect to any Mortgage Loan required to be purchased by a Seller pursuant to Section 2.02 or 2.03 hereof or purchased at the option of the Master Servicer pursuant to Section 3.11, an amount equal to the sum of (i) 100% of the unpaid principal balance of the Mortgage Loan on the date of such purchase, (ii) accrued interest thereon at the applicable Mortgage Rate (or at the applicable Adjusted Mortgage Rate if (x) the purchaser is the Master Servicer or (y) if the purchaser is Countrywide and Countrywide is an affiliate of the Master Servicer) from the date through which interest was last paid by the Mortgagor to the Due Date in the month in which the Purchase Price is to be distributed to Certificateholders and (iii) costs and damages incurred by the Trust Fund in connection with a repurchase pursuant to Section 2.03 hereof that arises out of a violation of any predatory or abusive lending law with respect to the related Mortgage Loan.

Qualified Insurer: A mortgage guaranty insurance company duly qualified as such under the laws of the state of its principal place of business and each state having jurisdiction over such insurer in connection with the insurance policy issued by such insurer, duly authorized and licensed in such states to transact a mortgage guaranty insurance business in such states and to write the insurance provided by the insurance policy issued by it, approved as a FNMA-approved mortgage insurer and having a claims paying ability rating of at least "AA" or equivalent rating by a nationally recognized statistical rating organization. Any replacement insurer with respect to a Mortgage Loan must have at least as high a claims paying ability rating as the insurer it replaces had on the Closing Date.

Rating Agency: Each of the Rating Agencies specified in the Preliminary Statement. If any such organization or a successor is no longer in existence, "Rating Agency" shall be such nationally recognized statistical rating organization, or other comparable Person, as is designated by the

Depositor, notice of which designation shall be given to the Trustee. References herein to a given rating category of a Rating Agency shall mean such rating category without giving effect to any modifiers.

**Realized Loss:** With respect to each Liquidated Mortgage Loan, an amount (not less than zero or more than the Stated Principal Balance of the Mortgage Loan) as of the date of such liquidation, equal to (i) the Stated Principal Balance of the Liquidated Mortgage Loan as of the date of such

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liquidation, plus (ii) interest at the Adjusted Net Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date in the month in which Liquidation Proceeds are required to be distributed on the Stated Principal Balance of such Liquidated Mortgage Loan from time to time, minus (iii) the Liquidation Proceeds, if any, received during the month in which such liquidation occurred, to the extent applied as recoveries of interest at the Adjusted Net Mortgage Rate and to principal of the Liquidated Mortgage Loan. With respect to each Mortgage Loan which has become the subject of a Deficient Valuation, if the principal amount due under the related Mortgage Note has been reduced, the difference between the principal balance of the Mortgage Loan outstanding immediately prior to such Deficient Valuation and the principal balance of the Mortgage Loan as reduced by the Deficient Valuation.

To the extent the Master Servicer receives Subsequent Recoveries with respect to any Liquidated Mortgage Loan, the amount of the Realized Loss with respect to that Mortgage Loan will be reduced by such Subsequent Recoveries.

**Recognition Agreement:** With respect to any Cooperative Loan, an agreement between the Cooperative Corporation and the originator of such Mortgage Loan which establishes the rights of such originator in the Cooperative Property.

**Recombination Group:** Each Class or Classes of Depositible Certificates and each Class or Classes of Exchangeable Certificates included within any particular "Recombination" specified in Schedule VII.

**Record Date:** As to any Distribution Date and Class of Certificates (other than the LIBOR Certificates), the close of business on the last Business Day of the month preceding the month of each Distribution Date. As to any Distribution Date, (i) in the case of the LIBOR Certificates represented by Book-Entry Certificates, the Business Day immediately preceding such Distribution Date and (ii) in the case of LIBOR Certificates represented by Definitive Certificates, the close of business on the last Business Day of the month preceding the month in which such Distribution Date occurs.

**Reference Bank:** As defined in Section 4.08(b).

**Refinancing Mortgage Loan:** Any Mortgage Loan originated in connection with the refinancing of an existing mortgage loan.

**Regular Certificates:** As specified in the Preliminary Statement.

**Regulation AB:** Subpart 229.1100 - Asset Backed Securities (Regulation AB), 17 C.F.R. ss.229.1100-229.1123, as such may be amended from time to time, and subject to such clarification and interpretation as have been provided by the Commission in the adopting release (Asset-Backed Securities, Securities Act Release No. 33-8518, 70 Fed. Reg. 1,506, 1,531 (Jan. 7, 2005)) or by the staff of the Commission, or as may be provided by the Commission or its staff from time to time.

**Relief Act: The Servicemembers Civil Relief Act.**

Relief Act Reductions: With respect to any Distribution Date and any Mortgage Loan as to which there has been a reduction in the amount of interest collectible thereon for the most recently ended calendar month as a result of the application of the Relief Act or any similar state laws, the amount, if any, by which (i) interest collectible on such Mortgage Loan for the most recently ended calendar month is less than (ii) interest accrued thereon for such month pursuant to the Mortgage Note.

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Remaining Non-PO Pre-funded Amount: With respect to Loan Group 1 and the last Funding Period Distribution Date, the excess of the amount on deposit in the Pre-funding Account attributable to Loan Group 1 on such date over the Remaining PO Pre-funded Amount.

Remaining PO Pre-funded Amount: Not Applicable.

REMIC: A "real estate mortgage investment conduit" within the meaning of section 860D of the Code.

REMIC Change of Law: Any proposed, temporary or final regulation, revenue ruling, revenue procedure or other official announcement or interpretation relating to REMICs and the REMIC Provisions issued after the Closing Date.

REMIC Provisions: Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at sections 860A through 860G of Subchapter M of Chapter 1 of the Code, and related provisions, and regulations promulgated thereunder, as the foregoing may be in effect from time to time as well as provisions of applicable state laws.

REO Property: A Mortgaged Property acquired by the Trust Fund through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan.

Reportable Event: Any event required to be reported on Form 8-K and, in any event, the following:

- (a) entry into a definitive agreement related to the Trust Fund, the Certificates or the Mortgage Loans, or an amendment to a Transaction Document, even if the Depositor is not a party to such agreement (e.g., a servicing agreement with a servicer contemplated by Item 1108(a)(3) of Regulation AB);
- (b) termination of a Transaction Document (other than by expiration of the agreement on its stated termination date or as a result of all parties completing their obligations under such agreement), even if the Depositor is not a party to such agreement (e.g., a servicing agreement with a servicer contemplated by Item 1108(a)(3) of Regulation AB);
- (c) with respect to the Master Servicer only, if the Master Servicer becomes aware of any bankruptcy or receivership with respect to Countrywide, the Depositor, the Master Servicer, any Subservicer, the Trustee, any enhancement or support provider contemplated by Items 1114(b) or 1115 of Regulation AB, or any other material party contemplated by Item 1101(d)(1) of Regulation AB;
- (d) with respect to the Trustee, the Master Servicer and the Depositor only, the occurrence of an early amortization, performance trigger or other event, including an Event of Default under this Agreement;

(e) the resignation, removal, replacement, substitution of the Master Servicer, any Subservicer or the Trustee;

(f) with respect to the Master Servicer only, if the Master Servicer becomes aware that (i) any material enhancement or support specified in Item 1114(a)(1) through (3) of Regulation AB or Item 1115 of Regulation AB that was previously applicable regarding one or more Classes of the Certificates has terminated other than by expiration of the contract on its stated termination

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date or as a result of all parties completing their obligations under such agreement; (ii) any material enhancement specified in Item 1114(a)(1) through (3) of Regulation AB or Item 1115 of Regulation AB has been added with respect to one or more classes of the Certificates; or (iii) any existing material enhancement or support specified in Item 1114(a)(1) through (3) of Regulation AB or Item 1115 of Regulation AB with respect to one or more Classes of the Certificates has been materially amended or modified; and

(g) with respect to the Trustee, the Master Servicer and the Depositor only, a required distribution to Holders of the Certificates is not made as of the required Distribution Date under this Agreement.

**Reporting Subcontractor:** With respect to the Master Servicer or the Trustee, any Subcontractor determined by such Person pursuant to Section 11.08(b) to be "participating in the servicing function" within the meaning of Item 1122 of Regulation AB. References to a Reporting Subcontractor shall refer only to the Subcontractor of such Person and shall not refer to Subcontractors generally.

**Request for Release:** The Request for Release submitted by the Master Servicer to the Trustee, substantially in the form of Exhibits M and N, as appropriate.

**Required Coupon:** With respect to the Mortgage Loans in Loan Group 1, 6.25% per annum.

**Required Insurance Policy:** With respect to any Mortgage Loan, any insurance policy that is required to be maintained from time to time under this Agreement.

**Residual Certificates:** As specified in the Preliminary Statement.

**Responsible Officer:** When used with respect to the Trustee, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, any Trust Officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also to whom, with respect to a particular matter, such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

**Restricted Classes:** As defined in Section 4.02(e).

**S&P:** Standard & Poor's, a division of The McGraw-Hill Companies, Inc. If S&P is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to S&P shall be Standard & Poor's, 55 Water Street, New York, New York 10041, Attention: Mortgage Surveillance Monitoring, or such other address as S&P may hereafter furnish to the Depositor and the Master Servicer.

**Sarbanes-Oxley Certification:** As defined in Section 11.05.



Scheduled Balances: Not applicable.

Scheduled Classes: As specified in the Preliminary Statement.

Scheduled Payment: The scheduled monthly payment on a Mortgage Loan due on any Due Date allocable to principal and/or interest on such Mortgage Loan which, unless otherwise specified

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herein, shall give effect to any related Debt Service Reduction and any Deficient Valuation that affects the amount of the monthly payment due on such Mortgage Loan.

Scheduled Principal Distribution Amount: As to any Distribution Date and Loan Group, an amount equal to the Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of Non-PO Formula Principal Amount for such Distribution Date and Loan Group.

Securities Act: The Securities Act of 1933, as amended.

Seller: Countrywide, Park Granada, Park Monaco or Park Sienna, as applicable.

Senior Certificate Group: As specified in the Preliminary Statement.

Senior Certificates: As specified in the Preliminary Statement.

Senior Credit Support Depletion Date: With respect to each Certificate Group, the date on which the Class Certificate Balance of each Class of Subordinated Certificates in such Certificate Group has been reduced to zero.

Senior Percentage: As to any Senior Certificate Group and Distribution Date, the percentage equivalent of a fraction the numerator of which is the aggregate Class Certificate Balance of the Senior Certificates of such Senior Certificate Group (other than the Class PO Certificates and Notional Amount Certificates) immediately prior to such Distribution Date and the denominator of which is the aggregate of (x) in the case of Loan Group 1, the applicable Non-PO Percentage of the Stated Principal Balance of each Mortgage Loan in the Loan Group 1 as of the Due Date occurring in the month prior to the month of such Distribution Date (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date) and (ii) in the case of Loan Group 2, the aggregate Stated Principal Balance of the Mortgage Loans in Loan Group 2 as of the Due Date occurring in the month prior to the month of such Distribution Date (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date).

Senior Prepayment Percentage: As to a Senior Certificate Group 1 and any Distribution Date during the five years, with respect to beginning on the first Distribution Date, 100%. The Senior Prepayment Percentage for Senior Certificate Group 1 for any Distribution Date occurring on or after the fifth anniversary of the first Distribution Date will, except as provided herein, be as follows: for any Distribution Date in the first year thereafter, the related Senior Percentage plus 70% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the second year thereafter, the related Senior Percentage plus 60% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the third year thereafter, the related Senior Percentage plus 40% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the fourth year thereafter, the related Senior Percentage plus 20% of the

related Subordinated Percentage for such Distribution Date; and for any Distribution Date thereafter, the related Senior Percentage for such Distribution Date (unless on any Distribution Date the Senior Percentage exceeds the initial Senior Percentage of Senior Certificate Group 1, in which case the Senior Prepayment Percentage for Senior Certificate Group 1 for such Distribution Date will once again equal 100%).

As to a Senior Certificate Group 2 and any Distribution Date during the ten years with respect to beginning on the first Distribution Date, 100%. The Senior Prepayment Percentage for the Senior Certificate Group 2 for any Distribution Date occurring on or after the tenth anniversary of the first Distribution Date will, except as provided herein, be as follows: for any Distribution Date in the first year

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thereafter, the related Senior Percentage plus 70% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the second year thereafter, the related Senior Percentage plus 60% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the third year thereafter, the related Senior Percentage plus 40% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the fourth year thereafter, the related Senior Percentage plus 20% of the related Subordinated Percentage for such Distribution Date; and for any Distribution Date thereafter, the related Senior Percentage for such Distribution Date (unless on any Distribution Date the Senior Percentage exceeds the initial Senior Percentage of Senior Certificate Group 2, in which case the Senior Prepayment Percentage for Senior Certificate Group 2 for such Distribution Date will once again equal 100%). Notwithstanding the foregoing, if the Two Times Test is satisfied with respect to Loan Group 2 on a Distribution Date, the Senior Prepayment Percentage for Senior Certificate Group 2 will equal (x) if such Distribution Date is on or prior to the Distribution Date in October 2009, the related Senior Percentage plus 50% of the related Subordinated Percentage for the Distribution Date and (y) if such Distribution Date is after the Distribution Date in October 2009, the related Senior Percentage.

Senior Step Down Conditions: With respect to Loan Group 1 and as of the first Distribution Date as to which any decrease in the related Senior Prepayment Percentage applies: (i) the outstanding principal balance of all Mortgage Loans in Loan Group 1 delinquent 60 days or more (including Mortgage Loans in foreclosure, REO Property and Mortgage Loans the Mortgagors of which are in bankruptcy) (averaged over the preceding six month period), as a percentage of the aggregate Class Certificate Balance of the Subordinated Certificates in Certificate Group 1, does not equal or exceed 50%, and (ii) cumulative Realized Losses on the Mortgage Loans in Loan Group 1 do not exceed: (a) commencing with the Distribution Date on the fifth anniversary of the first Distribution Date, 30% of the related Original Subordinate Principal Balance, (b) commencing with the Distribution Date on the sixth anniversary of the first Distribution Date, 35% of the related Original Subordinate Principal Balance, (c) commencing with the Distribution Date on the seventh anniversary of the first Distribution Date, 40% of the related Original Subordinate Principal Balance, (d) commencing with the Distribution Date on the eighth anniversary of the first Distribution Date, 45% of the related Original Subordinate Principal Balance, and (e) commencing with the Distribution Date on the ninth anniversary of the first Distribution Date, 50% of the related Original Subordinate Principal Balance.

With respect to Loan Group 2 and as of the first Distribution Date as to which any decrease in the related Senior Prepayment Percentage applies: (i) the outstanding principal balance of all Mortgage Loans in Loan Group 2 delinquent 60 days or more (including Mortgage Loans in foreclosure, REO Property and Mortgage Loans the Mortgagors of which are in bankruptcy)

(averaged over the preceding six month period), as a percentage of the aggregate Class Certificate Balance of the Subordinated Certificates in Certificate Group 2, does not equal or exceed 50%, and (ii) cumulative Realized Losses on the Mortgage Loans in Loan Group 2 do not exceed: (a) commencing with the Distribution Date on the tenth anniversary of the first Distribution Date, 30% of the related Original Subordinate Principal Balance, (b) commencing with the Distribution Date on the eleventh anniversary of the first Distribution Date, 35% of the related Original Subordinate Principal Balance, (c) commencing with the Distribution Date on the twelfth anniversary of the first Distribution Date, 40% of the related Original Subordinate Principal Balance, (d) commencing with the Distribution Date on the thirteenth anniversary of the first Distribution Date, 45% of the related Original Subordinate Principal Balance, and (e) commencing with the Distribution Date on the fourteenth anniversary of the first Distribution Date, 50% of the related Original Subordinate Principal Balance.

**Servicing Advances:** All customary, reasonable and necessary "out of pocket" costs and expenses incurred in the performance by the Master Servicer of its servicing obligations, including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property, (ii) any

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expenses reimbursable to the Master Servicer pursuant to Section 3.11 and any enforcement or judicial proceedings, including foreclosures, (iii) the management and liquidation of any REO Property and (iv) compliance with the obligations under Section 3.09.

**Servicing Criteria:** The "servicing criteria" set forth in Item 1122(d) of Regulation AB.

**Servicing Officer:** Any officer of the Master Servicer involved in, or responsible for, the administration and servicing of the Mortgage Loans whose name and facsimile signature appear on a list of servicing officers furnished to the Trustee by the Master Servicer on the Closing Date pursuant to this Agreement, as such list may from time to time be amended.

**Shift Percentage:** As to any Distribution Date occurring during the five years beginning on the first Distribution Date, 0%. For any Distribution Date occurring on or after the fifth anniversary of the first Distribution Date as follows: for any Distribution Date in the first year thereafter, 30%; for any Distribution Date in the second year thereafter, 40%; for any Distribution Date in the third year thereafter, 60%; for any Distribution Date in the fourth year thereafter, 80%; and for any Distribution Date thereafter, 100%.

**Startup Day:** The Closing Date.

**Stated Principal Balance:** As to any Mortgage Loan and Due Date, the unpaid principal balance of such Mortgage Loan as of such Due Date, as specified in the amortization schedule at the time relating thereto (before any adjustment to such amortization schedule by reason of any moratorium or similar waiver or grace period), plus any Deferred Interest added to the principal balance of that Mortgage Loan if such Mortgage Loan is a Group 2 Mortgage Loan, pursuant to the terms of the related Mortgage Note on or prior to that Due Date, minus the sum of: (i) any previous partial Principal Prepayments and the payment of principal due on such Due Date, irrespective of any delinquency in payment by the related Mortgagor, (ii) Liquidation Proceeds allocable to principal (other than with respect to any Liquidated Mortgage Loan) received in the prior calendar month and Principal Prepayments received through the last day of the related Prepayment Period, in each case, with respect to that Mortgage Loan and (iii) any Realized Loss previously incurred in connection with a Deficient Valuation. The Stated Principal Balance of any

Mortgage Loan that becomes a Liquidated Mortgage Loan will be zero on each date following the Due Period in which such Mortgage Loan becomes a Liquidated Mortgage Loan.

**Streamlined Documentation Mortgage Loan:** Any Mortgage Loan originated pursuant to Countrywide's Streamlined Loan Documentation Program then in effect. For the purposes of this Agreement, a Mortgagor is eligible for a mortgage pursuant to Countrywide's Streamlined Loan Documentation Program if that Mortgagor is refinancing an existing mortgage loan that was originated or acquired by Countrywide where, among other things, the mortgage loan has not been more than 30 days delinquent in payment during the previous twelve-month period.

**Subcontractor:** Any vendor, subcontractor or other Person that is not responsible for the overall servicing (as "servicing" is commonly understood by participants in the mortgage-backed securities market) of Mortgage Loans but performs one or more discrete functions identified in Item 1122(d) of Regulation AB with respect to Mortgage Loans under the direction or authority of the Master Servicer or a Subservicer or the Trustee, as the case may be.

**Subordinated Certificates:** As specified in the Preliminary Statement.

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**Subordinated Percentage:** As to any Loan Group and Distribution Date, 100% minus the Senior Percentage for the Senior Certificate Group relating to such Loan Group for such Distribution Date.

**Subordinated Prepayment Percentage:** As to any Distribution Date and Loan Group, 100% minus the related Senior Prepayment Percentage for such Distribution Date.

**Subordinated Principal Distribution Amount:** The Group 1 Subordinated Principal Distribution Amount or the Group 2 Subordinated Principal Distribution Amount, as applicable.

**Subsequent Recoveries:** As to any Distribution Date, with respect to a Liquidated Mortgage Loan that resulted in a Realized Loss in a prior calendar month, unexpected amounts received by the Master Servicer (net of any related expenses permitted to be reimbursed pursuant to Section 3.08) specifically related to such Liquidated Mortgage Loan.

**Subservicer:** Any person to whom the Master Servicer has contracted for the servicing of all or a portion of the Mortgage Loans pursuant to Section 3.02 hereof.

**Substitute Mortgage Loan:** A Mortgage Loan substituted by the applicable Seller for a Deleted Mortgage Loan which must, on the date of such substitution, as confirmed in a Request for Release, substantially in the form of Exhibit M, (i) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of, and not more than 10% less than the Stated Principal Balance of the Deleted Mortgage Loan; (ii) be accruing interest at a rate no lower than and not more than 1% per annum higher than, that of the Deleted Mortgage Loan; (iii) have a Loan-to-Value Ratio no higher than that of the Deleted Mortgage Loan; (iv) have a remaining term to maturity no greater than (and not more than one year less than that of) the Deleted Mortgage Loan; (v) have a Maximum Mortgage Rate not more than 1% per annum higher or lower than, that of the Deleted Mortgage Loan; (vi) have a Minimum Mortgage Rate specified in its related mortgage note not more than 1% per annum higher or lower than the Minimum Mortgage Rate of the Deleted Mortgage Loan; (vii) have the same Mortgage Index and Mortgage Index reset period as the Deleted Mortgage Loan

and a Gross Margin not more than 1% per annum higher or lower than that of the Deleted Mortgage Loan; (viii) not be a Cooperative Loan unless the Deleted Mortgage Loan was a Cooperative Loan; (ix) have the same Maximum Negative Amortization, payment cap and recast provisions as the Deleted Mortgage Loan; (x) comply with each representation and warranty set forth in Section 2.03; and (xi) provide for a Prepayment Charge on terms substantially similar to those of the Prepayment Charge, if any, of the Deleted Mortgage Loan.

**Substitution Adjustment Amount:** The meaning ascribed to such term pursuant to Section 2.03.

**Supplemental Cut-off Date:** With respect to any Supplemental Mortgage Loan, the later of (i) the date of origination of such Mortgage Loan and (ii) the first day of the month in which the related Supplemental Transfer Date occurs.

**Supplemental Mortgage Loan:** Any Mortgage Loan, other than an Initial Mortgage Loan, conveyed to the Trust Fund pursuant to Section 2.01 hereof and to a Supplemental Transfer Agreement, which Mortgage Loan shall be listed on the revised Mortgage Loan Schedule delivered pursuant to this Agreement and on Schedule A to such Supplemental Transfer Agreement. When used with respect to a single Supplemental Transfer Date, Supplemental Mortgage Loan shall mean a Supplemental Mortgage Loan conveyed to the Trust Fund on that Supplemental Transfer Date.

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**Supplemental Transfer Agreement:** A Supplemental Transfer Agreement substantially in the form of Exhibit P hereto, executed and delivered by the related Seller or Sellers, the Master Servicer, the Depositor and the Trustee as provided in Section 2.01 hereof.

**Supplemental Transfer Date:** For any Supplemental Transfer Agreement, the date the related Supplemental Mortgage Loans are transferred to the Trust Fund pursuant to the related Supplemental Transfer Agreement.

**Targeted Balance:** With respect to any group of Targeted Principal Classes or Components in the aggregate and any Distribution Date appearing in Schedule V hereto, the Aggregate Targeted Balance for such group and Distribution Date. With respect to any other Targeted Principal Class or Component and any Distribution Date appearing in Schedule V hereto, the applicable amount appearing opposite such Distribution Date for such Class or Component.

**Targeted Principal Classes:** As specified in the Preliminary Statement.

**Tax Matters Person:** The person designated as "tax matters person" in the manner provided under Treasury regulation ss. 1.860F-4(d) and Treasury regulation ss. 301.6231(a)(7)-1. Initially, the Tax Matters Person shall be the Trustee.

**Tax Matters Person Certificate:** The Class A-R Certificate with a Denomination of \$0.01.

**Transaction Documents:** This Agreement and any other document or agreement entered into in connection with the Trust Fund, the Certificates or the Mortgage Loans.

**Transfer:** Any direct or indirect transfer or sale of any Ownership Interest in a Residual Certificate.

**Trust Fund:** The corpus of the trust created hereunder consisting of

(i) the Mortgage Loans and all interest and principal received on or with respect thereto after the Cut-off Date to the extent not applied in computing the Cut-off Date Principal Balance thereof; (ii) the Certificate Account, the Carryover Shortfall Reserve Fund, the Distribution Account, the Pre-funding Account, the Capitalized Interest Account and the Principal Reserve Fund, and all amounts deposited therein pursuant to the applicable provisions of this Agreement; (iii) property that secured a Mortgage Loan and has been acquired by foreclosure, deed-in-lieu of foreclosure or otherwise; and (iv) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing.

Trustee: The Bank of New York and its successors and, if a successor trustee is appointed hereunder, such successor.

Trustee Advance Rate: With respect to any Advance made by the Trustee pursuant to Section 4.01(b), a per annum rate of interest determined as of the date of such Advance equal to the Prime Rate in effect on such date plus 5.00%.

Trustee Fee: As to any Distribution Date, an amount equal to one-twelfth of the Trustee Fee Rate multiplied by the sum of (i) the Pool Stated Principal Balance and (ii) any amounts remaining in the Pre-funding Account (excluding any investment earnings thereon) with respect to such Distribution Date.

Trustee Fee Rate: With respect to each Mortgage Loan, 0.009% per annum.

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Two Times Test: As to any Distribution Date and the Group 2 Subordinated Certificates, if (i) the Subordinated Percentage for the Group 2 Subordinated Certificates is at least 200% of the Subordinated Percentage as of the Closing Date, (ii) clause (i) of the Senior Step Down Conditions is satisfied with respect to the Group 2 Mortgage Loans and (iii) the cumulative Realized Losses on all the Group 2 Mortgage Loans do not exceed (x) with respect to any Distribution Date on or prior to October 2009, 20% of the aggregate Class Certificate Balance of the Group 2 Subordinated Certificates as of the Closing Date or (y) with respect to any Distribution Date after October 2009, 30% of the aggregate Class Certificate Balance of the Group 2 Subordinated Certificates as of the Closing Date.

Undercollateralized Group: As defined in Section 4.05.

Underwriter's Exemption: Prohibited Transaction Exemption 2002-41, 67 Fed. Reg. 54487 (2002), as amended (or any successor thereto), or any substantially similar administrative exemption granted by the U.S. Department of Labor.

Underwriter: As specified in the Preliminary Statement.

Unscheduled Principal Distribution Amount: With respect to any Distribution Date and Loan Group 1, an amount equal to the sum of (i) with respect to each Mortgage Loan in that Loan Group that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the applicable Non-PO Percentage of the Liquidation Proceeds allocable to principal received with respect to such Mortgage Loan and (ii) the applicable Non-PO Percentage of the amount described in subclause (f) of clause (i) of the definition of Non-PO Formula Principal Amount for such Loan Group and Distribution Date and (iii) any Subsequent Recoveries described in clause (ii) of the definition of Non-PO Formula Principal Amount for such Loan Group and Distribution Date.

Voting Rights: The portion of the voting rights of all of the

Certificates in a Certificate Group which is allocated to any related Certificate. As of any date of determination, (a) 1% of all Voting Rights for a Certificate Group shall be allocated to each related Class of Notional Amount Certificates, if any (such Voting Rights to be allocated among the holders of Certificates of each such Class in accordance with their respective Percentage Interests), and (b) the remaining Voting Rights for a Certificate Group (or 100% of the Voting Rights if there is no Class of Notional Amount Certificates) shall be allocated among Holders of the remaining Classes of Certificates in such Certificate Group in proportion to the Certificate Balances of their respective Certificates on such date. The Voting Rights of a Class of Exchangeable Certificates will be allocated a proportionate share of the Voting Rights allocated to the related Class or Classes of Depositable Certificates.

Weighted Average Adjusted Net Mortgage Rate: As to any Distribution Date and Loan Group 2, the average of the Adjusted Net Mortgage Rate of each Mortgage Loan in Loan Group 2, weighted on the basis of its Stated Principal Balance as of the first day of the related Due Period (after giving effect to Principal Prepayments received on the Prepayment Period ending during such Due Period).

#### SECTION 1.02. Certain Interpretive Principles.

All terms defined in this Agreement shall have the defined meanings when used in any certificate, agreement or other document delivered pursuant hereto unless otherwise defined therein. For purposes of this Agreement and all such certificates and other documents, unless the context otherwise requires: (a) accounting terms not otherwise defined in this Agreement, and accounting terms partly defined in this Agreement to the extent not defined, shall have the respective meanings given to them under generally accepted accounting principles; (b) the words "hereof," "herein" and "hereunder" and

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words of similar import refer to this Agreement (or the certificate, agreement or other document in which they are used) as a whole and not to any particular provision of this Agreement (or such certificate, agreement or document); (c) references to any Section, Schedule or Exhibit are references to Sections, Schedules and Exhibits in or to this Agreement, and references to any paragraph, subsection, clause or other subdivision within any Section or definition refer to such paragraph, subsection, clause or other subdivision of such Section or definition; (d) the term "including" means "including without limitation"; (e) references to any law or regulation refer to that law or regulation as amended from time to time and include any successor law or regulation; (f) references to any agreement refer to that agreement as amended from time to time; (g) references to any Person include that Person's permitted successors and assigns; and (h) a Mortgage Loan is "30 days delinquent" if any Scheduled Payment has not been received by the close of business on the day immediately preceding the Due Date on which the next Scheduled Payment is due. Similarly for "60 days delinquent," "90 days delinquent" and so on.

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## ARTICLE II

### CONVEYANCE OF MORTGAGE LOANS; REPRESENTATIONS AND WARRANTIES

#### SECTION 2.01. Conveyance of Mortgage Loans.

Prepayment Charge that would otherwise be due from the Mortgagor, less any amount representing such Prepayment Charge previously collected and paid by the Master Servicer into the Certificate Account.

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#### ARTICLE IV

##### DISTRIBUTIONS AND ADVANCES BY THE MASTER SERVICER

###### SECTION 4.01. Advances.

(a) The Master Servicer shall determine on or before each Master Servicer Advance Date whether it is required to make an Advance pursuant to the definition thereof. If the Master Servicer determines it is required to make an Advance, it shall, on or before the Master Servicer Advance Date, either (i) deposit into the Certificate Account an amount equal to the Advance or (ii) make an appropriate entry in its records relating to the Certificate Account that any Amount Held for Future Distribution for the applicable Loan Group has been used by the Master Servicer in discharge of its obligation to make any such Advance. Any funds so applied shall be replaced by the Master Servicer by deposit in the Certificate Account no later than the close of business on the next Master Servicer Advance Date. The Master Servicer shall be entitled to be reimbursed from the Certificate Account for all Advances of its own funds made pursuant to this Section as provided in Section 3.08. The obligation to make Advances with respect to any Mortgage Loan shall continue if such Mortgage Loan has been foreclosed or otherwise terminated and the related Mortgaged Property has not been liquidated.

(b) If the Master Servicer determines that it will be unable to comply with its obligation to make the Advances as and when described in the second sentence of Section 4.01(a), it shall use its best efforts to give written notice thereof to the Trustee (each such notice a "Trustee Advance Notice"; and such notice may be given by telecopy), not later than 3:00 P.M., New York time, on the Business Day immediately preceding the related Master Servicer Advance Date, specifying the amount that it will be unable to deposit (each such amount an "Advance Deficiency") and certifying that such Advance Deficiency constitutes an Advance hereunder and is not a Nonrecoverable Advance. If the Trustee receives a Trustee Advance Notice on or before 3:30 P.M., New York time on a Master Servicer Advance Date, the Trustee shall, not later than 3:00 P.M., New York time, on the related Distribution Date, deposit in the Distribution Account an amount equal to the Advance Deficiency identified in such Trustee Advance Notice unless it is prohibited from so doing by applicable law. Notwithstanding the foregoing, the Trustee shall not be required to make such deposit if the Trustee shall have received written notification from the Master Servicer that the Master Servicer has deposited or caused to be deposited in the Certificate Account an amount equal to such Advance Deficiency. All Advances made by the Trustee pursuant to this Section 4.01(b) shall accrue interest on behalf of the Trustee at the Trustee Advance Rate from and including the date such Advances are made to but excluding the date of repayment, with such interest being an obligation of the Master Servicer and not the Trust Fund. The Master Servicer shall reimburse the Trustee for the amount of any Advance made by the Trustee pursuant to this Section 4.01(b) together with accrued interest, not later than the fifth day following the related Master Servicer Advance Date. In the event that the Master Servicer does not reimburse the Trustee in accordance with the requirements of the preceding sentence, the Trustee shall have the right, but not the obligation, to immediately (a) terminate all of the rights and obligations of the Master Servicer under this Agreement in accordance with Section 7.01 and (b) subject to the limitations set forth in Section 3.04, assume all of the rights and obligations of the Master Servicer hereunder.



(c) The Master Servicer shall, not later than the close of business on the second Business Day immediately preceding each Distribution Date, deliver to the Trustee a report (in form and substance reasonably satisfactory to the Trustee) that indicates (i) the Mortgage Loans with respect to which the Master Servicer has determined that the related Scheduled Payments should be advanced and (ii) the amount of the related Scheduled Payments. The Master Servicer shall deliver to the Trustee on

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the related Master Servicer Advance Date an Officer's Certificate of a Servicing Officer indicating the amount of any proposed Advance determined by the Master Servicer to be a Nonrecoverable Advance.

#### SECTION 4.02. Priorities of Distribution.

(a) (1) With respect to Available Funds for Loan Group 1, on each Distribution Date, the Trustee shall withdraw such Available Funds from the Distribution Account and apply such funds to distributions on the specified Classes of Group 1 Senior Certificates in the following order and priority and, in each case, to the extent of Available Funds for such Loan Group remaining:

(i) [Reserved];

(ii) concurrently, to each interest-bearing Class of Group 1 Senior Certificates, an amount allocable to interest equal to the related Class Optimal Interest Distribution Amount, any shortfall being allocated among such Classes in proportion to the amount of the Class Optimal Interest Distribution Amount with respect to the Group 1 Certificates that would have been distributed in the absence of such shortfall, provided that prior to an Accrual Termination Date, the related Accrual Amount shall be distributed as provided in Section 4.02(a)(1)(iii);

(iii) [Reserved];

(iv) to each Class of Group 1 Senior Certificates, concurrently, as follows:

(x) to the Class 1-PO Certificates, the related PO Formula Principal Amount, until the Class Certificate Balance thereof is reduced to zero; and

(y) the related Non-PO Formula Principal Amount, up to the amount of the Group 1 Senior Principal Distribution Amount for such Distribution Date, in the following order of priority:

(1) to the Class 1-A-R Certificates, until its Class Certificate Balance is reduced to zero;

(2) to the Class 1-A-4 Certificates, the Priority Amount, until its Class Certificate Balance is reduced to zero;

(3) in an amount up to \$1,000 on each Distribution Date, to the Class 1-A-2 Certificates, until its Class Certificate Balance is reduced to zero;

(4) in an amount up to \$1,793,000 on each Distribution Date, to the Class 1-A-1 Certificates, until its Class Certificate Balance is reduced to zero;

(5) sequentially, to the Class 1-A-2, Class 1-A-1 and Class 1-A-3 Certificates, in that order, until their respective Class

Certificate Balances are reduced to zero; and

(7) to the Class 1-A-4 Certificates, without regard to the Priority Amount, until its Class Certificate Balance is reduced to zero; and

(v) to the Class 1-PO Certificates, any related Class PO Deferred Amount, up to an amount not to exceed the amount calculated pursuant to clause (A) of the definition of the Group 1 Subordinated Principal Distribution Amount actually received or advanced for such Distribution Date (with such amount to be allocated first from amounts calculated pursuant to

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(A)(i), then (ii), and then (iii) of the definition of Group 1 Subordinated Principal Distribution Amount).

(2) With respect to the Available Funds for Loan Group 2 on each Distribution Date, the Trustee shall withdraw such Available Funds from the Distribution Account and apply such funds to distributions on the specified Classes of Group 2 Senior Certificates in the following order and priority, and in each case, to the extent of Available Funds for such Loan Group remaining:

(i) [Reserved];

(ii) concurrently, to each interest-bearing Class of Group 2 Senior Certificates and the Class 2-X-2A-IO and Class 2-X-2B-IO Components, an amount allocable to interest equal to the related Class Optimal Interest Distribution Amount, any shortfall being allocated among such Classes and Components in proportion to the amount of the Class Optimal Interest Distribution Amount with respect to the Group 2 Certificates that would have been distributed in the absence of such shortfall, provided that the amount of interest otherwise distributed to the Class 2-X-2A-IO and Class 2-X-2B-IO Components shall be deposited into the Carryover Shortfall Reserve Fund and shall be distributed in accordance with Section 4.02(a)(4); provided further that prior to an Accrual Termination Date, the related Accrual Amount shall be distributed as provided in Section 4.02(a)(2)(iii);

(iii) [Reserved];

(iv) to each Class of Group 2 Senior Certificates and the Class 2-X-2A-PO and Class 2-X-2B-PO Components, concurrently as follows:

(x) [Reserved]

(y) the related Principal Amount, up to the amount of the Group 2 Senior Principal Distribution Amount for Loan Group 2 for such Distribution Date, will be distributed sequentially:

(1) to the Class 2-A-R Certificates, until its Class Certificate Balance is reduced to zero; and

(2) concurrently, to the Class 2-A-1 and Class 2-A-2 Certificates and the Class 2-X-2A-PO and Class 2-X-2B-PO Components, pro rata, until their respective Class Certificate Balances or Component Principal Balances, as applicable, are reduced to zero.

(3) On each Distribution Date, Available Funds from each Loan Group remaining after making the distributions described in Sections 4.02(a)(1) or 4.02(a)(2), as applicable, above, will be distributed to the Subordinated

Certificates in the related Certificate Group and the related Class A-R Certificates in the following order and priority and, in each case, to the extent of such funds remaining:

(i) such remaining Available Funds for Loan Group 1, in the following order and priority and, in each case, to the extent of such funds remaining:

(A) to the Class 1-M Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

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(B) to the Class 1-M Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(C) to the Class 1-B-1 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(D) to the Class 1-B-1 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(E) to the Class 1-B-2 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(F) to the Class 1-B-2 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(G) to the Class 1-B-3 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(H) to the Class 1-B-3 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(I) to the Class 1-B-4 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(J) to the Class 1-B-4 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(K) to the Class 1-B-5 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(L) to the Class 1-B-5 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero; and

(M) to the Class 1-A-R Certificates, any remaining funds (other than the \$100 held in trust for the Class 1-P Certificates) in the Trust Fund.

(ii) such remaining Available Funds for Loan Group 2, in the following order and priority and, in each case, to the extent of such funds remaining:

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(A) to the Class 2-M-1 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(B) to the Class 2-M-1 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(C) to the Class 2-M-2 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(D) to the Class 2-M-2 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(E) to the Class 2-M-3 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(F) to the Class 2-M-3 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(G) to the Class 2-M-4 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(H) to the Class 2-M-4 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(I) to the Class 2-M-5 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(J) to the Class 2-M-5 Certificates, an amount allocable to principal equal to its Pro Rata Share for such

Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(K) to the Class 2-M-6 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(L) to the Class 2-M-6 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(M) to the Class 2-M-7 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

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(N) to the Class 2-M-7 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(O) to the Class 2-M-8 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(P) to the Class 2-M-8 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(Q) to the Class 2-M-9 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(R) to the Class 2-M-9 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(S) to the Class 2-M-10 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(T) to the Class 2-M-10 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(U) to the Class 2-M-11 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(V) to the Class 2-M-11 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance

thereof is reduced to zero;

(W) to the Class 2-B-1 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(X) to the Class 2-B-1 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

(Y) to the Class 2-B-2 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(Z) to the Class 2-B-2 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

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(AA) to the Class 2-B-3 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;

(BB) to the Class 2-B-3 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero; and

(CC) to the Class 2-A-R Certificates, any remaining funds (other than the \$100 held in trust for the Class 2-P Certificates) in the Trust Fund.

(4) On each Distribution Date, any amounts deposited in the Carryover Shortfall Reserve Fund shall be distributed by the Trustee as follows:

(i) from amounts otherwise distributable to the Class 2-X-2A-IO Component on such Distribution Date, sequentially, as follows:

(a) concurrently, to the Class 2-A-1 and Class 2-A-2 Certificates, pro rata, based on their respective Class Certificate Balances, up to the amount of the Carryover Shortfall Amount with respect to each such Class of Certificates for such Distribution Date;

(b) concurrently, to the Class 2-A-1 and Class 2-A-2 Certificates, pro rata, based on their respective Carryover Shortfall Amounts for such Distribution Date not paid above, up to the amount of the Carryover Shortfall Amount with respect to each such Class of Certificates for such Distribution Date not paid above; and

(c) any amounts remaining to the Class 2-X-2A Certificates; and

(ii) from amounts on deposit in the Carryover Shortfall Reserve Fund otherwise distributable to the Class 2-X-2B-IO Component, as follows:

(a) concurrently, to each Class of LIBOR Certificates, pro

rata, based on their respective Class Certificate Balances, up to the amount of the Carryover Shortfall Amount with respect to each such Class of Certificates for such Distribution Date;

(b) concurrently, to each Class of LIBOR Certificates, pro rata, based on their respective Carryover Shortfall Amounts for such Distribution Date not paid above, up to the amount of the Carryover Shortfall Amount with respect to each such Class of Certificates for such Distribution Date not paid above; and

(c) any amounts remaining to the Class 2-X-2B Certificates.

(5) On each Distribution Date, the Prepayment Charge Amount for a Loan Group will be distributed to the holders of the Class 1-P or Class 2-P Certificates, as applicable. On the related Class P Principal Distribution Date, the \$100 held in trust for the Class 1-P or Class 2-P Certificates, as applicable, will be distributed to the holders of the Class 1-P and Class 2-P Certificates, as applicable.

On any Distribution Date, amounts distributed in respect of Class PO Deferred Amounts will not reduce the Class Certificate Balance of the Class 1-PO Certificates.

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With respect to Loan Group 1, on any Distribution Date, to the extent the Amount Available for Senior Principal for Loan Group 1 is insufficient to make the full distribution required to be made pursuant to the applicable subclauses (iv)(x) above, (A) the amount distributable on the applicable Class 1-PO Certificates in respect of principal pursuant to such subclause (iv)(x), shall be equal to the product of (1) the Amount Available for Senior Principal for Loan Group 1 and (2) a fraction, the numerator of which is the related PO Formula Principal Amount and the denominator of which is the sum of such PO Formula Principal Amount and the applicable Senior Principal Distribution Amount and (B) the amount distributable on the related Senior Certificates, other than the Class 1-PO Certificates, in respect of principal pursuant to such clause (iv)(y) shall be equal to the product of (1) such Amount Available for Senior Principal and (2) a fraction, the numerator of which is the applicable Senior Principal Distribution Amount and the denominator of which is the sum of such Senior Principal Distribution Amount and the related PO Formula Principal Amount.

(b) On each Distribution Date prior to and including the applicable Accrual Termination Date with respect to each Class or Component of Accrual Certificates, the Accrual Amount for such Class or Component for such Distribution Date shall not (except as provided in the second to last sentence in this paragraph) be distributed as interest with respect to such Class or Component of Accrual Certificates, but shall instead be added to the related Class Certificate Balance of such Class on the related Distribution Date. With respect to any Distribution Date prior to and including the applicable Accrual Termination Date on which principal payments on any Class or Component of Accrual Certificates are distributed pursuant to Section 4.02(a)(1)(iv)(y) or Section 4.02(a)(2)(iv)(y), as applicable, the related Accrual Amount shall be deemed to have been added on such Distribution Date to the related Class Certificate Balance or Component Balance (and included in the amount distributable on the related Class or Classes or Component of Accretion Directed Certificates pursuant to Section 4.02(a)(1)(iii) or Section 4.02(a)(2)(iii), as applicable, for such Distribution Date) and the related distribution thereon shall be deemed to have been applied concurrently towards the reduction of all or a portion of the amount so added and, to the extent of any excess, towards the reduction of the Class Certificate Balance or Component Balance of such Class or Component of Accrual Certificates immediately prior to such Distribution Date. Notwithstanding any such

distribution, each such Class or Component shall continue to be a Class of Accrual Certificates on each subsequent Distribution Date until the applicable Accrual Termination Date.

(c) On each Distribution Date on or after the Senior Credit Support Depletion Date for Loan Group 1, notwithstanding the allocation and priority set forth in Section 4.02(a)(1)(iv)(y), the portion of Available Funds for Loan Group 1 available to be distributed as principal of the Group 1 Senior Certificates (other than the Class 1-PO Certificates), shall be distributed concurrently, as principal, on such Classes, pro rata, on the basis of their respective Class Certificate Balances, until the Class Certificate Balances thereof are reduced to zero.

(d) On each Distribution Date, the amount referred to in clause (i) of the definition of Class Optimal Interest Distribution Amount for each Class of Certificates or Component thereof for such Distribution Date shall be reduced for each Class of Senior Certificates or Component thereof of a Senior Certificate Group and each Class of Subordinated Certificates in that Certificate Group by (i) the related Class' pro rata share of Net Prepayment Interest Shortfalls for such Loan Group based on the related Class' Class Optimal Interest Distribution Amount for such Distribution Date, without taking into account such Net Prepayment Interest Shortfalls, and (ii) the related Class' Allocable Share of the interest portion of the related Debt Service Reduction and each Relief Act Reduction for the Mortgage Loans in the related Loan Group (or, after the Senior Credit Support Depletion Date, any Mortgage Loan) incurred during the calendar month preceding the month of such Distribution Date.

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(e) Notwithstanding the priority and allocation contained in Section 4.02(a)(3)(i) or Section 4.02(a)(3)(ii), if, on any Distribution Date, with respect to any Class of Subordinated Certificates in a Certificate Group (other than the Class of Subordinated Certificates in a Certificate Group then Outstanding with the highest priority of distribution), the sum of the related Class Subordination Percentages of such Class and of all Classes of Subordinated Certificates in such Certificate Group which have a higher numerical Class designation than such Class (the "Applicable Credit Support Percentage") is less than the Original Applicable Credit Support Percentage for such Class, no distribution of Principal Prepayments for the related Loan Group will be made to any such Classes (the "Restricted Classes") and the amount of such Principal Prepayments otherwise distributable to the Restricted Classes shall be distributed to any Classes of Subordinated Certificates in the related Certificate Group having lower numerical Class designations than such Class, pro rata, based on their respective Class Certificate Balances immediately prior to such Distribution Date and shall be distributed in the sequential order provided in Section 4.02(a)(3)(i) or Section 4.02(a)(3)(ii).

(f) If the amount of a Realized Loss on a Mortgage Loan in a Loan Group has been reduced by application of Subsequent Recoveries with respect to such Mortgage Loan, the amount of such Subsequent Recoveries will be applied sequentially, in the order of payment priority, to increase the Class Certificate Balance of each Class of Certificates in the related Certificate Group to which Realized Losses have been allocated, but in each case by not more than the amount of Realized Losses previously allocated to that Class of Certificates pursuant to Section 4.04. Holders of such Certificates will not be entitled to any payment in respect of the Class Optimal Interest Distribution Amount on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs. Any such increases shall be applied pro rata to the Certificate Balance of each Certificate of such Class.

#### SECTION 4.03. Allocation of Net Deferred Interest.



(a) For any Distribution Date, the Senior Percentage for the Group 2 Senior Certificates of the Net Deferred Interest for Loan Group 2 will be allocated among the Group 2 Senior Certificates and the related Subordinated Percentage of the Net Deferred Interest for Loan Group 2 will be allocated to the Subordinated Certificates. Among the Group 2 Senior Certificates or the Group 2 Subordinated Certificates, as applicable, the Net Deferred Interest allocated to a Class of Certificates shall be an amount equal to the excess, if any, of (i) the amount of interest that accrued on such Class of Certificates or its related Notional Amount Components at its respective Pass-Through Rate during the Interest Accrual Period related to that Distribution Date over (ii) the amount of interest that accrued on such Class of Certificates or its related Notional Amount Components at the related Adjusted Rate Cap during the Interest Accrual Period related to that Distribution Date.

(b) Any Net Deferred Interest allocated to a Class of Certificates will be added to the Class Certificate Balance of such Class of Certificates, except that in the case of a Class of Component Certificates, the amount of Net Deferred Interest allocated to a Notional Amount Component shall be added to the Component Principal Balance of the related Principal Only Component.

#### SECTION 4.04. Allocation of Realized Losses.

(a) On or prior to each Determination Date, the Trustee shall determine the total amount of Realized Losses with respect to the related Distribution Date. For purposes of allocating losses to the Subordinated Certificates, the related Class M Certificates will be deemed to have a lower numerical Class designation, and to be of a higher relative payment priority, than each other Class of Subordinated Certificates with respect to the related Loan Group.

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Realized Losses with respect to any Distribution Date shall be allocated as follows:

(i) the applicable PO Percentage of any Realized Loss on a Mortgage Loan in Loan Group 1 shall be allocated to the Class 1-PO Certificates, until the Class Certificate Balance thereof is reduced to zero; and

(ii) (x) the applicable Non-PO Percentage of any Realized Loss on a Mortgage Loan in Loan Group 1 and (y) the amount of any Realized Loss on a Mortgage Loan in Loan Group 2 shall be allocated first to the Subordinated Certificates with respect to the related Loan Group in reverse order of their respective numerical Class designations (beginning with the Class of Subordinated Certificates then outstanding with the highest numerical Class designation) until the respective Class Certificate Balance of each such Class is reduced to zero, and second to the Classes of Certificates of the related Senior Certificate Group (other than any Notional Amount Certificates and the Class 1-PO Certificates, if applicable), pro rata, on the basis of their respective Class Certificate Balances or, in the case of any Class of Accrual Certificates or Accrual Component, on the basis of the lesser of its respective Class Certificate Balance or Component Balance, as applicable, and its respective initial Class Certificate Balance or Component Balance, as applicable, in each case immediately prior to the related Distribution Date, until the respective Class Certificate Balance or Component Balance of each such Class or Component is reduced to zero; provided, however, that any Realized Losses on the Mortgage Loans in Loan Group 2 that would otherwise be allocable to the Class 2-A-1 Certificates will instead be allocated to the Class 2-A-2 Certificates, until its Class Certificate Balance is reduced to zero.

(b) The Class Certificate Balance of the Class of Subordinated Certificates in a Certificate Group then outstanding with the highest numerical Class designation shall be reduced on each Distribution Date by the sum of (i) in the case of Certificate Group 1 the amount of any payments on the Class 1-PO Certificates in respect of Class PO Deferred Amounts and (ii) the amount, if any, by which the aggregate of the Class Certificate Balances of all outstanding Classes of Certificates in such Certificate Group (after giving effect to the distribution of principal and the allocation of Realized Losses and Class PO Deferred Amounts on such Distribution Date) exceeds the sum of the aggregate Stated Principal Balance of the Mortgage Loans in the related Loan Group for the following Distribution Date and, with respect to Loan Group 1, any amounts in the Pre-funding Account as of that Distribution Date.

(c) Any Realized Losses allocated to a Class of Certificates or any reduction in the Class Certificate Balance of a Class of Certificates pursuant to Section 4.04(a) above shall be allocated among the Certificates of such Class in proportion to their respective Certificate Balances.

(d) Any allocation of Realized Losses to a Certificate or to any Component or any reduction in the Certificate Balance or Component Balance of a Certificate or Component, pursuant to Section 4.04(a) above shall be accomplished by reducing the Certificate Balance or Component Balance thereof, as applicable, immediately following the distributions made on the related Distribution Date in accordance with the definition of "Certificate Balance" or "Component Balance," as the case may be.

SECTION 4.05. [Reserved].

SECTION 4.06. Monthly Statements to Certificateholders.

(a) Concurrently with each distribution on a Distribution Date, the Trustee will forward by electronic delivery to each Rating Agency and make available to Certificateholders on the

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Trustee's website (<http://www.bnyinvestorreporting.com>) a statement generally setting forth the information with respect to the applicable Loan Group contained in Exhibit U hereto.

(b) The Trustee's responsibility for disbursing the above information to the Certificateholders is limited to the availability, timeliness and accuracy of the information provided by the Master Servicer.

(c) On or before the fifth Business Day following the end of each Prepayment Period (but in no event later than the third Business Day prior to the related Distribution Date), the Master Servicer shall deliver to the Trustee (which delivery may be by electronic data transmission) a report in substantially the form set forth as Schedule VI hereto.

(d) Within a reasonable period of time after the end of each calendar year, the Trustee shall cause to be furnished to each Person who at any time during the calendar year was a Certificateholder, a statement containing the information set forth in items (1), (2) and (7) on Exhibit U aggregated for such calendar year or applicable portion thereof during which such Person was a Certificateholder. Such obligation of the Trustee shall be deemed to have been satisfied to the extent that substantially comparable information shall be provided by the Trustee pursuant to any requirements of the Code as from time to time in effect.

SECTION 4.07. Determination of Pass-Through Rates for COFI

## Certificates.

The Pass-Through Rate for each Class of COFI Certificates for each Interest Accrual Period after the initial Interest Accrual Period shall be determined by the Trustee as provided below on the basis of the Index and the applicable formulae appearing in footnotes corresponding to the COFI Certificates in the table relating to the Certificates in the Preliminary Statement.

Except as provided below, with respect to each Interest Accrual Period following the initial Interest Accrual Period, the Trustee shall not later than two Business Days prior to such Interest Accrual Period but following the publication of the applicable Index determine the Pass-Through Rate at which interest shall accrue in respect of the COFI Certificates during the related Interest Accrual Period.

Except as provided below, the Index to be used in determining the respective Pass-Through Rates for the COFI Certificates for a particular Interest Accrual Period shall be COFI for the second calendar month preceding the Outside Reference Date for such Interest Accrual Period. If at the Outside Reference Date for any Interest Accrual Period, COFI for the second calendar month preceding such Outside Reference Date has not been published, the Trustee shall use COFI for the third calendar month preceding such Outside Reference Date. If COFI for neither the second nor third calendar months preceding any Outside Reference Date has been published on or before the related Outside Reference Date, the Index for such Interest Accrual Period and for all subsequent Interest Accrual Periods shall be the National Cost of Funds Index for the third calendar month preceding such Interest Accrual Period (or the fourth preceding calendar month if such National Cost of Funds Index for the third preceding calendar month has not been published by such Outside Reference Date). In the event that the National Cost of Funds Index for neither the third nor fourth calendar months preceding an Interest Accrual Period has been published on or before the related Outside Reference Date, then for such Interest Accrual Period and for each succeeding Interest Accrual Period, the Index shall be LIBOR, determined in the manner set forth below.

With respect to any Interest Accrual Period for which the applicable Index is LIBOR, LIBOR for such Interest Accrual Period will be established by the Trustee on the related Interest Determination Date as provided in Section 4.08.

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In determining LIBOR and any Pass-Through Rate for the COFI Certificates or any Reserve Interest Rate, the Trustee may conclusively rely and shall be protected in relying upon the offered quotations (whether written, oral or on the Reuters Screen) from the Reference Banks or the New York City banks as to LIBOR or the Reserve Interest Rate, as appropriate, in effect from time to time. The Trustee shall not have any liability or responsibility to any Person for (i) the Trustee's selection of New York City banks for purposes of determining any Reserve Interest Rate or (ii) its inability, following a good-faith reasonable effort, to obtain such quotations from the Reference Banks or the New York City banks or to determine such arithmetic mean, all as provided for in this Section 4.07.

The establishment of LIBOR and each Pass-Through Rate for the COFI Certificates by the Trustee shall (in the absence of manifest error) be final, conclusive and binding upon each Holder of a Certificate and the Trustee.

SECTION 4.08. Determination of Pass-Through Rates for LIBOR Certificates.

(a) On each Interest Determination Date so long as any LIBOR

Certificates are outstanding, the Trustee will determine LIBOR on the basis of the British Bankers' Association ("BBA") "Interest Settlement Rate" for one-month deposits in U.S. dollars as quoted on the Bloomberg Terminal as of each LIBOR Determination Date.

(b) If on any Interest Determination Date, LIBOR cannot be determined as provided in paragraph (A) of this Section 4.08, the Trustee shall either (i) request each Reference Bank to inform the Trustee of the quotation offered by its principal London office for making one-month United States dollar deposits in leading banks in the London interbank market, as of 11:00 a.m. (London time) on such Interest Determination Date or (ii) in lieu of making any such request, rely on such Reference Bank quotations that appear at such time on the Reuters Screen LIBO Page (as defined in the International Swap Dealers Association Inc. Code of Standard Wording, Assumptions and Provisions for Swaps, 1986 Edition), to the extent available. LIBOR for the next Interest Accrual Period will be established by the Trustee on each Interest Determination Date as follows:

(i) If on any Interest Determination Date two or more Reference Banks provide such offered quotations, LIBOR for the next applicable Interest Accrual Period shall be the arithmetic mean of such offered quotations (rounding such arithmetic mean upwards if necessary to the nearest whole multiple of 1/32%).

(ii) If on any Interest Determination Date only one or none of the Reference Banks provides such offered quotations, LIBOR for the next Interest Accrual Period shall be whichever is the higher of (i) LIBOR as determined on the previous Interest Determination Date or (ii) the Reserve Interest Rate. The "Reserve Interest Rate" shall be the rate per annum which the Trustee determines to be either (i) the arithmetic mean (rounded upwards if necessary to the nearest whole multiple of 1/32%) of the one-month United States dollar lending rates that New York City banks selected by the Trustee are quoting, on the relevant Interest Determination Date, to the principal London offices of at least two of the Reference Banks to which such quotations are, in the opinion of the Trustee, being so made, or (ii) in the event that the Trustee can determine no such arithmetic mean, the lowest one-month United States dollar lending rate which New York City banks selected by the Trustee are quoting on such Interest Determination Date to leading European banks.

(iii) If on any Interest Determination Date the Trustee is required but is unable to determine the Reserve Interest Rate in the manner provided in paragraph (b) above, LIBOR for the related Classes of Certificates shall be LIBOR as determined on the preceding applicable

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Interest Determination Date. If on the initial LIBOR Determination Date the Trustee is required but unable to determine LIBOR in the manner provided above, LIBOR for the next Interest Accrual Period shall be 5.320%.

Until all of the LIBOR Certificates are paid in full, the Trustee will at all times retain at least four Reference Banks for the purpose of determining LIBOR with respect to each Interest Determination Date. The Master Servicer initially shall designate the Reference Banks. Each "Reference Bank" shall be a leading bank engaged in transactions in Eurodollar deposits in the international Eurocurrency market, shall not control, be controlled by, or be under common control with, the Trustee and shall have an established place of business in London. If any such Reference Bank should be unwilling or unable to act as such or if the Master Servicer should terminate its appointment as Reference Bank, the Trustee shall promptly appoint or cause to be appointed another Reference Bank. The Trustee shall have no liability or responsibility

to any Person for (i) the selection of any Reference Bank for purposes of determining LIBOR or (ii) any inability to retain at least four Reference Banks which is caused by circumstances beyond its reasonable control.

(c) The Pass-Through Rate for each Class of LIBOR Certificates for each Interest Accrual Period shall be determined by the Trustee on each Interest Determination Date so long as the LIBOR Certificates are outstanding on the basis of LIBOR and the respective formulae appearing in footnotes corresponding to the LIBOR Certificates in the table relating to the Certificates in the Preliminary Statement.

In determining LIBOR, any Pass-Through Rate for the LIBOR Certificates, any Interest Settlement Rate, or any Reserve Interest Rate, the Trustee may conclusively rely and shall be protected in relying upon the offered quotations (whether written, oral or on the Dow Jones Markets) from the BBA designated banks, the Reference Banks or the New York City banks as to LIBOR, the Interest Settlement Rate or the Reserve Interest Rate, as appropriate, in effect from time to time. The Trustee shall not have any liability or responsibility to any Person for (i) the Trustee's selection of New York City banks for purposes of determining any Reserve Interest Rate or (ii) its inability, following a good-faith reasonable effort, to obtain such quotations from, the BBA designated banks, the Reference Banks or the New York City banks or to determine such arithmetic mean, all as provided for in this Section 4.08.

The establishment of LIBOR and each Pass-Through Rate for the LIBOR Certificates by the Trustee shall (in the absence of manifest error) be final, conclusive and binding upon each Holder of a Certificate and the Trustee.

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ARTICLE V  
THE CERTIFICATES

SECTION 5.01. The Certificates.

The Certificates shall be substantially in the forms attached hereto as exhibits. The Certificates shall be issuable in registered form, in the minimum denominations, integral multiples in excess thereof (except that one Certificate in each Class may be issued in a different amount which must be in excess of the applicable minimum denomination) and aggregate denominations per Class set forth in the Preliminary Statement.

Subject to Section 9.02 hereof respecting the final distribution on the Certificates, on each Distribution Date the Trustee shall make distributions to each Certificateholder of record on the preceding Record Date either (x) by wire transfer in immediately available funds to the account of such holder at a bank or other entity having appropriate facilities therefor, if (i) such Holder has so notified the Trustee at least five Business Days prior to the related Record Date and (ii) such Holder shall hold (A) a Notional Amount Certificate, (B) 100% of the Class Certificate Balance of any Class of Certificates or (C) Certificates of any Class with aggregate principal Denominations of not less than \$1,000,000 or (y) by check mailed by first class mail to such Certificateholder at the address of such holder appearing in the Certificate Register.

The Certificates shall be executed by manual or facsimile signature on behalf of the Trustee by an authorized officer. Certificates bearing the manual or facsimile signatures of individuals who were, at the time when such signatures were affixed, authorized to sign on behalf of the Trustee shall

CWALT, INC.,  
as Depositor

By: /s/ Michael Schloessmann  
-----  
Name: Michael Schloessmann  
Title: Vice President

THE BANK OF NEW YORK,  
as Trustee

By: /s/ Maria Tokarz  
-----  
Name: Maria Tokarz  
Title: Assistant Vice President

COUNTRYWIDE HOME LOANS, INC.,  
as a Seller

By: /s/ Michael Schloessmann  
-----  
Name: Michael Schloessmann  
Title: Vice President

PARK GRANADA LLC,  
as a Seller

By: /s/ Michael Schloessmann  
-----  
Name: Michael Schloessmann  
Title: Vice President

PARK MONACO INC.,  
as a Seller

By: /s/ Michael Schloessmann  
-----  
Name: Michael Schloessmann  
Title: Vice President

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PARK SIENNA LLC,  
as a Seller

By: /s/ Michael Schloessmann  
-----  
Name: Michael Schloessmann  
Title: Vice President

COUNTRYWIDE HOME LOANS SERVICING LP,  
as Master Servicer

By: /s/ Michael Schloessmann  
-----  
Name: Michael Schloessmann  
Title: Vice President

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Acknowledged solely with respect to  
its obligations under Section 4.01(b)

THE BANK OF NEW YORK, in its individual  
capacity

By: /s/ Paul Connolly  
-----  
Name: Paul Connolly  
Title: Vice President

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SCHEDULE I

Mortgage Loan Schedule

[Delivered at Closing to Trustee]

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SCHEDULE II-A

CWALT, Inc.

Mortgage Pass-Through Certificates

Series 2006-J7

Representations and Warranties of Countrywide  
-----

Countrywide Home Loans, Inc. ("Countrywide") hereby makes the  
representations and warranties set forth in this Schedule II-A to the  
Depositor, the Master Servicer and the Trustee, as of the Closing Date or if  
so specified herein, as of the Initial Cut-off Date, and with respect to all  
of the Supplemental Mortgage Loans as of the related Supplemental Transfer  
Date or if so specified herein, as of the related Supplemental Cut-off Date.  
Capitalized terms used but not otherwise defined in this Schedule II-A shall  
have the meanings ascribed thereto in the Pooling and Servicing Agreement (the  
"Pooling and Servicing Agreement") relating to the above-referenced Series,  
among Countrywide Home Loans, Inc., as a seller, Park Granada LLC, as a

# **EXHIBIT E**



**EXECUTION VERSION**

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**INDYMAC MBS, INC.**  
Depositor

**INDYMAC BANK, F.S.B.**  
Seller and Master Servicer

**DEUTSCHE BANK NATIONAL TRUST COMPANY**  
Trustee

---

**POOLING AND SERVICING AGREEMENT**  
Dated as of December 1, 2005

---

**RESIDENTIAL ASSET SECURITIZATION TRUST**  
Series 2005-A15

**MORTGAGE PASS-THROUGH CERTIFICATES**  
Series 2005-O

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THIS POOLING AND SERVICING AGREEMENT, dated as of December 1, 2005, among INDYMAC MBS, INC., a Delaware corporation, as depositor (the “*Depositor*”), IndyMac Bank, F.S.B. (“*IndyMac*”), a federal savings bank, as seller (in that capacity, the “*Seller*”) and as master servicer (in that capacity, the “*Master Servicer*”), and Deutsche Bank National Trust Company, a national banking association, as trustee (the “*Trustee*”),

#### WITNESSETH THAT

In consideration of the mutual agreements set forth in this Agreement, the parties agree as follows:

#### PRELIMINARY STATEMENT

The Depositor is the owner of the Trust Fund that is hereby conveyed to the Trustee in return for the Certificates. The Trust Fund (exclusive of the Yield Maintenance Agreement and Yield Maintenance Reserve Fund) for federal income tax purposes will consist of three REMICs (the “*REMIC 1*”, “*REMIC 2*” and the “*Master REMIC*”). Each Certificate, other than the Class A-R Certificate, will represent ownership of one or more regular interests in the Master REMIC for purposes of the REMIC Provisions. The Class A-R Certificate represents ownership of the sole class of residual interest in each REMIC created hereunder. The Master REMIC will hold as assets the REMIC 2 Regular Interests. The REMIC 2 will hold as assets the REMIC 1 Regular Interests. REMIC 1 will hold as assets all property of the Trust Fund (exclusive of the Yield Maintenance Agreement and Yield Maintenance Reserve Fund). For federal income tax purposes, each Certificate (other than the Class A-R Certificate) is hereby designated as a regular interest in the Master REMIC and each REMIC 1 Regular Interest and REMIC 2 Regular Interest, as defined below, is designated as a regular interest in the REMIC 1 and REMIC 2, respectively. The latest possible maturity date of all REMIC regular interests created in this Agreement shall be the Latest Possible Maturity Date.

#### REMIC 1

The REMIC 1 Regular Interests will have the initial principal balance, Pass-Through Rates and corresponding Loan Groups as set forth in the following table:

<u>REMIC 1 Interests</u>	<u>Initial Principal Balance</u>	<u>Pass-Through Rate</u>	<u>Corresponding Loan Group</u>
A-1 (0.9% of AB Loan Group 1)	(1)	5.75%	1
B-1 (0.1% of AB Loan Group 1)	(1)	5.7%	1
C-1 (Excess of Loan Group 1)	(1)	5.75%	1
X-1	(1)	(1)	1
PO-1	(1)	0.00%	1
A-2 (0.9% of AB Loan Group 2)	(1)	6.00%	2
B-2 (0.1% of AB Loan Group 2)	(1)	6.00%	2
C-2 (Excess of Loan Group 2)	(1)	6.00%	2
X-2	(1)	(1)	2
PO-2	(1)	0.00%	2
A-3 (0.9% of AB Loan Group 3)	(1)	5.75%	3
B-3 (0.1% of AB Loan Group 3)	(1)	5.75%	3
C-3 (Excess of Loan Group 3)	(1)	5.75%	3
X-3	(1)	(1)	3
PO-3	(1)	0.00%	3
A-4 (0.9% of AB Loan Group 4)	(1)	6.00%	4

B-4 (0.1% of AB Loan Group 4)	(1)	6.00%	4
C-4 (Excess of Loan Group 4)	(1)	6.00%	4
X-4	(1)	(1)	4
PO-4	(1)	0.00%	4
A-5 (0.9% of AB Loan Group 5)	(1)	5.75%	5
B-5 (0.1% of AB Loan Group 5)	(1)	5.75%	5
C-5 (Excess of Loan Group 5)	(1)	5.75%	5
X-5	(1)	(1)	5
PO-5	(1)	0.00%	5
1-P	\$100	(2)	N/A
R-1	(3)	(3)	N/A

(1) Each Class A Interest will have a principal balance initially equal to 0.9% of the Assumed Balance (“AB”) of its corresponding Loan Group. Each Class B Interest will have a principal balance initially equal to 0.1% of the AB of its corresponding Loan Group. The initial principal balance of each Class C Interest will equal the excess of the Non-PO Percentage of the initial aggregate principal balance of its corresponding Loan Group over the initial aggregate principal balances of the Class A and Class B Interests corresponding to such Loan Group. On each Distribution Date following the allocation of scheduled principal, prepayments and Realized Losses, the Class X-1, Class X-2, Class X-3, Class X-4, Class X-5 Interests will have the notional balances and pass through rates of the Class 1-A-X-1, Class 2-A-X-1, Class 2-A-X-2, Class 1-A-X-2, Class 1-A-X-3 Components, respectively, and the Class 1-\$100, Class PO-1, Class PO-2, Class PO-3, Class PO-4 and Class PO-5 Interests will have the principal balances of the Class A-R Certificates and the Class PO-1, Class PO-2, Class PO-3, Class PO-4 and PO-5 Components, respectively.

(2) The Class 1-P Interests will not bear interest. The Class 1-P will be entitled to all Prepayment Charges collected in respect of the Mortgage Loans.

(3) The Class R-1 Interest is the sole class of residual interest in REMIC 1. It has no principal balance and pays no principal or interest.

On each Distribution Date, interest and the Non-PO Percentage of principal collections shall be distributed with respect to the REMIC 1 Interests in the following manner:

(1) Interest is to be distributed with respect to each REMIC 1 Interest according to the formulas described above;

(2) If a Cross-Over Situation does not exist with respect to any Class of Interests, then Principal Amounts and Realized Losses arising with respect to each Loan Group will be allocated: first to cause the Loan Group’s corresponding Class A and Class B to equal, respectively, 0.9% of the AB and 0.1% of the AB; and second to the Loan Group’s corresponding Class C Interest;

(3) If a Cross-Over Situation exists with respect to the Class A and B Interests then:

(a) if the Calculation Rate in respect of such Class A and Class B Interests is less than the Pass Through Rate in respect of the Subordinate Certificates, Principal Relocation Payments will be made proportionately to the outstanding Class A Interests prior to any other distributions of principal from each such Loan Group; and



(b) if the Calculation Rate in respect of such outstanding Class A and Class B Interests is greater than the Pass Through Rate in respect of the Subordinate Certificates, Principal Relocation Payments will be made proportionately to the outstanding Class B Interests prior to any other distributions of principal from each such Loan Group.

In case of either (a) or (b), Principal Relocation Payments will be made so as to cause the Calculation Rate in respect of the outstanding Class A and B Interests to equal the Pass Through Rate in respect of the Subordinate Certificates. With respect to each Loan Group, if (and to the extent that) the sum of (a) the principal payments comprising the Principal Amount received during the Due Period and (b) the Realized Losses on the Mortgage Loans in that Loan Group, are insufficient to make the necessary reductions of principal on the Class A and B Interests, then interest will be added to the Loan Group's other REMIC 1 Interests that are not receiving Principal Relocation Payments, in proportion to their principal balances.

(c) The outstanding aggregate Class A and B Interests will not be reduced below 1% of the excess of (i) the aggregate Stated Principal Balance of the Mortgage Loans as of the end of any Due Period over (ii) the Certificate Balance Senior Certificates (excluding the Class A-R Certificates) as of the related Distribution Date (after taking into account distributions of principal on such Distribution Date).

If (and to the extent that) the limitation in paragraph (c) prevents the distribution of principal to the Class A and Class B Interests of a Loan Group, and if the Loan Group's Class C Interest has already been reduced to zero, then the excess principal from that Loan Group will be paid to the Class C Interests of the other Loan Group, the aggregate Class A and Class B Interests of which are less than 1% of the AB. If the Mortgage Loans in the Loan Group of the Class C Interest that receives such payment has a Weighted Average Adjusted Net Mortgage Rate below the Weighted Average Adjusted Net Mortgage Rate of the Mortgage Loans in the Loan Group making the payment, then the payment will be treated by the REMIC 1 as a Realized Loss. Conversely, if the Mortgage Loans in the Loan Group of the Class C Interest that receives such payment have a Weighted Average Adjusted Net Mortgage Rate above the Weighted Average Adjusted Net Mortgage Rate of the Mortgage Loans in the Loan Group making the payment, then the payment will be treated by the REMIC 1 as a reimbursement for prior Realized Losses.

## REMIC 2

The following table sets forth characteristics of the REMIC 2 Regular Interests:

Class Designation	Class Principal Balance	Pass-Through Rate	Allocation of Interest	Allocation of Principal
Class 2-1-A-1	(1)	5.75%	Class 1-A-1	Class 1-A-1
Class 2-1-A-2	(1)	5.75%	Class 1-A-2	Class 1-A-2
Class 2-1-A-3	(1)	5.75%	Class 1-A-3	Class 1-A-3
Class 2-1-A-4	(1)	5.75%	Class 1-A-4	Class 1-A-4
Class 2-1-A-5	(1)	5.75%	Class 1-A-5, 1-A-6	Class 1-A-5
Class 2-1-A-7	(1)	6.00%	Class 1-A-7	Class 1-A-7
Class 2-1-A-8	(1)	0.00%	N/A	Class 1-A-8
Class 2-1-A-9	(1)	5.75%	Class 1-A-9	Class 1-A-9
Class 2-2-A-1	(1)	6.00%	Class 2-A-1, 2-A-2	Class 2-A-1
Class 2-2-A-3	(1)	6.00%	Class 2-A-3	Class 2-A-3
Class 2-2-A-4	(1)	6.00%	Class 2-A-4	Class 2-A-4
Class 2-2-A-5	(1)	6.00%	Class 2-A-5	Class 2-A-5
Class 2-2-A-6	(1)	6.00%	Class 2-A-6	Class 2-A-6

Class Designation	Class Principal Balance	Pass-Through Rate	Allocation of Interest	Allocation of Principal
Class 2-2-A-7	(1)	6.00%	Class 2-A-7	Class 2-A-7
Class 2-2-A-8	(1)	6.00%	Class 2-A-8	Class 2-A-8
Class 2-2-A-9	(1)	6.00%	Class 2-A-9	Class 2-A-9
Class 2-2-A-10	(1)	6.00%	Class 2-A-10, 2-A-11	Class 2-A-10
Class 2-2-A-12	(1)	6.00%	Class 2-A-12	Class 2-A-12
Class 2-2-A-13	(1)	6.00%	Class 2-A-13	Class 2-A-13
Class 2-3-A-1	(1)	5.75%	Class 3-A-1	Class 3-A-1
Class 2-4-A-1	(1)	6.00%	Class 4-A-1	Class 4-A-1
Class 2-5-A-1	(1)	5.75%	Class 5-A-1	Class 5-A-1
Class 2-5-A-2	(1)	5.75%	Class 5-A-2	Class 5-A-2
Class 2-5-A-3	(1)	5.75%	Class 5-A-3	Class 5-A-3
Class 2-PO	(1)	0.00%	N/A	Class PO
Class 2-1-A-X	(1)	Variable	Class 1-A-X	N/A
Class 2-2-A-X	(1)	Variable	Class 2-A-X	N/A
Class 2-1-\$100	(1)	5.75%	Class A-R	Class A-R
Class 2-B-1	(1)	(2)	Class B-1	Class B-1
Class 2-B-2	(1)	(2)	Class B-2	Class B-2
Class 2-B-3	(1)	(2)	Class B-3	Class B-3
Class 2-B-4	(1)	(2)	Class B-4	Class B-4
Class 2-B-5	(1)	(2)	Class B-5	Class B-5
Class 2-B-6	(1)	(2)	Class B-6	Class B-6
Class 2-P	(1)	0.00%(3)	Class P	N/A
Class R-2(4)	N/A	N/A	N/A	N/A

- (1) For each Distribution Date, following the allocation of scheduled principal, principal prepayments and Realized Losses, the principal balance for each such Class will be the principal balance in respect of the corresponding class of certificates set forth under the Column titled "Allocation of Principal." The notional balances and pass through rates of the Class 2-1-A-X and Class 2-2-A-X Interests for any Distribution Date will be equal to that of the corresponding class of certificates set forth under the Column titled "Allocation of Interest."
- (2) The Calculation Rate.
- (3) The Class 2-P Interest will not be entitled to any interest, but will be entitled to 100% of any Prepayment Charges paid on the Mortgage Loans.
- (4) The Class R-2 Interest is the sole class of residual interest in REMIC 2 and will not be entitled to distributions of principal or interest.

Scheduled principal, prepayments and Realized Losses will be allocated to the same Lower Tier Interests in the same manner as such amounts are allocated to the Master REMIC Classes referenced under the column titled "Allocation of Principal."

### The Master REMIC

The following table sets forth characteristics of the Certificates, together with the minimum denominations and integral multiples in excess thereof in which such Classes shall be issuable (except that one Certificate of each Class of Certificates may be issued in a different amount):

Class Designation	Initial Class Certificate Balance	Pass-Through Rate	Minimum Denomination	Integral Multiples in Excess of Minimum
Class 1-A-1	\$162,550,000.00	5.75%	\$ 25,000	\$1,000
Class 1-A-2	\$55,730,000.00	5.75%	\$ 1,000	\$1,000
Class 1-A-3	\$2,604,000.00	5.75%	\$ 1,000	\$1,000
Class 1-A-4	\$34,966,600.00	5.75%	\$ 25,000	\$1,000
Class 1-A-5	\$111,947,400.00	Variable(1)	\$ 25,000	\$1,000
Class 1-A-6	Notional(2)	Variable(3)	\$ 100,000(4)	\$1,000(4)
Class 1-A-7	\$22,620,116.00	6.00%	\$ 1,000	\$1,000
Class 1-A-8	\$983,484.00	N/A(5)	\$ 25,000	\$1,000
Class 1-A-9	\$10,185,400.00	5.75%	\$ 25,000	\$1,000
Class 2-A-1	\$50,000,000.00	Variable(6)	\$ 25,000	\$1,000
Class 2-A-2	Notional(7)	Variable(8)	\$ 100,000(4)	\$1,000(4)
Class 2-A-3	\$34,065,000.00	6.00%	\$ 25,000	\$1,000
Class 2-A-4	\$44,983,000.00	6.00%	\$ 25,000	\$1,000
Class 2-A-5	\$1,097,000	6.00%	\$ 1,000	\$1,000
Class 2-A-6	\$213,000.00	6.00%	\$ 1,000	\$1,000
Class 2-A-7	\$189,630,000.00	6.00%	\$ 25,000	\$1,000
Class 2-A-8	\$31,695,000.00	6.00%	\$ 1,000	\$1,000
Class 2-A-9	\$6,153,000.00	6.00%	\$ 1,000	\$1,000
Class 2-A-10	\$124,855,000.00	Variable(9)	\$ 25,000	\$1,000
Class 2-A-11	Notional(10)	Variable(11)	\$ 100,000(4)	\$1,000(4)
Class 2-A-12	\$14,290,000.00	6.00%	\$ 1,000	\$1,000
Class 2-A-13	\$11,322,000.00	6.00%	\$ 25,000	\$1,000
Class 3-A-1	\$170,981,200.00	5.75%	\$ 25,000	\$1,000
Class 4-A-1	\$209,067,600.00	6.00%	\$ 25,000	\$1,000
Class 5-A-1	\$225,650,000.00	5.75%	\$ 25,000	\$1,000
Class 5-A-2	\$25,602,000.00	5.75%	\$ 25,000	\$1,000
Class 5-A-3	\$27,917,000.00	5.75%	\$ 25,000	\$1,000
Class PO	\$11,664,963.00	N/A(12)	\$ 25,000	\$1,000
Class 1-A-X	Notional(13)	Variable(14)	\$ 25,000(4)	\$1,000(4)
Class 2-A-X	Notional(15)	Variable(16)	\$ 25,000(4)	\$1,000(4)
Class A-R	\$100.00	5.75%	\$ 100	N/A
Class B-1	\$32,533,800.00	Variable(17)	\$ 25,000	\$1,000
Class B-2	\$20,020,400.00	Variable(17)	\$ 25,000	\$1,000
Class B-3	\$13,346,900.00	Variable(17)	\$ 25,000	\$1,000
Class B-4	\$9,176,000.00	Variable(17)	\$ 100,000	\$1,000
Class B-5	\$7,507,600.00	Variable(17)	\$ 100,000	\$1,000
Class B-6	\$5,005,157.00	Variable(17)	\$ 100,000	\$1,000
Class P	\$ 100.00	N/A(18)	\$ 100	N/A

- (1) The Class 1-A-5 Certificates will bear interest during each Interest Accrual Period at a per annum rate equal to the lesser of (i) LIBOR plus 0.45% and (ii) 5.75%. The Pass-Through Rate for the Class 1-A-5 Certificates during the initial Interest Accrual Period will be 4.80%.

- (2) The Class 1-A-6 Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on their Notional Amount, which will be \$111,947,400 for the initial Interest Accrual Period.
- (3) The Class 1-A-6 Certificates will bear interest during each Interest Accrual Period at a per annum rate equal to 5.30% *minus* LIBOR, subject to a maximum of 5.30% and a minimum of 0% for that Interest Accrual Period. The Pass Through Rate for the Class 1-A-6 Certificates during the initial Interest Accrual Period is 0.95% per annum.
- (4) Denomination is based on Notional Amount.
- (5) The Class 1-A-8 Certificates are Principal Only Certificates and are not entitled to receive distributions of interest.
- (6) The Class 2-A-1 Certificates will bear interest during each Interest Accrual Period at a per annum rate equal to the lesser of (i) LIBOR plus 0.75% and (ii) 6.00%. The Pass-Through Rate for the Class 2-A-1 Certificates during the initial Interest Accrual Period will be 5.10%.
- (7) The Class 2-A-2 Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on their Notional Amount, which will be \$50,000,000 for the initial Interest Accrual Period.
- (8) The Class 2-A-2 Certificates will bear interest during each Interest Accrual Period at a per annum rate equal to 5.25% *minus* LIBOR, subject to a maximum of 5.25% and a minimum of 0% for that Interest Accrual Period. The Pass Through Rate for the Class 2-A-2 Certificates during the initial Interest Accrual Period is 0.90% per annum.
- (9) The Class 2-A-10 Certificates will bear interest during each Interest Accrual Period at a per annum rate equal to the lesser of (i) LIBOR plus 0.45% and (ii) 6.00%. The Pass-Through Rate for the Class 2-A-10 Certificates during the initial Interest Accrual Period is 4.80%.
- (10) The Class 2-A-11 Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on their Notional Amount, which will be \$124,855,000 for the initial Interest Accrual Period.
- (11) The Class 2-A-11 Certificates will bear interest during each Interest Accrual Period at a per annum rate equal to 5.55% *minus* LIBOR, subject to a maximum of 5.55% and a minimum of 0% for that Interest Accrual Period. The Pass Through Rate for the Class 2-A-11 Certificates during the initial Interest Accrual Period is 1.20% per annum.
- (12) The Class PO Certificates are Principal Only Certificates and are not entitled to receive distributions of interest.
- (13) The Class 1-A-X Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on their Notional Amount, which will be \$772,544,441 for the initial Interest Accrual Period.
- (14) The Pass-Through Rate of the Class 1-A-X Certificates for any Distribution Date will be equal to the weighted average of the Pass-Through Rates of the Class 1-A-X Components. The Pass-Through Rate for the Class 1-A-X Certificates for the first Interest Accrual Period is 0.3689% per annum.

- (15) The Class 2-A-X Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on their Notional Amount, which will be \$251,184,356 for the initial Interest Accrual Period.
- (16) The Pass-Through Rate of the Class 2-A-X Certificates for any Distribution Date will be equal to the weighted average of the Pass-Through Rates of the Class 2-A-X Components. The Pass-Through Rate for the Class 2-A-X Certificates for the first Interest Accrual Period is 0.5343% per annum.
- (17) The Pass-Through Rate for each Class of Subordinated Certificates for any Distribution Date will be a per annum rate equal to the sum of, for each Loan Group, the applicable Required Coupon multiplied by the Assumed Balance of the Mortgage Loans in the related Loan Group for that Distribution Date, divided by the aggregate Class Certificate Balance of the Subordinated Certificates immediately prior to that Distribution Date. The Pass-Through Rate for each Class of Subordinated Certificates for the first Interest Accrual Period is 5.8635% per annum.
- (18) The Class P Certificates will not be entitled to any interest, but will be entitled to 100% of any Prepayment Charges paid on the Mortgage Loans.

The foregoing REMIC structure is intended to cause all of the cash from the Mortgage Loans to flow through to the Master REMIC as cash flow on a REMIC regular interest, without creating any shortfall—actual or potential (other than for credit losses) to any REMIC regular interest.

Set forth below are designations of Classes of Certificates to the categories used herein:

Accretion Directed Certificates.....	Class 2-A-1, Class 2-A-3, Class 2-A-5, Class 2-A-7, Class 2-A-8 and Class 2-A-10 Certificates.
Accrual Certificates .....	Class 2-A-5, Class 2-A-6, Class 2-A-9 and Class 2-A-12 Certificates.
Book-Entry Certificates .....	All Classes of Certificates other than the Physical Certificates.
COFI Certificates .....	None.
Components .....	Class 1-A-X-1, Class 1-A-X-2, Class 1-A-X-3, Class 2-A-X-1, Class 2-A-X-2, Class PO-1, Class PO-2, Class PO-3, Class PO-4 and Class PO-5 Components.
Component Certificates .....	For purposes of calculating distributions of principal and/or interest, the Component Certificates, if any, will be comprised of multiple payment components having the designations, Initial Component Balances or Notional Amounts, as applicable, and Pass-Through Rates set forth below:

<u>Designation</u>	Initial Component	Pass-Through
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	Balance	Rate
Class 1-A-X-1 Component	144,658,628	(1)
Class 1-A-X-2 Component	419,207,212	(2)
Class 1-A-X-3 Component	208,678,600	(3)
Class 2-A-X-1 Component	56,764,756	(4)
Class 2-A-X-2 Component	194,419,600	(5)
Class PO-1 Component	\$6,239,627	(6)
Class PO-2 Component	\$265,657	(6)
Class PO-3 Component	\$3,093,836	(6)
Class PO-4 Component	\$4,373	(6)
Class PO-5 Component	\$2,061,470	(6)

(1) The Pass-Through Rate for the Class 1-A-X-1 Component for the Interest Accrual Period for any Distribution Date will be equal to the excess of (a) the weighted average of the Adjusted Net Mortgage Rates of the Non-Discount Mortgage Loans in Loan Group 1, weighted on the basis of the Stated Principal Balances thereof as of the Due Date in the preceding calendar month (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date), over (b) 5.75%. The Pass-Through Rate for the Class 1-A-X-1 Component for the Interest Accrual Period related to the first Distribution Date is 0.1478% per annum.

(2) The Pass-Through Rate for the Class 1-A-X-2 Component for the Interest Accrual Period for any Distribution Date will be equal to the excess of (a) the weighted average of the Adjusted Net Mortgage Rates of the Non-Discount Mortgage Loans in Loan Group 2, weighted on the basis of the Stated Principal Balances thereof as of the Due Date in the preceding calendar month (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date), over (b) 6.00%. The Pass-Through Rate for the Class 1-A-X-2 Component for the Interest Accrual Period related to the first Distribution Date is 0.3930% per annum.

(3) The Pass-Through Rate for the Class 1-A-X-3 Component for the Interest Accrual Period for any Distribution Date will be equal to the excess of (a) the weighted average of the Adjusted Net Mortgage Rates of the Non-Discount Mortgage Loans in Loan Group 5, weighted on the basis of the Stated Principal Balances thereof as of the Due Date in the preceding calendar month (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date), over (b) 5.75%. The Pass-Through Rate for the Class 1-A-X-3 Component for the Interest Accrual Period related to the first Distribution Date is 0.4738% per annum.

(4) The Pass-Through Rate for the Class 2-A-X-1 Component for the Interest Accrual Period for any Distribution Date will be equal to the excess of (a) the weighted average of the Adjusted Net Mortgage Rates of the Non-Discount Mortgage Loans in Loan Group 3, weighted on the basis of the Stated Principal Balances thereof as of the Due Date in the preceding calendar month (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date), over (b) 5.75%. The Pass-Through Rate for the Class 2-A-X-1 Component for the Interest Accrual Period related to the first Distribution Date is 0.1211% per annum.

(5) The Pass-Through Rate for the Class 2-A-X-2 Component for the Interest Accrual Period for any Distribution Date will be equal to the excess of (a) the weighted average of

the Adjusted Net Mortgage Rates of the Non-Discount Mortgage Loans in Loan Group 4, weighted on the basis of the Stated Principal Balances thereof as of the Due Date in the preceding calendar month (after giving effect to Principal Prepayments received in the Prepayment Period related to such prior Due Date), over (b) 6.00%. The Pass-Through Rate for the Class 2-A-X-2 Component for the Interest Accrual Period related to the first Distribution Date is 0.6550% per annum.

(6) This component does not bear interest.

Delay Certificates.....	All interest-bearing Classes of Certificates other than any Non-Delay Certificates.
ERISA-Restricted Certificates .....	The Residual Certificates and the Private Certificates; the Retained Certificates until they have been the subject of an ERISA-Qualifying Underwriting; and Certificates of any Class that ceases to satisfy the rating requirements of the Underwriter’s Exemption.
Group 1 Senior Certificates .....	Class 1-A-1, Class 1-A-2, Class 1-A-3, Class 1-A-4, Class 1-A-5, Class 1-A-6, Class 1-A-7, Class 1-A-8, Class 1-A-9 and Class A-R Certificates and the Class 1-A-X-1 and Class PO-1 Component.
Group 1 Certificates .....	Group 1 Senior Certificates and the portions of the Subordinated Certificates related to Loan Group 1.
Group 2 Senior Certificates .....	Class 2-A-1, Class 2-A-2, Class 2-A-3, Class 2-A-4, Class 2-A-5, Class 2-A-6, Class 2-A-7, Class 2-A-8, Class 2-A-9, Class 2-A-10, Class 2-A-11, Class 2-A-12 and Class 2-A-13 Certificates and the Class 1-A-X-2 and Class PO-2 Component.
Group 2 Certificates .....	Group 2 Senior Certificates and the portions of the Subordinated Certificates related to Loan Group 2.
Group 3 Senior Certificates .....	Class 3-A-1 Certificates and the Class 2-A-X-1 and Class PO-3 Component.
Group 3 Certificates .....	Group 3 Senior Certificates and the portions of the Subordinated Certificates related to Loan Group 3.
Group 4 Senior Certificates .....	Class 4-A-1 Certificates and the Class 2-A-X-2 and Class PO-4 Component.
Group 4 Certificates .....	Group 4 Senior Certificates and the portions of

	the Subordinated Certificates related to Loan Group 4.
Group 5 Senior Certificates .....	Class 5-A-1, Class 5-A-2 and Class 5-A-3 Certificates and the Class 1-A-X-3 and Class PO-5 Component.
Group 5 Certificates .....	Group 5 Senior Certificates and the portions of the Subordinated Certificates related to Loan Group 5.
LIBOR Certificates .....	Class 1-A-5, Class 1-A-6, Class 2-A-1, Class 2-A-2, Class 2-A-10 and Class 2-A-11 Certificates.
Non-Delay Certificates .....	LIBOR Certificates.
Notional Amount Certificates .....	Class 1-A-6, Class 2-A-2, Class 2-A-11, Class 1-A-X and Class 2-A-X Certificates.
Offered Certificates.....	All Classes of Certificates other than the Private Certificates.
Physical Certificates.....	Class A-R Certificates and the Private Certificates.
Planned Principal Classes .....	Class 1-A-1, Class 1-A-2, Class 1-A-3, Class 1-A-5, Class 2-A-7, Class 2-A-8, Class 2-A-9 and Class 2-A-10 Certificates.
Principal Only Certificates.....	Class 1-A-8 and Class PO Certificates.
Private Certificates.....	Class P, Class B-4, Class B-5 and Class B-6 Certificates.
Rating Agencies .....	Moody's, S&P and DBRS.
Regular Certificates .....	All Classes of Certificates other than the Class A-R Certificates.
Residual Certificate.....	Class A-R Certificates.
Retained Certificates.....	Class 5-A-1, Class 5-A-2, Class 5-A-3, Class PO, Class 1-A-X and Class 2-A-X Certificates.
Senior Certificates.....	Class 1-A-1, Class 1-A-2, Class 1-A-3, Class 1-A-4, Class 1-A-5, Class 1-A-6, Class 1-A-7, Class 1-A-8, Class 1-A-9, Class 2-A-1, Class 2-A-2, Class 2-A-3, Class 2-A-4, Class 2-A-5, Class 2-A-6, Class 2-A-7, Class 2-A-8, Class 2-A-9, Class 2-A-10, Class 2-A-11, Class 2-A-



12, Class 2-A-13, Class 3-A-1, Class 4-A-1, Class 5-A-1, Class 5-A-2, Class 5-A-3, Class PO, Class 1-A-X, Class 2-A-X and Class A-R Certificates.

Senior Certificate Group ..... The Group 1 Senior Certificates, the Group 2 Senior Certificates, the Group 3 Senior Certificates, the Group 4 Senior Certificates and the Group 5 Senior Certificates.

Subordinated Certificates ..... Class B-1, Class B-2, Class B-3, Class B-4, Class B-5 and Class B-6 Certificates.

Targeted Principal Classes ..... None.

Targeted Principal Component ..... None.

With respect to any of the foregoing designations as to which the corresponding reference is “None,” all defined terms and provisions in this Agreement relating solely to such designations shall be of no force or effect, and any calculations in this Agreement incorporating references to such designations shall be interpreted without reference to such designations and amounts. Defined terms and provisions in this Agreement relating to statistical rating agencies not designated above as Rating Agencies shall be of no force or effect.

## ARTICLE ONE

## DEFINITIONS

**Section 1.01 Definitions.**

Unless the context requires a different meaning, capitalized terms are used in this Agreement as defined below.

**Accretion Directed Certificates:** As specified in the Preliminary Statement.

**Accretion Direction Rule:** With respect to any Distribution Date up to and including the related Accrual Termination Date for the related Class of Accrual Certificates, the Accretion Direction Rule shall refer to any of the Class 2-A-5 Accretion Direction Rule, Class 2-A-6 Accretion Direction Rule, Class 2-A-9 Accretion Direction Rule, or Class 2-A-12 Accretion Direction Rule, as applicable.

**Accrual Amount:** Any of the Class 2-A-5 Accrual Amount, Class 2-A-6 Accrual Amount, Class 2-A-9 Accrual Amount or Class 2-A-12 Accrual Amount, as applicable.

**Accrual Certificates:** As specified in the Preliminary Statement.

**Accrual Termination Date:** The Accrual Termination Date shall refer to the Class 2-A-5 Accrual Termination Date, Class 2-A-6 Accrual Termination Date, Class 2-A-9 Accrual Termination Date or Class 2-A-12 Accrual Termination Date, as applicable.

**Adjusted Mortgage Rate:** As to each Mortgage Loan and at any time, the per annum rate equal to the Mortgage Rate less the Servicing Fee Rate.

**Adjusted Net Mortgage Rate:** As to each Mortgage Loan and any Distribution Date, the per annum rate equal to the Mortgage Rate of that Mortgage Loan (as of the Due Date in the month preceding the month in which such Distribution Date occurs) less the Expense Fee Rate for that Mortgage Loan.

**Adjustment Date:** Not applicable.

**Advance:** As to a Loan Group, the payment required to be made by the Master Servicer with respect to any Distribution Date pursuant to Section 4.01, the amount of any such payment being equal to the aggregate of payments of principal and interest (net of the Servicing Fee) on the Mortgage Loans in such Loan Group that were due during the related Due Period and not received as of the close of business on the related Determination Date, together with an amount equivalent to interest on each REO Property, net of any net income from such REO Property, less the aggregate amount of any such delinquent payments that the Master Servicer has determined would constitute a Nonrecoverable Advance if advanced.

**Advance Notice:** As defined in Section 4.01(b).

**Advance Deficiency:** As defined in Section 4.01(b).

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

the foregoing. Affiliates also include any entities consolidated with the requirements of generally accepted accounting principles.

**Aggregate Group I:** The Class 1-A-1, Class 1-A-2 and Class 1-A-3 Certificates.

**Aggregate Group II:** The Class 2-A-7, Class 2-A-8 and Class 2-A-9 Certificates.

**Aggregate Group Balance I:** As of any Distribution Date, the aggregate Class Certificate Balance of the Classes in Aggregate Group I immediately prior to that Distribution Date.

**Aggregate Group Balance II:** As of any Distribution Date, the aggregate Class Certificate Balance of the Classes in Aggregate Group II immediately prior to that Distribution Date.

**Aggregate Group Payment Rule I:** On each Distribution Date, distributions of principal to Aggregate Group I will be made, sequentially, to the Class 1-A-1, Class 1-A-2 and Class 1-A-3 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero.

**Aggregate Group Payment Rule II:** On each Distribution Date, distributions of principal to Aggregate Group II will be made, sequentially, to the Class 2-A-7, Class 2-A-8 and Class 2-A-9 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero.

**Aggregate Subordinated Percentage:** With respect to any Distribution Date, the fraction, expressed as a percentage, the numerator of which is equal to the aggregate Class Certificate Balance of the Subordinated Certificates immediately prior to such Distribution Date and the denominator of which is the aggregate Stated Principal Balance of all the Mortgage Loans as of the Due Date in the month preceding the month of such Distribution Date (after giving effect to Principal Prepayments received in the Prepayment Period related to that prior Due Date).

**Agreement:** This Pooling and Servicing Agreement and all amendments and supplements.

**Allocable Share:** As to any Distribution Date and any Mortgage Loan (i) with respect to any of the Class 1-A-X and Class 2-A-X Components, (a) the ratio that the excess, if any, of the Adjusted Net Mortgage Rate with respect to such Mortgage Loan over the applicable Required Coupon bears to such Adjusted Net Mortgage Rate or (b) if the Adjusted Net Mortgage Rate with respect to such Mortgage Loan does not exceed the applicable Required Coupon, zero; (ii) with respect to the Class PO Certificates, zero and (iii) with respect to each other Class of Certificates the product of (a) the lesser of (I) the ratio that the related Required Coupon bears to the Adjusted Net Mortgage Rate of such Mortgage Loan and (II) one, multiplied by (b) the ratio that the amount calculated with respect to such Distribution Date (A) with respect to the Senior Certificates of the related Senior Certificate Group, pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02 (d)) and (B) with respect to the Subordinated Certificates, pursuant to the definition of Assumed Interest Amount or after a Senior Termination Date pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)) bears to the amount calculated with respect to such Distribution Date for each Class of Certificates pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)) or the definition of Assumed Interest Amount, as applicable.

**Amount Available for Senior Principal:** As to any Distribution Date and Loan Group, the related Available Funds for such Distribution Date, reduced by the aggregate amount distributable (or allocable to the Accrual Amount, if applicable) on such Distribution Date in respect of interest on the

related Senior Certificates pursuant to Section 4.02(a)(1)(iii), Section 4.02(a)(2)(iii), Section 4.02(a)(3)(iii), Section 4.02(a)(4)(iii) or Section 4.02(a)(5)(iii).

**Amount Held for Future Distribution:** As to any Distribution Date and the Mortgage Loans in a Loan Group, the aggregate amount held in the Certificate Account at the close of business on the related Determination Date on account of (i) Principal Prepayments received after the last day of the related Prepayment Period and Liquidation Proceeds and Subsequent Recoveries relating to such Loan Group received in the month of such Distribution Date and (ii) all Scheduled Payments relating to such Loan Group due after the related Due Date.

**Applicable Credit Support Percentage:** As defined in Section 4.02(e).

**Appraised Value:** With respect to any Mortgage Loan, the Appraised Value of the related Mortgaged Property shall be: (i) with respect to a Mortgage Loan other than a Refinance Loan, the lesser of (a) the value of the Mortgaged Property based upon the appraisal made at the time of the origination of such Mortgage Loan and (b) the sales price of the Mortgaged Property at the time of the origination of such Mortgage Loan; and (ii) with respect to a Refinance Loan, the value of the Mortgaged Property based upon the appraisal made at the time of the origination of such Refinance Loan.

**Assumed Balance:** For a Distribution Date and Loan Group, the Subordinated Percentage for that Distribution Date and that Loan Group of the aggregate of the Non-PO Percentage of the Stated Principal Balance of each Mortgage Loan in that Loan Group as of the Due Date occurring in the month prior to the month of that Distribution Date (after giving effect to Principal Prepayments received in the Prepayment Period related to such Due Date).

**Assumed Interest Amount:** With respect to any Distribution Date and each Class of Subordinated Certificates, one month's interest accrued during the related Interest Accrual Period at the Pass-Through Rate for such Class on the applicable Assumed Balance immediately prior to that Distribution Date.

**Available Funds:** As to any Distribution Date and the Mortgage Loans in a Loan Group, the sum of (a) the aggregate amount held in the Certificate Account at the close of business on the related Determination Date, including any Subsequent Recoveries with respect to the Mortgage Loans in that Loan Group, net of the Amount Held for Future Distribution, net of Prepayment Charges and net of amounts permitted to be withdrawn from the Certificate Account pursuant to clauses (i) - (viii), inclusive, of Section 3.09(a) and amounts permitted to be withdrawn from the Distribution Account pursuant to clauses (i) - (ii), inclusive, of Section 3.09(b), (b) the amount of the related Advance, (c) in connection with Defective Mortgage Loans in such Loan Group, as applicable, the aggregate of the Purchase Prices and Substitution Adjustment Amounts deposited on the related Distribution Account Deposit Date, and (d) any amount deposited on the related Distribution Account Deposit Date pursuant to Section 3.10. The Holders of the Class P Certificates will be entitled to all Prepayment Charges received on the Mortgage Loans and such amounts will not be available for distribution to the Holders of any other Class of Certificates.

**Bankruptcy Code:** The United States Bankruptcy Reform Act of 1978, as amended.

**Bankruptcy Coverage Termination Date:** The point in time at which the Bankruptcy Loss Coverage Amount is reduced to zero.

**Bankruptcy Loss:** With respect to any Mortgage Loan, a Deficient Valuation or Debt Service Reduction; *provided, however*, that a Bankruptcy Loss shall not be deemed a Bankruptcy Loss under this

Agreement so long as the Master Servicer has notified the Trustee in writing that the Master Servicer is diligently pursuing any remedies that may exist in connection with the related Mortgage Loan and either (A) the related Mortgage Loan is not in default with regard to payments due under the Mortgage Loan or (B) delinquent payments of principal and interest under the related Mortgage Loan and any related escrow payments in respect of such Mortgage Loan are being advanced on a current basis by the Master Servicer, in either case without giving effect to any Debt Service Reduction or Deficient Valuation.

**Bankruptcy Loss Coverage Amount:** As of any date of determination, the Bankruptcy Loss Coverage Amount shall equal the Initial Bankruptcy Loss Coverage Amount as reduced by (i) the aggregate amount of Bankruptcy Losses allocated to the Certificates since the Cut-off Date and (ii) any permissible reductions in the Bankruptcy Loss Coverage Amount as evidenced by a letter of each Rating Agency to the Trustee to the effect that any such reduction will not result in a downgrading, qualification or withdrawal of the then current ratings assigned to the Classes of Certificates rated by it.

**Blanket Mortgage:** The mortgage or mortgages encumbering a Cooperative Property.

**Book-Entry Certificates:** As specified in the Preliminary Statement.

**Business Day:** Any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the City of New York, New York, the State of California or the city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed.

**Cap Counterparty:** The Bank of New York.

**Certificate:** Any one of the certificates issued by the Trust Fund and executed by the Trustee in substantially the forms attached as exhibits.

**Certificate Account:** The separate Eligible Account or Accounts created and maintained by the Master Servicer pursuant to Section 3.06(d) with a depository institution in the name of the Master Servicer for the benefit of the Trustee on behalf of Certificateholders and designated "IndyMac Bank, F.S.B., in trust for the registered holders of Residential Asset Securitization Trust 2005-A15, Mortgage Pass-Through Certificates, Series 2005-O."

**Certificate Balance:** With respect to any Certificate (other than the Notional Amount Certificates) at any date of determination, the maximum dollar amount of principal to which the Holder thereof is then entitled under this Agreement, such amount being equal to the Denomination thereof (A) plus any increase in the Certificate Balance of such Certificate pursuant to Section 4.02 due to the receipt of Subsequent Recoveries, (B) minus the sum of (i) all distributions of principal previously made with respect thereto and (ii) all Realized Losses allocated to that Certificate and, in the case of any Subordinated Certificates, all other reductions in Certificate Balance previously allocated to that Certificate pursuant to Section 4.05 and (C) in the case of any Class of Accrual Certificates, plus the Accrual Amount added to the Class Certificate Balance of such Class prior to such date. The Notional Amount Certificates do not have Certificate Balances.

**Certificate Group:** Any of the Group 1 Certificates, the Group 2 Certificates, the Group 3 Certificates, the Group 4 Certificates or the Group 5 Certificates.

**Certificate Owner:** With respect to a Book-Entry Certificate, the Person who is the beneficial owner of the Book-Entry Certificate. For the purposes of this Agreement, in order for a Certificate Owner to enforce any of its rights under this Agreement, it shall first have to provide evidence of its

beneficial ownership interest in a Certificate that is reasonably satisfactory to the Trustee, the Depositor and/or the Master Servicer, as applicable.

***Certificate Register:*** The register maintained pursuant to Section 5.02.

***Certificateholder or Holder:*** The person in whose name a Certificate is registered in the Certificate Register, except that, solely for the purpose of giving any consent pursuant to this Agreement, any Certificate registered in the name of the Depositor or any affiliate of the Depositor is not Outstanding and the Percentage Interest evidenced thereby shall not be taken into account in determining whether the requisite amount of Percentage Interests necessary to effect a consent has been obtained, except that if the Depositor or its affiliates own 100% of the Percentage Interests evidenced by a Class of Certificates, the Certificates shall be Outstanding for purposes of any provision of this Agreement requiring the consent of the Holders of Certificates of a particular Class as a condition to the taking of any action. The Trustee is entitled to rely conclusively on a certification of the Depositor or any affiliate of the Depositor in determining which Certificates are registered in the name of an affiliate of the Depositor.

***Class:*** All Certificates bearing the same class designation as set forth in the Preliminary Statement.

***Class 1-A-5 Yield Maintenance Reserve Fund:*** The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.06(g) in the name of the Trustee for the benefit of the Holders of the Class 1-A-5 Certificates, and designated "Deutsche Bank National Trust Company in trust for registered holders of Residential Asset Securitization Trust 2005-A15, Mortgage Pass-Through Certificates, Series 2005-O, Class 1-A-5." Funds in the Class 1-A-5 Yield Maintenance Reserve Fund shall be held in trust for the Holders of the Class 1-A-5 Certificates for the uses and purposes set forth in this Agreement. The Class 1-A-5 Yield Maintenance Reserve Fund will not be an asset of any REMIC.

***Class 1-A-5 Yield Supplement Amount:*** For the Class 1-A-5 Certificates and any Distribution Date beginning with the February 2006 Distribution Date to and including the December 2019 Distribution Date, the product of (i) the excess of (A) the lesser of (x) LIBOR (as determined by the related Cap Counterparty) and (y) 10.55% over (B) 5.30%, (ii) the Yield Maintenance Notional Balance of the Class 1-A-5 Certificates for that Distribution Date, and (iii) a fraction, the numerator of which is 30, and the denominator of is 360.

***Class 1-A-X Components:*** The Class 1-A-X-1, Class 1-A-X-2 and Class 1-A-X-3 Components.

***Class 2-A-1 Yield Maintenance Reserve Fund:*** The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.06(g) in the name of the Trustee for the benefit of the Holders of the Class 2-A-1 Certificates, and designated "Deutsche Bank National Trust Company in trust for registered holders of Residential Asset Securitization Trust 2005-A15, Mortgage Pass-Through Certificates, Series 2005-O, Class 2-A-1." Funds in the Class 2-A-1 Yield Maintenance Reserve Fund shall be held in trust for the Holders of the Class 2-A-1 Certificates for the uses and purposes set forth in this Agreement. The Class 2-A-1 Yield Maintenance Reserve Fund will not be an asset of any REMIC.

***Class 2-A-1 Yield Supplement Amount:*** For the Class 2-A-1 Certificates and any Distribution Date beginning with the February 2006 Distribution Date to and including the September 2018 Distribution Date, the product of (i) the excess of (A) the lesser of (x) LIBOR (as determined by the related Cap Counterparty) and (y) 10.25% over (B) 5.25%, (ii) the Yield Maintenance Notional Balance of the Class 2-A-1 Certificates for that Distribution Date, and (iii) a fraction, the numerator of which is 30, and the denominator of is 360.

**Class 2-A-5 Accretion Direction Rule:** With respect to the Class 2-A-5 Certificates and any Distribution Date up to and including the Class 2-A-5 Accrual Termination Date, the Class 2-A-5 Accrual Amount shall be distributed to the Class 2-A-1 Certificates until its Class Certificate Balance is reduced to zero. Thereafter, the Class 2-A-5 Accrual Amount shall be distributed to the Class 2-A-5 Certificates.

**Class 2-A-5 Accrual Amount:** With respect to the Class 2-A-5 Certificates and any Distribution Date up to and including the Class 2-A-5 Accrual Termination Date, the amount allocable to interest on the Class 2-A-5 Certificates with respect to such Distribution Date pursuant to Section 4.02(a)(2)(i).

**Class 2-A-5 Accrual Termination Date:** With respect to the Class 2-A-5 Certificates, the earlier of (a) the Senior Credit Support Depletion Date and (b) the Distribution Date on which the Class Certificate Balance of the Class 2-A-1 Certificates has been reduced to zero.

**Class 2-A-6 Accretion Direction Rule:** With respect to the Class 2-A-6 Certificates and any Distribution Date up to and including the Class 2-A-6 Accrual Termination Date, the Class 2-A-6 Accrual Amount shall be distributed in the following order,

- (i) an amount up to \$1,000 on each Distribution Date sequentially, to the Class 2-A-1 and Class 2-A-5 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero,
- (ii) to the Class 2-A-3 Certificates, an amount up to \$306,585 on each Distribution Date until its Class Certificate Balance is reduced to zero,
- (iii) sequentially, to the Class 2-A-1, Class 2-A-5 and Class 2-A-3 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero, and
- (iv) to the Class 2-A-6 Certificates.

**Class 2-A-6 Accrual Amount:** With respect to the Class 2-A-6 Certificates and any Distribution Date up to and including the Class 2-A-6 Accrual Termination Date, the amount allocable to interest on the Class 2-A-6 Certificates with respect to such Distribution Date pursuant to Section 4.02(a)(2)(i).

**Class 2-A-6 Accrual Termination Date:** With respect to the Class 2-A-6 Certificates, the earlier of (a) the Senior Credit Support Depletion Date and (b) the Distribution Date on which the aggregate Class Certificate Balance of the Class 2-A-1, Class 2-A-3 and Class 2-A-5 Certificates has been reduced to zero.

**Class 2-A-9 Accretion Direction Rule:** With respect to the Class 2-A-9 Certificates and any Distribution Date up to and including the Class 2-A-9 Accrual Termination Date, the Class 2-A-9 Accrual Amount shall be distributed sequentially, to Class 2-A-7 and Class 2-A-8 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero. Thereafter, the Class 2-A-9 Accrual Amount shall be distributed to the Class 2-A-9 Certificates.

**Class 2-A-9 Accrual Amount:** With respect to the Class 2-A-9 Certificates and any Distribution Date up to and including the Class 2-A-9 Accrual Termination Date, the amount allocable to interest on the Class 2-A-9 Certificates with respect to such Distribution Date pursuant to Section 4.02(a)(2)(i).

**Class 2-A-9 Accrual Termination Date:** With respect to the Class 2-A-9 Certificates, the earlier of (a) the Senior Credit Support Depletion Date and (b) the Distribution Date on which the aggregate Class Certificate Balance of the Class 2-A-7 and Class 2-A-8 Certificates has been reduced to zero.

**Class 2-A-10 Yield Maintenance Reserve Fund:** The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.06(g) in the name of the Trustee for the benefit of the Holders of the Class 2-A-10 Certificates, and designated “Deutsche Bank National Trust Company in trust for registered holders of Residential Asset Securitization Trust 2005-A15, Mortgage Pass-Through Certificates, Series 2005-O, Class 2-A-10.” Funds in the Class 2-A-10 Yield Maintenance Reserve Fund shall be held in trust for the Holders of the Class 2-A-10 Certificates for the uses and purposes set forth in this Agreement. The Class 2-A-10 Yield Maintenance Reserve Fund will not be an asset of any REMIC.

**Class 2-A-10 Yield Supplement Amount:** For the Class 2-A-10 Certificates and any Distribution Date beginning with the February 2006 Distribution Date to and including the April 2018 Distribution Date, the product of (i) the excess of (A) the lesser of (x) LIBOR (as determined by the related Cap Counterparty) and (y) 10.55% over (B) 5.55%, (ii) the Yield Maintenance Notional Balance of the Class 2-A-10 Certificates for that Distribution Date, and (iii) a fraction, the numerator of which is 30, and the denominator of is 360.

**Class 2-A-12 Accretion Direction Rule:** With respect to the Class 2-A-12 Certificates and any Distribution Date up to and including the Class 2-A-12 Accrual Termination Date, the Class 2-A-12 Accrual Amount shall be distributed as principal to the Class 2-A-10 Certificates, until its Class Certificate Balance is reduced to zero. Thereafter, the Class 2-A-12 Accrual Amount shall be distributed to the Class 2-A-12 Certificates.

**Class 2-A-12 Accrual Amount:** With respect to the Class 2-A-12 Certificates and any Distribution Date up to and including the Class 2-A-12 Accrual Termination Date, the amount allocable to interest on the Class 2-A-12 Certificates with respect to such Distribution Date pursuant to Section 4.02(a)(2)(i).

**Class 2-A-12 Accrual Termination Date:** With respect to the Class 2-A-12 Certificates, the earlier of (a) the Senior Credit Support Depletion Date and (b) the Distribution Date on which the Class Certificate Balance of the Class 2-A-10 Certificates has been reduced to zero.

**Class 2-A-X Components:** The Class 2-A-X-1 and Class 2-A-X-2 Components.

**Class Certificate Balance:** For any Class as of any date of determination, the aggregate of the Certificate Balances of all Certificates of the Class as of that date.

**Class Interest Shortfall:** As to any Distribution Date and Class or Component, the amount by which the amount described in clause (i) of the definition of Class Optimal Interest Distribution Amount for such Class or Component exceeds the amount of interest actually distributed on such Class or Component on such Distribution Date pursuant to such clause (i).

**Class Optimal Interest Distribution Amount:** With respect to any Distribution Date and interest-bearing Class or Component, the sum of (i) one month’s interest accrued during the related Interest Accrual Period at the Pass-Through Rate for such Class or Component, on the related Class Certificate Balance or Notional Amount, as applicable, immediately prior to such Distribution Date, subject to reduction pursuant to Section 4.02(d), and (ii) any Class Unpaid Interest Amounts for such Class or Component.

**Class PO Deferred Amount:** As to any Distribution Date and Loan Group, the aggregate of the applicable PO Percentage of each Realized Loss, other than any Excess Loss, on a Discount Mortgage Loan in that Loan Group to be allocated to the related Class PO Component on such Distribution Date on



or prior to the Senior Credit Support Depletion Date or previously allocated to that Class PO Component and not yet paid to the Holders of the Class PO Certificates.

**Class Subordination Percentage:** With respect to any Distribution Date and each Class of Subordinated Certificates, the fraction (expressed as a percentage) the numerator of which is the Class Certificate Balance of such Class of Subordinated Certificates immediately prior to such Distribution Date and the denominator of which is the aggregate Class Certificate Balance of all Classes of Certificates immediately prior to such Distribution Date.

**Class Unpaid Interest Amounts:** As to any Distribution Date and Class of interest-bearing Certificates, the amount by which the aggregate Class Interest Shortfalls for such Class on prior Distribution Dates exceeds the amount distributed on such Class on prior Distribution Dates pursuant to clause (ii) of the definition of Class Optimal Interest Distribution Amount.

**Closing Date:** December 29, 2005.

**CMT Index:** Not applicable.

**Code:** The Internal Revenue Code of 1986, including any successor or amendatory provisions.

**COFI:** Not applicable.

**COFI Certificates:** Not applicable.

**Collection Account:** As defined in Section 3.06(c).

**Commission:** The United States Securities and Exchange Commission.

**Compensating Interest:** For any Distribution Date, 0.125% multiplied by one-twelfth multiplied by the aggregate Stated Principal Balance of the Mortgage Loans as of the first day of the prior month.

**Component:** As specified in the Preliminary Statement.

**Component Balance:** With respect to any Class PO Component and any Distribution Date, its Initial Component Balance (A) plus any Subsequent Recoveries added to the Component Balance of such Component pursuant to Section 4.02, (B) minus the sum of all amounts applied in reduction of the principal balance of such Component and Realized Losses allocated thereto and increased due to the receipt of Subsequent Recoveries.

**Component Certificates:** As specified in the Preliminary Statement.

**Co-op Shares:** Shares issued by a Cooperative Corporation.

**Cooperative Corporation:** The entity that holds title (fee or an acceptable leasehold estate) to the real property and improvements constituting the Cooperative Property and that governs the Cooperative Property, which Cooperative Corporation must qualify as a Cooperative Housing Corporation under section 216 of the Code.

**Cooperative Loan:** Any Mortgage Loan secured by Co-op Shares and a Proprietary Lease.

**Cooperative Property:** The real property and improvements owned by the Cooperative Corporation, including the allocation of individual dwelling units to the holders of the Co-op Shares of the Cooperative Corporation.

**Cooperative Unit:** A single family dwelling located in a Cooperative Property.

**Corporate Trust Office:** The designated office of the Trustee in the State of California at which at any particular time its corporate trust business with respect to this Agreement is administered, which office at the date of the execution of this Agreement is located at 1761 East St. Andrew Place, Santa Ana, California 92705, Attn: Mortgage Administration-IN0515 (IndyMac MBS, Inc., Residential Asset Securitization Trust 2005-A15, Mortgage Pass-Through Certificates, Series 2005-O), and which is the address to which notices to and correspondence with the Trustee should be directed.

**Cross-over Situation:** For any Distribution Date and for any Loan Group (after taking into account principal distributions on such Distribution Date) a Cross-Over Situation exists with respect to the Class A and Class B Interests of the Loan Group if such Interests in the aggregate are less than 1% of the Assumed Balance of the related Loan Group.

**Cut-off Date:** December 1, 2005.

**Cut-off Date Pool Principal Balance:** \$1,668,362,720.

**Cut-off Date Principal Balance:** As to any Mortgage Loan, its Stated Principal Balance as of the close of business on the Cut-off Date.

**DBRS:** Dominion Bond Rating Service, Inc., or any successor thereto. If DBRS is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to DBRS shall be RMBS Group, Dominion Bond Rating Service, Inc., 55 Broadway, New York, New York 10006, or any other address that DBRS furnishes to the Depositor and the Master Servicer.

**Debt Service Reduction:** For any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the Bankruptcy Code in the Scheduled Payment for the Mortgage Loan that became final and non-appealable, except a reduction resulting from a Deficient Valuation or a reduction that results in a permanent forgiveness of principal.

**Defective Mortgage Loan:** Any Mortgage Loan that is required to be repurchased pursuant to Section 2.02 or 2.03.

**Deficient Valuation:** For any Mortgage Loan, a valuation by a court of competent jurisdiction of the Mortgaged Property in an amount less than the then outstanding indebtedness under the Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any Scheduled Payment that results in a permanent forgiveness of principal, which valuation or reduction results from an order of the court that is final and non-appealable in a proceeding under the Bankruptcy Code.

**Definitive Certificates:** Any Certificate evidenced by a Physical Certificate and any Certificate issued in lieu of a Book-Entry Certificate pursuant to Section 5.02(e).

**Delay Certificates:** As specified in the Preliminary Statement.

**Delay Delivery Certification:** A certification substantially in the form of Exhibit G-2.

**Delay Delivery Mortgage Loans:** The Mortgage Loans identified on the Mortgage Loan Schedule for which none of a related Mortgage File or neither the Mortgage Note nor a lost note affidavit for a lost Mortgage Note has been delivered to the Trustee by the Closing Date. The Depositor shall deliver the Mortgage Files to the Trustee:

(A) for at least 70% of the Mortgage Loans in each Loan Group, not later than the Closing Date, and

(B) for the remaining 30% of the Mortgage Loans in each Loan Group, not later than five Business Days following the Closing Date.

To the extent that the Seller is in possession of any Mortgage File for any Delay Delivery Mortgage Loan, until delivery of the Mortgage File to the Trustee as provided in Section 2.01, the Seller shall hold the files as Master Servicer, as agent and in trust for the Trustee.

**Deleted Mortgage Loan:** As defined in Section 2.03(c).

**Delinquent:** A Mortgage Loan is “Delinquent” if any monthly payment due on a Due Date is not made by the close of business on the next scheduled Due Date for such Mortgage Loan. A Mortgage Loan is “30 days Delinquent” if such monthly payment has not been received by the close of business on the corresponding day of the month immediately succeeding the month in which such monthly payment was due. The determination of whether a Mortgage Loan is “60 days Delinquent”, “90 days Delinquent”, etc. shall be made in a like manner.

**Denomination:** For each Certificate, the amount on the face of the Certificate as the “Initial Certificate Balance of this Certificate” or the “Initial Notional Amount of this Certificate” or, if neither of the foregoing, the Percentage Interest appearing on the face of the Certificate.

**Depositor:** IndyMac MBS, Inc., a Delaware corporation, or its successor in interest.

**Depository:** The initial Depository shall be The Depository Trust Company, the nominee of which is CEDE & Co., as the registered Holder of the Book-Entry Certificates. The Depository shall at all times be a “clearing corporation” as defined in Section 8-102(a)(5) of the UCC.

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

**Determination Date:** As to any Distribution Date, the 18th day of each month or if that day is not a Business Day the next Business Day, except that if the next Business Day is less than two Business Days before the related Distribution Date, then the Determination Date shall be the Business Day preceding the 18th day of the month.

**Discount Mortgage Loan:** Any Mortgage Loan in a Loan Group with an Adjusted Net Mortgage Rate that is less than the Required Coupon for that Loan Group.

**Distribution Account:** The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.06(e) in the name of the Trustee for the benefit of the Certificateholders and designated “Deutsche Bank National Trust Company in trust for registered holders of Residential Asset Securitization Trust 2005-A15, Mortgage Pass-Through Certificates, Series 2005-O.” Funds in the

Distribution Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement.

***Distribution Account Deposit Date:*** As to any Distribution Date, 12:30 P.M. Pacific time on the Business Day preceding the Distribution Date.

***Distribution Date:*** The 25th day of each calendar month after the initial issuance of the Certificates, or if that day is not a Business Day, the next Business Day, commencing in January 2006.

***Due Date:*** For any Mortgage Loan and Distribution Date, the first day of the month in which such Distribution Date occurs.

***Due Period:*** For any Distribution Date, the period commencing on the second day of the month preceding the month in which the Distribution Date occurs and ending on the first day of the month in which the Distribution Date occurs.

***Eligible Account:*** Any of

(i) an account maintained with a federal or state chartered depository institution or trust company the short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a holding company, the debt obligations of the holding company, but only if Moody's is not a Rating Agency) have the highest short-term ratings of each Rating Agency at the time any amounts are held on deposit therein, or

(ii) [reserved], or

(iii) a trust account or accounts maintained with the trust department of a federal or state chartered depository institution or trust company, acting in its fiduciary capacity, or

(iv) any other account acceptable to each Rating Agency.

Eligible Accounts may bear interest, and may include, if otherwise qualified under this definition, accounts maintained with the Trustee.

***ERISA:*** The Employee Retirement Income Security Act of 1974, as amended.

***ERISA-Qualifying Underwriting:*** A best efforts or firm commitment underwriting or private placement that meets the requirements of the Underwriter's Exemption.

***ERISA-Restricted Certificate:*** As specified in the Preliminary Statement.

***Escrow Account:*** The Eligible Account or Accounts established and maintained pursuant to Section 3.07(a).

***Event of Default:*** As defined in Section 7.01.

***Excess Loss:*** For each Loan Group, the amount of any (i) Fraud Loss on the Mortgage Loans in such Loan Group realized after the Fraud Loss Coverage Termination Date, (ii) Special Hazard Loss on the Mortgage Loans in such Loan Group realized after the Special Hazard Coverage Termination Date or (iii) Bankruptcy Loss on the Mortgage Loans in such Loan Group realized after the Bankruptcy Coverage Termination Date.

**Excess Proceeds:** For any Liquidated Mortgage Loan, the excess of

(a) all Liquidation Proceeds from the Mortgage Loan received in the calendar month in which the Mortgage Loan became a Liquidated Mortgage Loan, net of any amounts previously reimbursed to the Master Servicer as Nonrecoverable Advances with respect to the Mortgage Loan pursuant to Section 3.09(a)(iii), over

(b) the sum of (i) the unpaid principal balance of the Liquidated Mortgage Loan as of the Due Date in the month in which the Mortgage Loan became a Liquidated Mortgage Loan plus (ii) accrued interest at the Mortgage Rate from the Due Date for which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date applicable to the Distribution Date following the calendar month during which the liquidation occurred.

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

**Expense Fee Rate:** As to each Mortgage Loan, the sum of (a) the related Servicing Fee Rate and (b) the Trustee Fee Rate.

**FDIC:** The Federal Deposit Insurance Corporation, or any successor thereto.

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

**Fitch:** Fitch, Inc., or any successor thereto. If Fitch is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Fitch shall be Fitch, Inc., One State Street Plaza, New York, NY 10004, Attention: MBS Monitoring - IndyMac 2005-O, or any other address Fitch furnishes to the Depositor and the Master Servicer.

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

**Fraud Loan:** A Liquidated Mortgage Loan as to which a Fraud Loss has occurred.

**Fraud Loss Coverage Amount:** As of the Closing Date, \$50,050,881.60, subject to reduction from time to time, by the amount of Fraud Losses allocated to the Certificates. In addition, on each anniversary of the Cut-off Date, the Fraud Loss Coverage Amount will be reduced as follows: (a) on the first, second, third and fourth anniversaries of the Cut-off Date, to an amount equal to the lesser of (i) 2.00% of the then current Stated Principal Balance of the Mortgage Loans in the case of the first such anniversary and 1.00% of the then-current Stated Principal Balance of the Mortgage Loans in the case of the second, third and fourth such anniversaries and (ii) the excess of the Fraud Loss Coverage Amount as of the preceding anniversary of the Cut-off Date over the cumulative amount of Fraud Losses allocated to the Certificates since such preceding anniversary; and (b) on the fifth anniversary of the Cut-off Date, to zero.

**Fraud Loss Coverage Termination Date:** The point in time at which the Fraud Loss Coverage Amount is reduced to zero.

**Fraud Losses:** Realized Losses on Mortgage Loans as to which a loss is sustained by reason of a default arising from fraud, dishonesty or misrepresentation in connection with the related Mortgage Loan,

including a loss by reason of the denial of coverage under any related Primary Insurance Policy because of such fraud, dishonesty or misrepresentation.

**Gross Margin:** Not applicable.

**Group 1 Certificates:** As specified in the Preliminary Statement.

**Group 1 Mortgage Loan:** Any Mortgage Loan in Loan Group 1.

**Group 1 Priority Amount:** For any Distribution Date the product of (i) the sum of the Group 1 Scheduled Principal Distribution Amount and Group 1 Unscheduled Principal Distribution Amount, (ii) the Group 1 Priority Percentage and (iii) the Group 1 Shift Percentage.

**Group 1 Priority Percentage:** For any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the aggregate Class Certificate Balance of the Class 1-A-4 and Class 1-A-9 Certificates immediately prior to that Distribution Date and the denominator of which is the Non-PO Percentage of the aggregate Stated Principal Balance of the Group 1 Mortgage Loans as of the Due Date in the prior month (after giving effect to prepayments on the Mortgage Loans received in the Prepayment Period related to that prior Due Date).

**Group 1 Required Coupon:** 5.75% per annum.

**Group 1 Scheduled Principal Distribution Amount:** For any Distribution Date, the Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of Non-PO Formula Principal Amount for Loan Group 1 for such Distribution Date; provided, however, that if a Bankruptcy Loss that is an Excess Loss is sustained with respect to a Group 1 Mortgage Loan that is not a Liquidated Mortgage Loan, the Group 1 Scheduled Principal Distribution Amount will be reduced on the related Distribution Date by the applicable Non-PO Percentage of the principal portion of such Bankruptcy Loss.

**Group 1 Senior Certificates:** As specified in the Preliminary Statement.

**Group 1 Shift Percentage:** For (i) any Distribution Date occurring during the five-year period beginning on the first Distribution Date will equal 0% and (ii) any Distribution Date thereafter, will equal: for any Distribution Date in the first year thereafter, 30%; for any Distribution Date in the second year thereafter, 40%; for any Distribution Date in the third year thereafter, 60%; for any Distribution Date in the fourth year thereafter, 80%; and for any Distribution Date thereafter, 100%.

**Group 1 Unscheduled Principal Distribution Amount:** For any Distribution Date, the sum of (x) the Senior Liquidation Amount for Loan Group 1 and (y) the Non-PO Percentage of the sum of the amounts described in subclause (f) of clause (i) and clause (ii) of the definition of Non-PO Formula Principal Amount for Loan Group 1 for such Distribution Date.

**Group 2 Certificates:** As specified in the Preliminary Statement.

**Group 2 Mortgage Loan:** Any Mortgage Loan in Loan Group 2.

**Group 2 Priority Amount:** For any Distribution Date the product of (i) the sum of the Group 2 Scheduled Principal Distribution Amount and Group 2 Unscheduled Principal Distribution Amount, (ii) the Group 2 Priority Percentage and (iii) the Group 2 Shift Percentage.

**Group 2 Priority Percentage:** For any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the aggregate Class Certificate Balance of the Class 2-A-4 and Class 2-A-13 Certificates immediately prior to that Distribution Date and the denominator of which is the Non-PO Percentage of the aggregate Stated Principal Balance of the Group 2 Mortgage Loans as of the Due Date in the prior month (after giving effect to prepayments on the Mortgage Loans received in the Prepayment Period related to that prior Due Date).

**Group 2 Required Coupon:** 6.00% per annum.

**Group 2 Scheduled Principal Distribution Amount:** For any Distribution Date, the Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of Non-PO Formula Principal Amount for Loan Group 2 for such Distribution Date; provided, however, that if a Bankruptcy Loss that is an Excess Loss is sustained with respect to a Group 2 Mortgage Loan that is not a Liquidated Mortgage Loan, the Group 2 Scheduled Principal Distribution Amount will be reduced on the related Distribution Date by the applicable Non-PO Percentage of the principal portion of such Bankruptcy Loss.

**Group 2 Senior Certificates:** As specified in the Preliminary Statement.

**Group 2 Shift Percentage:** For (i) any Distribution Date occurring during the five-year period beginning on the first Distribution Date will equal 0% and (ii) any Distribution Date thereafter, will equal: for any Distribution Date in the first year thereafter, 30%; for any Distribution Date in the second year thereafter, 40%; for any Distribution Date in the third year thereafter, 60%; for any Distribution Date in the fourth year thereafter, 80%; and for any Distribution Date thereafter, 100%.

**Group 2 Unscheduled Principal Distribution Amount:** For any Distribution Date, the sum of (x) the Senior Liquidation Amount for Loan Group 2 and (y) the Non-PO Percentage of the sum of the amounts described in subclause (f) of clause (i) and clause (ii) of the definition of Non-PO Formula Principal Amount for Loan Group 2 for such Distribution Date.

**Group 3 Certificates:** As specified in the Preliminary Statement.

**Group 3 Mortgage Loan:** Any Mortgage Loan in Loan Group 3.

**Group 3 Required Coupon:** 5.75% per annum.

**Group 3 Senior Certificates:** As specified in the Preliminary Statement.

**Group 4 Certificates:** As specified in the Preliminary Statement.

**Group 4 Mortgage Loan:** Any Mortgage Loan in Loan Group 4.

**Group 4 Required Coupon:** 6.00% per annum.

**Group 4 Senior Certificates:** As specified in the Preliminary Statement.

**Group 5 Certificates:** As specified in the Preliminary Statement.

**Group 5 Mortgage Loan:** Any Mortgage Loan in Loan Group 5.

**Group 5 Priority Amount:** For any Distribution Date, the product of (i) the sum of the Group 5 Scheduled Principal Distribution Amount and Group 5 Unscheduled Principal Distribution Amount, (ii) the Group 5 Priority Percentage and (iii) the Group 5 Shift Percentage.

**Group 5 Priority Percentage:** For any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the Class Certificate Balance of the Class 5-A-3 Certificates immediately prior to that Distribution Date and the denominator of which is the Non-PO Percentage of the aggregate Stated Principal Balance of the Group 5 Mortgage Loans as of the Due Date in the prior month (after giving effect to prepayments on the Mortgage Loans received in the Prepayment Period related to that prior Due Date).

**Group 5 Required Coupon:** 5.75% per annum.

**Group 5 Scheduled Principal Distribution Amount:** For any Distribution Date, the Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of Non-PO Formula Principal Amount for Loan Group 5 for such Distribution Date; provided, however, that if a Bankruptcy Loss that is an Excess Loss is sustained with respect to a Group 5 Mortgage Loan that is not a Liquidated Mortgage Loan, the Group 5 Scheduled Principal Distribution Amount will be reduced on the related Distribution Date by the applicable Non-PO Percentage of the principal portion of such Bankruptcy Loss.

**Group 5 Senior Certificates:** As specified in the Preliminary Statement.

**Group 5 Shift Percentage:** For (i) any Distribution Date occurring during the five-year period beginning on the first Distribution Date will equal 0% and (ii) any Distribution Date thereafter, will equal: for any Distribution Date in the first year thereafter, 30%; for any Distribution Date in the second year thereafter, 40%; for any Distribution Date in the third year thereafter, 60%; for any Distribution Date in the fourth year thereafter, 80%; and for any Distribution Date thereafter, 100%.

**Group 5 Unscheduled Principal Distribution Amount:** For any Distribution Date, the sum of (x) the Senior Liquidation Amount for Loan Group 5 and (y) the Non-PO Percentage of the sum of the amounts described in subclause (f) of clause (i) and clause (ii) of the definition of Non-PO Formula Principal Amount for Loan Group 5 for such Distribution Date.

**Hedged Certificates:** The Class 1-A-5, Class 2-A-1 and Class 2-A-10 Certificates.

**Index:** Not applicable.

**Indirect Participant:** A broker, dealer, bank, or other financial institution or other Person that clears through or maintains a custodial relationship with a Depository Participant.

**Initial Bankruptcy Loss Coverage Amount:** \$495,422.88.

**Initial Component Balance:** As specified in the Preliminary Statement.

**Initial LIBOR Rate:** 4.35% per annum.

**Insurance Policy:** For any Mortgage Loan included in the Trust Fund, any insurance policy, including all riders and endorsements thereto in effect, including any replacement policy or policies for any Insurance Policies.



**Insurance Proceeds:** Proceeds paid by an insurer pursuant to any Insurance Policy, in each case other than any amount included in such Insurance Proceeds in respect of Insured Expenses.

**Insured Expenses:** Expenses covered by an Insurance Policy or any other insurance policy with respect to the Mortgage Loans.

**Interest Accrual Period:** With respect to each Class of Delay Certificates and any Distribution Date, the calendar month prior to the month of such Distribution Date. With respect to each Class of Non-Delay Certificates and any Distribution Date, the one-month period commencing on the 25<sup>th</sup> day of the month preceding the month in which such Distribution Date occurs and ending on the 24<sup>th</sup> day of the month in which such Distribution Date occurs. All Classes of Certificates will accrue interest on the basis of a 360-day year consisting of twelve 30-day months.

**Interest Determination Date:** With respect to (a) any Interest Accrual Period for any LIBOR Certificates and (b) any Interest Accrual Period for the COFI Certificates for which the applicable Index is LIBOR, the second Business Day prior to the first day of such Interest Accrual Period.

**Interest Settlement Rate:** As defined in Section 4.08.

**Last Scheduled Distribution Date:** The Distribution Date in the month immediately following the month of the latest scheduled maturity date for any of the Mortgage Loans.

**Latest Possible Maturity Date:** The Distribution Date following the third anniversary of the scheduled maturity date of the Mortgage Loan having the latest scheduled maturity date as of the Cut-off Date.

**Lender PMI Loans:** Mortgage Loans with respect to which the lender rather than the borrower acquired the primary mortgage guaranty insurance and charged the related borrower an interest premium.

**LIBOR:** The London interbank offered rate for one month United States dollar deposits calculated in the manner described in Section 4.08.

**LIBOR Determination Date:** For any Interest Accrual Period, the second London Business Day prior to the commencement of such Interest Accrual Period.

**Liquidated Mortgage Loan:** For any Distribution Date, a defaulted Mortgage Loan (including any REO Property) that was liquidated in the calendar month preceding the month of the Distribution Date and as to which the Master Servicer has certified (in accordance with this Agreement) that it has received all amounts it expects to receive in connection with the liquidation of the Mortgage Loan, including the final disposition of an REO Property.

**Liquidation Proceeds:** Amounts, including Insurance Proceeds regardless of when received, received in connection with the partial or complete liquidation of defaulted Mortgage Loans, whether through trustee's sale, foreclosure sale, or otherwise or amounts received in connection with any condemnation or partial release of a Mortgaged Property, and any other proceeds received in connection with an REO Property, less the sum of related unreimbursed Servicing Fees, Servicing Advances, and Advances.

**Loan Group:** Either Loan Group 1, Loan Group 2, Loan Group 3, Loan Group 4 or Loan Group 5, as applicable.

**Loan Group 1:** All of the Mortgage Loans identified as Group 1 Mortgage Loans on the Mortgage Loan Schedule.

**Loan Group 2:** All of the Mortgage Loans identified as Group 2 Mortgage Loans on the Mortgage Loan Schedule.

**Loan Group 3:** All of the Mortgage Loans identified as Group 3 Mortgage Loans on the Mortgage Loan Schedule.

**Loan Group 4:** All of the Mortgage Loans identified as Group 4 Mortgage Loans on the Mortgage Loan Schedule.

**Loan Group 5:** All of the Mortgage Loans identified as Group 5 Mortgage Loans on the Mortgage Loan Schedule.

**Loan-to-Value Ratio:** For any Mortgage Loan and as of any date of determination, is the fraction whose numerator is the original principal balance of the related Mortgage Loan at that date of determination and whose denominator is the Appraised Value of the related Mortgaged Property.

**London Business Day:** Any day on which dealings in deposits of United States dollars are transacted in the London interbank market.

**Lost Mortgage Note:** Any Mortgage Note the original of which was permanently lost or destroyed and has not been replaced.

**Maintenance:** For any Cooperative Unit, the rent paid by the Mortgagor to the Cooperative Corporation pursuant to the Proprietary Lease.

**Master Servicer:** IndyMac Bank, F.S.B., a federal savings bank, and its successors and assigns, in its capacity as master servicer under this Agreement.

**Master Servicer Advance Date:** As to any Distribution Date, 12:30 P.M. Pacific time on the Business Day preceding the Distribution Date.

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

**MERS Mortgage Loan:** Any Mortgage Loan registered with MERS on the MERS® System.

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

**MIN:** The mortgage identification number for any MERS Mortgage Loan.

**MOM Loan:** Any Mortgage Loan as to which MERS is acting as mortgagee, solely as nominee for the originator of such Mortgage Loan and its successors and assigns.

**Moneyline Telerate Page 3750:** The display page currently so designated on the Moneyline Telerate Information Services, Inc. (or any page replacing that page on that service for the purpose of displaying London inter-bank offered rates of major banks).

**Monthly Statement:** The statement delivered to the Certificateholders pursuant to Section 4.06.

**Moody's:** Moody's Investors Service, Inc., or any successor thereto. If Moody's is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Moody's shall be Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Residential Loan Monitoring Group, or any other address that Moody's furnishes to the Depositor and the Master Servicer.

**Mortgage:** The mortgage, deed of trust, or other instrument creating a first lien on an estate in fee simple or leasehold interest in real property securing a Mortgage Note.

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

**Mortgage Loans:** Such of the mortgage loans transferred and assigned to the Trustee pursuant to this Agreement, as from time to time are held as a part of the Trust Fund (including any REO Property), the Mortgage Loans so held being identified on the Mortgage Loan Schedule, notwithstanding foreclosure or other acquisition of title of the related Mortgaged Property.

**Mortgage Loan Schedule:** As of any date, the list set forth in Schedule I of Mortgage Loans included in the Trust Fund on that date. The Mortgage Loan Schedule shall be prepared by the Seller and shall set forth the following information with respect to each Mortgage Loan by Loan Group:

- (i) the loan number;
- (ii) the street address of the Mortgaged Property, including the zip code;
- (iii) the maturity date;
- (iv) the original principal balance;
- (v) the Cut-off Date Principal Balance;
- (vi) the first payment date of the Mortgage Loan;
- (vii) the Scheduled Payment in effect as of the Cut-off Date;
- (viii) the Loan-to-Value Ratio at origination;
- (ix) a code indicating whether the residential dwelling at the time of origination was represented to be owner-occupied;
- (x) a code indicating whether the residential dwelling is either (a) a detached single family dwelling, (b) a dwelling in a PUD, (c) a condominium unit, (d) a two- to four-unit residential property, or (e) a Cooperative Unit;
- (xi) the Mortgage Rate;
- (xii) the purpose for the Mortgage Loan;
- (xiii) the type of documentation program pursuant to which the Mortgage Loan was originated;

- (xiv) a code indicating whether the Mortgage Loan is a borrower-paid mortgage insurance loan;
- (xv) the Servicing Fee Rate;
- (xvi) a code indicating whether the Mortgage Loan is a Lender PMI Loan;
- (xvii) the coverage amount of any mortgage insurance;
- (xviii) with respect to the Lender PMI Loans, the interest premium charged by the lender;
- (xix) a code indicating whether the Mortgage Loan is a Delay Delivery Mortgage Loan; and
- (xx) a code indicating whether the Mortgage Loan is a MERS Mortgage Loan.

The schedule shall also set forth the total of the amounts described under (v) above for all of the Mortgage Loans and for each Loan Group.

**Mortgage Note:** The original executed note or other evidence of the indebtedness of a Mortgagor under a Mortgage Loan.

**Mortgage Rate:** The annual rate of interest borne by a Mortgage Note from time to time (net of the interest premium for any Lender PMI Loan).

**Mortgaged Property:** The underlying property securing a Mortgage Loan, which, with respect to a Cooperative Loan, is the related Co-op Shares and Proprietary Lease.

**Mortgagor:** The obligors on a Mortgage Note.

**National Cost of Funds Index:** The National Monthly Median Cost of Funds Ratio to SAIF-Insured Institutions published by the OTS.

**Net Prepayment Interest Shortfall:** As to any Distribution Date and Loan Group, the amount by which the aggregate of Prepayment Interest Shortfalls for such Loan Group exceeds an amount equal to the sum of (a) the Compensating Interest allocable to such Loan Group for such Distribution Date and (b) the excess, if any, of the Compensating Interest allocable to the other Loan Groups for such Distribution Date over Prepayment Interest Shortfalls for such other Loan Groups and Distribution Date.

**Non-Delay Certificates:** As specified in the Preliminary Statement.

**Non-Discount Mortgage Loan:** Any Mortgage Loan with an Adjusted Net Mortgage Rate that is greater than or equal to the Required Coupon for the related Loan Group.

**Non-PO Formula Principal Amount:** As to any Distribution Date and each Loan Group, the sum of (i) the applicable Non-PO Percentage of (a) all monthly payments of principal due on each Mortgage Loan in that Loan Group on the related Due Date, (b) the principal portion of the purchase price of each Mortgage Loan in that Loan Group that was repurchased by the Seller pursuant to this Agreement as of such Distribution Date, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan in that Loan Group received with respect to such Distribution Date, excluding any Mortgage Loan that was repurchased due to a modification of the Mortgage Rate, (d) any Insurance

Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans in that Loan Group that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan in that Loan Group that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of Liquidation Proceeds allocable to principal received with respect to such Mortgage Loan, and (f) all partial and full Principal Prepayments on the Mortgage Loans in that Loan Group received during the related Prepayment Period and (ii) (A) any Subsequent Recoveries with respect to the Mortgage Loans in that Loan Group received during the calendar month preceding the month of such Distribution Date, or (B) with respect to Subsequent Recoveries attributable to a Discount Mortgage Loan in that Loan Group that incurred (1) an Excess Loss or (2) a Realized Loss after the Senior Credit Support Depletion Date, the Non-PO Percentage of any Subsequent Recoveries received during the calendar month preceding the month of such Distribution Date.

**Non-PO Percentage:** As to any Discount Mortgage Loan, a fraction (expressed as a percentage) the numerator of which is the Adjusted Net Mortgage Rate of such Discount Mortgage Loan and the denominator of which is the Required Coupon for the related Loan Group. As to any Non-Discount Mortgage Loan, 100%.

**Nonrecoverable Advance:** Any portion of an Advance previously made or proposed to be made by the Master Servicer, that, in the good faith judgment of the Master Servicer, will not be ultimately recoverable by the Master Servicer from the related Mortgagor, related Liquidation Proceeds or otherwise.

**Notice of Final Distribution:** The notice to be provided pursuant to Section 9.02 to the effect that final distribution on any of the Certificates shall be made only upon presentation and surrender thereof.

**Notional Amount:** With respect to the Class 1-A-X-1, Class 1-A-X-2 and Class 1-A-X-3 Components and any Distribution Date, an amount equal to the aggregate Stated Principal Balance of the Non-Discount Mortgage Loans in Loan Group 1, Loan Group 2 and Loan Group 5, respectively, as of the first day of the related Due Period (after giving effect to Principal Prepayments received in the Prepayment Period that ends during such Due Period). With respect to the Class 2-A-X-1 and Class 2-A-X-2 Components and any Distribution Date, an amount equal to the aggregate Stated Principal Balance of the Non-Discount Mortgage Loans in Loan Group 3 and Loan Group 4, respectively, as of the first day of the related Due Period (after giving effect to Principal Prepayments received in the Prepayment Period that ends during such Due Period). With respect to the Class 1-A-6 Certificates and any Distribution Date, an amount equal to the Class Certificate Balance of the Class 1-A-5 Certificates immediately prior to that Distribution Date. With respect to the Class 2-A 2 Certificates and any Distribution Date, an amount equal to the Class Certificate Balance of the Class 2-A-1 Certificates immediately prior to that Distribution Date. With respect to the Class 2-A 11 Certificates and any Distribution Date, an amount equal to the Class Certificate Balance of the Class 2-A-10 Certificates immediately prior to that Distribution Date. With respect to the Class 1-A-X and Class 2-A-X Certificates, the sum of the Notional Amounts of its respective Components.

**Notional Amount Certificates:** As specified in the Preliminary Statement.

**Notional Amount Components:** As specified in the Preliminary Statement.

**Offered Certificates:** As specified in the Preliminary Statement.

**Officer's Certificate:** A certificate (i) signed by the Chairman of the Board, the Vice Chairman of the Board, the President, a Managing Director, a Vice President (however denominated), an Assistant Vice President, the Treasurer, the Secretary, or one of the Assistant Treasurers or Assistant Secretaries of the Depositor or the Master Servicer, or (ii) if provided for in this Agreement, signed by a Servicing Officer, as the case may be, and delivered to the Depositor and the Trustee as required by this Agreement.

**Opinion of Counsel:** For the interpretation or application of the REMIC Provisions, a written opinion of counsel who (i) is in fact independent of the Depositor and the Master Servicer, (ii) does not have any direct financial interest in the Depositor or the Master Servicer or in any affiliate of either, and (iii) is not connected with the Depositor or the Master Servicer as an officer, employee, promoter, underwriter, trustee, partner, director, or person performing similar functions. Otherwise, a written opinion of counsel who may be counsel for the Depositor or the Master Servicer, including in-house counsel, reasonably acceptable to the Trustee.

**Original Applicable Credit Support Percentage:** With respect to each of the following Classes of Subordinated Certificates, the corresponding percentage described below, as of the Closing Date:

Class B-1 .....	5.25%
Class B-2 .....	3.30%
Class B-3 .....	2.10%
Class B-4 .....	1.30%
Class B-5 .....	0.75%
Class B-6 .....	0.30%

**Original Mortgage Loan:** The Mortgage Loan refinanced in connection with the origination of a Refinance Loan.

**Original Subordinated Principal Balance:** On or prior to the fourth Senior Termination Date, the Subordinated Percentage of the applicable Non-PO Percentage of the aggregate Stated Principal Balance of the Mortgage Loans in the related Loan Group, in each case as of the Cut-off Date; or if such date is after the fourth Senior Termination Date, the aggregate Class Certificate Balance of the Subordinated Certificates as of the Closing Date.

**OTS:** The Office of Thrift Supervision.

**Outside Reference Date:** Not applicable.

**Outstanding:** For the Certificates as of any date of determination, all Certificates theretofore executed and authenticated under this Agreement except:

- (i) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation; and
- (ii) Certificates in exchange for which or in lieu of which other Certificates have been executed and delivered by the Trustee pursuant to this Agreement.

**Outstanding Mortgage Loan:** As of any Due Date, a Mortgage Loan with a Stated Principal Balance greater than zero that was not the subject of a Principal Prepayment in Full before the Due Date or during the related Prepayment Period and that did not become a Liquidated Mortgage Loan before the Due Date.

**Overcollateralized Group:** As defined in Section 4.03.

**Ownership Interest:** As to any Residual Certificate, any ownership interest in the Certificate including any interest in the Certificate as its Holder and any other interest therein, whether direct or indirect, legal or beneficial.

**Pass-Through Rate:** For each Class of Certificates, the per annum rate set forth or calculated in the manner described in the Preliminary Statement.

**Percentage Interest:** As to any Certificate, the percentage interest evidenced thereby in distributions required to be made on the related Class, the percentage interest being set forth on its face or equal to the percentage obtained by dividing the Denomination of the Certificate by the aggregate of the Denominations of all Certificates of the same Class.

**Permitted Investments:** At any time, any of the following:

(i) obligations of the United States or any agency thereof backed by the full faith and credit of the United States;

(ii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency, or any lower rating that will not result in the downgrading, qualification or withdrawal of the ratings then assigned to the Certificates by the Rating Agencies, as evidenced by a signed writing delivered by each Rating Agency;

(iii) commercial or finance company paper that is then receiving the highest commercial or finance company paper rating of each Rating Agency, or any lower rating that will not result in the downgrading, qualification or withdrawal of the ratings then assigned to the Certificates by the Rating Agencies, as evidenced by a signed writing delivered by each Rating Agency;

(iv) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal or state banking authorities, provided that the commercial paper or long-term unsecured debt obligations of the depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of the holding company, but only if Moody's is not a Rating Agency) are then rated one of the two highest long-term and the highest short-term ratings of each Rating Agency for the securities, or any lower rating that will not result in the downgrading, qualification or withdrawal of the ratings then assigned to the Certificates by the Rating Agencies, as evidenced by a signed writing delivered by each Rating Agency;

(v) demand or time deposits or certificates of deposit issued by any bank or trust company or savings institution to the extent that the deposits are fully insured by the FDIC;

(vi) guaranteed reinvestment agreements issued by any bank, insurance company, or other corporation acceptable to the Rating Agencies at the time of the issuance of the agreements, as evidenced by a signed writing delivered by each Rating Agency;

(vii) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust company (acting as principal) described in

clause (iv) above; provided that such repurchase obligation would be accounted for as a financing arrangement under generally accepted accounting principles;

(viii) securities (other than stripped bonds, stripped coupons, or instruments sold at a purchase price in excess of 115% of their face amount) bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States or any state thereof that, at the time of the investment, have one of the two highest ratings of each Rating Agency (except if the Rating Agency is Moody's the rating shall be the highest commercial paper rating of Moody's for the securities), or any lower rating that will not result in the downgrading, qualification or withdrawal of the ratings then assigned to the Certificates by the Rating Agencies, as evidenced by a signed writing delivered by each Rating Agency and that have a maturity date occurring no more than 365 days from their date of issuance;

(ix) units of a taxable money-market portfolio having the highest rating assigned by each Rating Agency (except (i) if Fitch is a Rating Agency and has not rated the portfolio, the highest rating assigned by Moody's and (ii) if S&P is a Rating Agency, "AAAm" or "AAAM-G" by S&P) and restricted to obligations issued or guaranteed by the United States of America or entities whose obligations are backed by the full faith and credit of the United States of America and repurchase agreements collateralized by such obligations; and

(x) any other investments bearing interest or sold at a discount acceptable to each Rating Agency that will not result in the downgrading, qualification or withdrawal of the ratings then assigned to the Certificates by the Rating Agencies, as evidenced by a signed writing delivered by each Rating Agency.

No Permitted Investment may (i) evidence the right to receive interest only payments with respect to the obligations underlying the instrument, (ii) be sold or disposed of before its maturity or (iii) be any obligation of the Seller or any of its Affiliates. Any Permitted Investment shall be relatively risk free and no options or voting rights shall be exercised with respect to any Permitted Investment. Any Permitted Investment shall be sold or disposed of in accordance with Financial Accounting Standard 140, paragraph 35c(6) in effect as of the Closing Date.

***Permitted Transferee:*** Any person other than

(i) the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing,

(ii) a foreign government, International Organization, or any agency or instrumentality of either of the foregoing,

(iii) an organization (except certain farmers' cooperatives described in section 521 of the Code) that is exempt from tax imposed by Chapter 1 of the Code (including the tax imposed by section 511 of the Code on unrelated business taxable income) on any excess inclusions (as defined in section 860E(c)(1) of the Code) with respect to any Residual Certificate,

(iv) a rural electric and telephone cooperatives described in section 1381(a)(2)(C) of the Code,

(v) an "electing large partnership" as defined in section 775 of the Code,

(vi) a Person that is not a U.S. Person, and



(vii) any other Person so designated by the Depositor based on an Opinion of Counsel that the Transfer of an Ownership Interest in a Residual Certificate to the Person may cause any REMIC created hereunder to fail to qualify as a REMIC at any time that the Certificates are outstanding.

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

**Physical Certificates:** As specified in the Preliminary Statement.

**Planned Balance:** With respect to any Planned Balance Classes and any Distribution Date appearing in the Principal Balance Schedule, the applicable amount appearing opposite such Distribution Date for such Planned Balance Class.

**Planned Principal Classes:** As specified in the Preliminary Statement.

**PO Formula Principal Amount:** As to any Distribution Date and Class PO Component, the sum of (i) the sum of the applicable PO Percentage of (a) the principal portion of each Scheduled Payment (without giving effect, prior to the Bankruptcy Coverage Termination Date, to any reductions thereof caused by any Debt Service Reductions or Deficient Valuations) due on each Mortgage Loan in the related Loan Group on the related Due Date, (b) the Stated Principal Balance of each Mortgage Loan in the related Loan Group that was repurchased by the Seller or the Master Servicer pursuant to this Agreement as of such Distribution Date, excluding any Mortgage Loan that was repurchased due to a modification of the Mortgage Rate, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan in the related Loan Group received with respect to such Distribution Date, (d) any Insurance Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans in the related Loan Group that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan in the related Loan Group that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of Liquidation Proceeds allocable to principal received with respect to such Mortgage Loan during the calendar month preceding the month of such Distribution Date with respect to such Mortgage Loan and (f) all Principal Prepayments with respect to the Mortgage Loans in the related Loan Group received during the related Prepayment Period and (ii) with respect to Subsequent Recoveries attributable to a Discount Mortgage Loan in the related Loan Group that incurred (1) an Excess Loss or (2) a Realized Loss after the Senior Credit Support Depletion Date, the PO Percentage of any such Subsequent Recoveries on the Mortgage Loans in such Loan Group received during the calendar month preceding the month of such Distribution Date.

**PO Percentage:** As to any Discount Mortgage Loan, a fraction (expressed as a percentage) the numerator of which is the excess of the Required Coupon for the related Loan Group over the Adjusted Net Mortgage Rate of such Discount Mortgage Loan and the denominator of which is such Required Coupon. As to any Non-Discount Mortgage Loan, 0%.

**Pool Stated Principal Balance:** The aggregate Stated Principal Balance of the Mortgage Loans.

**Prepayment Charge:** As to a Mortgage Loan, any charge payable by a Mortgagor in connection with certain partial prepayments and all prepayments in full made within the related Prepayment Charge Period, the Prepayment Charges with respect to each applicable Mortgage Loan so held by the Trust Fund being identified in the Mortgage Loan Schedule.

**Prepayment Charge Period:** As to any Mortgage Loan, the period of time during which a Prepayment Charge may be imposed.

**Prepayment Interest Excess:** As to any Principal Prepayment received by the Master Servicer on a Mortgage Loan from the first day through the fifteenth day of any calendar month other than the month of the Cut-off Date, all amounts paid by the related Mortgagor in respect of interest on such Principal Prepayment. All Prepayment Interest Excess shall be retained by the Master Servicer as additional master servicing compensation.

**Prepayment Interest Shortfall:** As to any Distribution Date, Mortgage Loan and Principal Prepayment received on or after the sixteenth day of the month preceding the month of such Distribution Date (or, in the case of the first Distribution Date, on or after the Cut-off Date) and on or before the last day of the month preceding the month of such Distribution Date, the amount, if any, by which one month's interest at the related Mortgage Rate, net of the Servicing Fee Rate, on such Principal Prepayment exceeds the amount of interest paid in connection with such Principal Prepayment.

**Prepayment Period:** As to any Distribution Date and related Due Date, the period from and including the 16th day of the month immediately prior to the month of such Distribution Date (or, in the case of the first Distribution Date, from the Cut-off Date) and to and including the 15th day of the month of such Distribution Date.

**Prepayment Shift Percentage:** Not applicable.

**Primary Insurance Policy:** Each policy of primary mortgage guaranty insurance or any replacement policy therefor with respect to any Mortgage Loan.

**Principal Balance Schedules:** The principal balance schedules attached to this Agreement as Schedule IV.

**Principal Only Certificates:** As specified in the Preliminary Statement.

**Principal Prepayment:** Any payment of principal by a Mortgagor on a Mortgage Loan (including the principal portion of the Purchase Price of any Mortgage Loan purchased pursuant to Section 3.12) that is received in advance of its scheduled Due Date and is not accompanied by an amount representing scheduled interest due on any date in any month after the month of prepayment. The Master Servicer shall apply partial Principal Prepayments in accordance with the related Mortgage Note.

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

**Principal Relocation Payment:** A payment from any Loan Group to REMIC 1 Regular Interests other than those of their corresponding Loan Group as provided in the Preliminary Statement. Principal Relocation Payments shall be made of principal allocations comprising the Principal Amount from a Loan Group.

**Private Certificates:** As specified in the Preliminary Statement.

**Pro Rata Share:** As to any Distribution Date and any Class of Subordinated Certificates, the portion of the Subordinated Principal Distribution Amount allocable to such Class, equal to the product of the Subordinated Principal Distribution Amount on such Distribution Date and a fraction, the numerator of which is the related Class Certificate Balance thereof and the denominator of which is the aggregate

Class Certificate Balance of the Subordinated Certificates, in each case immediately prior to such Distribution Date.

**Proprietary Lease:** For any Cooperative Unit, a lease or occupancy agreement between a Cooperative Corporation and a holder of related Co-op Shares.

**Prospectus Supplement:** The Prospectus Supplement dated December 28, 2005, relating to the Offered Certificates, and any supplement thereto.

**PUD:** Planned Unit Development.

**Purchase Price:** For any Mortgage Loan required to be purchased by the Seller pursuant to Section 2.02 or 2.03 or purchased by the Master Servicer pursuant to Section 3.12, the sum of

- (i) 100% of the unpaid principal balance of the Mortgage Loan on the date of the purchase,
- (ii) accrued and unpaid interest on the Mortgage Loan at the applicable Mortgage Rate (or at the applicable Adjusted Mortgage Rate if (x) the purchaser is the Master Servicer or (y) if the purchaser is the Seller and the Seller is the Master Servicer) from the date through which interest was last paid by the Mortgagor to the Due Date in the month in which the Purchase Price is to be distributed to Certificateholders, net of any unreimbursed Advances made by the Master Servicer on the Mortgage Loan, and
- (iii) any costs and damages incurred by the Trust Fund in connection with any violation by the Mortgage Loan of any predatory or abusive lending law.

If the Mortgage Loan is purchased pursuant to Section 3.12, the interest component of the Purchase Price shall be computed (i) on the basis of the applicable Adjusted Mortgage Rate before giving effect to the related modification and (ii) from the date to which interest was last paid to the date on which the Mortgage Loan is assigned to the Master Servicer pursuant to Section 3.12.

**Qualified Insurer:** A mortgage guaranty insurance company duly qualified as such under the laws of the state of its principal place of business and each state having jurisdiction over the insurer in connection with the insurance policy issued by the insurer, duly authorized and licensed in such states to transact a mortgage guaranty insurance business in such states and to write the insurance provided by the insurance policy issued by it, approved as a FNMA- or FHLMC-approved mortgage insurer or having a claims paying ability rating of at least "AA" or equivalent rating by a nationally recognized statistical rating organization. Any replacement insurer with respect to a Mortgage Loan must have at least as high a claims paying ability rating as the insurer it replaces had on the Closing Date.

**Rating Agency:** Each of the Rating Agencies specified in the Preliminary Statement. If any of them or a successor is no longer in existence, "Rating Agency" shall be the nationally recognized statistical rating organization, or other comparable Person, designated by the Depositor, notice of which designation shall be given to the Trustee. References to a given rating or rating category of a Rating Agency means the rating category without giving effect to any modifiers.

**Realized Loss:** With respect to each Liquidated Mortgage Loan, an amount (not less than zero or more than the Stated Principal Balance of the Mortgage Loan) as of the date of such liquidation, equal to (i) the Stated Principal Balance of the Liquidated Mortgage Loan as of the date of such liquidation, plus (ii) interest at the Adjusted Net Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date in the month in which

Liquidation Proceeds are required to be distributed on the Stated Principal Balance of such Liquidated Mortgage Loan from time to time, minus (iii) the Liquidation Proceeds, if any, received during the month in which such liquidation occurred, to the extent applied as recoveries of interest at the Adjusted Net Mortgage Rate and to principal of the Liquidated Mortgage Loan. With respect to each Mortgage Loan that has become the subject of a Deficient Valuation, if the principal amount due under the related Mortgage Note has been reduced, the difference between the principal balance of the Mortgage Loan outstanding immediately prior to such Deficient Valuation and the principal balance of the Mortgage Loan as reduced by the Deficient Valuation. With respect to each Mortgage Loan that has become the subject of a Debt Service Reduction and any Distribution Date, the amount, if any, by which the principal portion of the related Scheduled Payment has been reduced.

To the extent the Master Servicer receives Subsequent Recoveries with respect to any Mortgage Loan, the amount of the Realized Loss with respect to that Mortgage Loan will be reduced by such Subsequent Recoveries.

**Recognition Agreement:** For any Cooperative Loan, an agreement between the Cooperative Corporation and the originator of the Mortgage Loan that establishes the rights of the originator in the Cooperative Property.

**Record Date:** With respect to any Distribution Date and any Definitive Certificate and the Delay Certificates, the close of business on the last Business Day of the month preceding the month of that Distribution Date. With respect to any Distribution Date and the Non-Delay Certificates as long as they are Book-Entry Certificates, the Business Day immediately prior to such Distribution Date.

**Reference Bank:** As defined in Section 4.08.

**Refinance Loan:** Any Mortgage Loan the proceeds of which are used to refinance an Original Mortgage Loan.

**Regular Certificates:** As specified in the Preliminary Statement.

**Relief Act:** The Servicemembers Civil Relief Act and any similar state or local laws.

**Relief Act Reductions:** With respect to any Distribution Date and any Mortgage Loan as to which there has been a reduction in the amount of interest collectible thereon for the most recently ended calendar month as a result of the application of the Relief Act, the amount, if any, by which (i) interest collectible on such Mortgage Loan for the most recently ended calendar month is less than (ii) interest accrued thereon for such month pursuant to the Mortgage Note.

**REMIC:** A “real estate mortgage investment conduit” within the meaning of section 860D of the Code.

**REMIC Provisions:** Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at sections 860A through 860G of Subchapter M of Chapter 1 of the Code, and related provisions, and regulations promulgated thereunder, as the foregoing may be in effect from time to time as well as provisions of applicable state laws.

**REO Property:** A Mortgaged Property acquired by the Trust Fund through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan.

**Request for Release:** The Request for Release submitted by the Master Servicer to the Trustee, substantially in the form of Exhibits M and N, as appropriate.

**Required Coupon:** Any of the Group 1 Required Coupon, Group 2 Required Coupon, Group 3 Required Coupon, Group 4 Required Coupon and Group 5 Required Coupon, as applicable.

**Required Insurance Policy:** For any Mortgage Loan, any insurance policy that is required to be maintained from time to time under this Agreement.

**Residual Certificates:** As specified in the Preliminary Statement.

**Responsible Officer:** When used with respect to the Trustee, any Managing Director, any Director, Vice President, any Assistant Vice President, any Associate, any Assistant Secretary, any Trust Officer, or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers who at such time shall be officers to whom, with respect to a particular matter, the matter is referred because of the officer's knowledge of and familiarity with the particular subject and who has direct responsibility for the administration of this Agreement.

**Restricted Classes:** As defined in Section 4.02(e).

**SAIF:** The Savings Association Insurance Fund, or any successor thereto.

**S&P:** Standard & Poor's, a division of The McGraw-Hill Companies, Inc. If S&P is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to S&P shall be Standard & Poor's, a division of The McGraw-Hill Companies, Inc., 55 Water Street, New York, New York 10041, Attention: Mortgage Surveillance Monitoring, or any other address that S&P furnishes to the Depositor and the Master Servicer.

**Scheduled Balance:** Not applicable.

**Scheduled Classes:** As specified in the Preliminary Statement.

**Scheduled Payment:** The scheduled monthly payment on a Mortgage Loan due on any Due Date allocable to principal and/or interest on such Mortgage Loan which, unless otherwise specified herein, shall give effect to any related Debt Service Reduction and any Deficient Valuation that affects the amount of the monthly payment due on such Mortgage Loan.

**Securities Act:** The Securities Act of 1933, as amended.

**Security Agreement:** For any Cooperative Loan, the agreement between the owner of the related Co-op Shares and the originator of the related Mortgage Note that defines the security interest in the Co-op Shares and the related Proprietary Lease.

**Seller:** IndyMac Bank, F.S.B., a federal savings bank, and its successors and assigns, in its capacity as seller of the Mortgage Loans to the Depositor.

**Senior Certificate Group:** As specified in the Preliminary Statement.

**Senior Certificates:** As specified in the Preliminary Statement.

**Senior Credit Support Depletion Date:** The date on which the Class Certificate Balance of each Class of Subordinated Certificates has been reduced to zero.

**Senior Liquidation Amount:** For any Distribution Date and for each Mortgage Loan in a Loan Group that became a Liquidated Mortgage Loan during the calendar month preceding the month of the Distribution Date, the lesser of (a) the Senior Percentage of the applicable Non-PO Percentage of the Stated Principal Balance of the Mortgage Loan in that Loan Group and (b) either (x) if an Excess Loss was not sustained on the Liquidated Mortgage Loan during the preceding calendar month, the Senior Prepayment Percentage of the applicable Non-PO Percentage of the amount of the Liquidation Proceeds allocable to principal received on the Mortgage Loan in that Loan Group or (y) if an Excess Loss was sustained on the Liquidated Mortgage Loan during the preceding calendar month, the Senior Percentage of the applicable Non-PO Percentage of the amount of the Liquidation Proceeds allocable to principal received on the Mortgage Loan in that Loan Group.

**Senior Percentage:** As to any Senior Certificate Group and Distribution Date, the percentage equivalent of a fraction the numerator of which is the aggregate Class Certificate Balance of the Senior Certificates of such Senior Certificate Group (other than the related Class PO Component and the related Notional Amount Certificates) immediately before the Distribution Date and the denominator of which is the aggregate of the applicable Non-PO Percentage of the Stated Principal Balance of each Mortgage Loan in the related Loan Group as of the Due Date occurring in the month prior to the month of that Distribution Date (after giving effect to Principal Prepayments received on the related Mortgage Loans in the Prepayment Period related to such prior Due Date); provided, however, that on any Distribution Date after the fourth Senior Termination Date, the Senior Percentage for the Senior Certificates of the remaining Senior Certificate Group is the percentage equivalent of a fraction, the numerator of which is the aggregate Class Certificate Balance of the Senior Certificates (other than the related Class PO Component and the related Notional Amount Certificates) of such remaining Senior Certificate Group immediately prior to such Distribution Date and the denominator of which is the aggregate Class Certificate Balance of all Classes of Certificates (other than the Class PO Certificates and the Notional Amount Certificates), immediately prior to such Distribution Date.

**Senior Prepayment Percentage:** As to any Senior Certificate Group and Distribution Date during the five years beginning on the first Distribution Date, 100%. The Senior Prepayment Percentage for any Distribution Date occurring on or after the fifth anniversary of the first Distribution Date will, except as provided in this Agreement, be as follows: for any Distribution Date in the first year thereafter, the related Senior Percentage plus 70% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the second year thereafter, the related Senior Percentage plus 60% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the third year thereafter, the related Senior Percentage plus 40% of the related Subordinated Percentage for such Distribution Date; for any Distribution Date in the fourth year thereafter, the related Senior Percentage plus 20% of the related Subordinated Percentage for such Distribution Date; and for any Distribution Date thereafter, the related Senior Percentage for such Distribution Date (unless on any Distribution Date the Senior Percentage of a Senior Certificate Group exceeds the initial Senior Percentage for such Certificate Group, in which case the Senior Prepayment Percentage for each Senior Certificate Group and such Distribution Date will once again equal 100%). Notwithstanding the foregoing, no decrease in the Senior Prepayment Percentage will occur unless both Senior Step Down Conditions are satisfied with respect to each Loan Group.

**Senior Principal Distribution Amount:** As to any Distribution Date and any Loan Group, the sum of (i) the related Senior Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of Non-PO Formula Principal Amount for that Loan Group for such Distribution Date, (ii) the Senior Liquidation Amount for that Loan Group and Distribution Date, and (iii) the Senior Prepayment Percentage of the applicable Non-PO Percentage of the amounts described in subclause (f) of clause (i) of the definition of Non-PO Formula Principal Amount for that Loan Group and such Distribution Date, and (iv) the applicable Senior Prepayment Percentage of any Subsequent Recoveries

described in clause (ii) of the definition of Non-PO Formula Principal Amount for that Loan Group and such Distribution Date; provided, however, that if a Bankruptcy Loss that is an Excess Loss is sustained with respect to a Mortgage Loan in that Loan Group that is not a Liquidated Mortgage Loan, the Senior Principal Distribution Amount will be reduced on the related Distribution Date by the Senior Percentage of the applicable Non-PO Percentage of the principal portion of such Bankruptcy Loss; provided further, however, on any Distribution Date after the fourth Senior Termination Date, the Senior Principal Distribution Amount for the remaining Senior Certificate Group will be calculated pursuant to the above formula based on all the Mortgage Loans in the Mortgage Pool, as opposed to the Mortgage Loans in the related Loan Group.

**Senior Step Down Conditions:** With respect to the Mortgage Loans in a Loan Group: (i) the aggregate Stated Principal Balance of all Mortgage Loans delinquent 60 days or more (including Mortgage Loans in foreclosure, REO Property and Mortgage Loans the mortgagors of which are in bankruptcy) (averaged over the preceding six month period), as a percentage of (a) if such date is on or prior to the fourth Senior Termination Date, the Subordinated Percentage for such Loan Group of the aggregate of the applicable Non-PO Percentage of the aggregate Stated Principal Balance of the Mortgage Loans in that Loan Group, or (b) if such date is after the fourth Senior Termination Date, the aggregate Class Certificate Balance of the Subordinated Certificates, does not equal or exceed 50%, and (ii) cumulative Realized Losses on the Mortgage Loans in each Loan Group do not exceed: (a) commencing with the Distribution Date on the fifth anniversary of the first Distribution Date, 30% of the Original Subordinated Principal Balance, (b) commencing with the Distribution Date on the sixth anniversary of the first Distribution Date, 35% of the Original Subordinated Principal Balance, (c) commencing with the Distribution Date on the seventh anniversary of the first Distribution Date, 40% of the Original Subordinated Principal Balance, (d) commencing with the Distribution Date on the eighth anniversary of the first Distribution Date, 45% of the Original Subordinated Principal Balance, and (e) commencing with the Distribution Date on the ninth anniversary of the first Distribution Date, 50% of the Original Subordinated Principal Balance.

**Senior Termination Date:** For each Senior Certificate Group, the Distribution Date on which the aggregate Class Certificate Balance of the related Classes of Senior Certificates (other than the related Class PO Component) has been reduced to zero.

**Servicing Account:** The separate Eligible Account or Accounts created and maintained pursuant to Section 3.06(b).

**Servicing Advances:** All customary, reasonable, and necessary “out of pocket” costs and expenses incurred in the performance by the Master Servicer of its servicing obligations, including the cost of

- (a) the preservation, restoration, and protection of a Mortgaged Property,
- (b) expenses reimbursable to the Master Servicer pursuant to Section 3.12 and any enforcement or judicial proceedings, including foreclosures,
- (c) the maintenance and liquidation of any REO Property,
- (d) compliance with the obligations under Section 3.10, and
- (e) reasonable compensation to the Master Servicer or its affiliates for acting as broker in connection with the sale of foreclosed Mortgaged Properties and for performing certain default management and other similar services (including appraisal services) in connection with

the servicing of defaulted Mortgage Loans. For purposes of this clause (e), only costs and expenses incurred in connection with the performance of activities generally considered to be outside the scope of customary servicing or master servicing duties shall be treated as Servicing Advances.

**Servicing Fee:** As to each Mortgage Loan and any Distribution Date, one month's interest at the applicable Servicing Fee Rate on the Stated Principal Balance of the Mortgage Loan, or, whenever a payment of interest accompanies a Principal Prepayment in Full made by the Mortgagor, interest at the Servicing Fee Rate on the Stated Principal Balance of the Mortgage Loan for the period covered by the payment of interest, subject to reduction as provided in Section 3.15.

**Servicing Fee Rate:** For each Mortgage Loan, the per annum rate specified on the Mortgage Loan Schedule.

**Servicing Officer:** Any officer of the Master Servicer involved in, or responsible for, the administration and servicing of the Mortgage Loans whose name and facsimile signature appear on a list of servicing officers furnished to the Trustee by the Master Servicer on the Closing Date pursuant to this Agreement, as the list may from time to time be amended.

**Servicing Standard:** That degree of skill and care exercised by the Master Servicer with respect to mortgage loans comparable to the Mortgage Loans serviced by the Master Servicer for itself or others.

**Special Hazard Coverage Termination Date:** The point in time at which the Special Hazard Loss Coverage Amount is reduced to zero.

**Special Hazard Loss:** Any Realized Loss suffered by a Mortgaged Property on account of direct physical loss, but not including (i) any loss of a type covered by a hazard insurance policy or a flood insurance policy required to be maintained with respect to such Mortgaged Property pursuant to Section 3.10 to the extent of the amount of such loss covered thereby, or (ii) any loss caused by or resulting from:

- (a) normal wear and tear;
- (b) fraud, conversion or other dishonest act on the part of the Trustee, the Master Servicer or any of their agents or employees (without regard to any portion of the loss not covered by any errors and omissions policy);
- (c) errors in design, faulty workmanship or faulty materials, unless the collapse of the property or a part thereof ensues and then only for the ensuing loss;
- (d) nuclear or chemical reaction or nuclear radiation or radioactive or chemical contamination, all whether controlled or uncontrolled, and whether such loss be direct or indirect, proximate or remote or be in whole or in part caused by, contributed to or aggravated by a peril covered by the definition of the term "Special Hazard Loss";
- (e) hostile or warlike action in time of peace and war, including action in hindering, combating or defending against an actual, impending or expected attack:
  1. by any government or sovereign power, de jure or de facto, or by any authority maintaining or using military, naval or air forces; or
  2. by military, naval or air forces; or



3. by an agent of any such government, power, authority or forces;
  - (f) any weapon of war employing nuclear fission, fusion or other radioactive force, whether in time of peace or war; or
  - (g) insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

**Special Hazard Loss Coverage Amount:** With respect to the first Distribution Date, \$16,683,627.20. With respect to any Distribution Date after the first Distribution Date, the lesser of (a) the greatest of (i) 1% of the aggregate of the principal balances of the Mortgage Loans, (ii) twice the principal balance of the largest Mortgage Loan and (iii) the aggregate of the principal balances of all Mortgage Loans secured by Mortgaged Properties located in the single California postal zip code area having the highest aggregate principal balance of any such zip code area and (b) the Special Hazard Loss Coverage Amount as of the Closing Date less the amount, if any, of Special Hazard Losses allocated to the Certificates since the Closing Date. All principal balances for the purpose of this definition will be calculated as of the first day of the calendar month preceding the month of such Distribution Date after giving effect to Scheduled Payments on the Mortgage Loans then due, whether or not paid.

**Special Hazard Mortgage Loan:** A Liquidated Mortgage Loan as to which a Special Hazard Loss has occurred.

**Startup Day:** The Closing Date.

**Stated Principal Balance:** As to any Mortgage Loan and Due Date, the unpaid principal balance of such Mortgage Loan as of such Due Date, as specified in the amortization schedule at the time relating thereto (before any adjustment to such amortization schedule by reason of any moratorium or similar waiver or grace period) after giving effect to the sum of: (i) the payment of principal due on such Due Date and irrespective of any delinquency in payment by the related Mortgagor and (ii) any Liquidation Proceeds allocable to principal received in the prior calendar month and Principal Prepayments received through the last day of the Prepayment Period in which the Due Date occurs, in each case with respect to such Mortgage Loan.

**Subordinated Certificates:** As specified in the Preliminary Statement.

**Subordinated Percentage:** As to any Loan Group and Distribution Date on or prior to the fourth Senior Termination Date, 100% minus the Senior Percentage for the Senior Certificate Group relating to such Loan Group for such Distribution Date. As to any Distribution Date after the fourth Senior Termination Date, 100% minus the Senior Percentage for such Distribution Date.

**Subordinated Prepayment Percentage:** As to any Distribution Date and Loan Group, 100% minus the related Senior Prepayment Percentage for such Distribution Date.

**Subordinated Principal Distribution Amount:** As to any Distribution Date and Loan Group, the sum of the following with respect to each Loan Group: (i) the Subordinated Percentage of the applicable Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of Non-PO Formula Principal Amount with respect to such Loan Group and such Distribution Date, (ii) with respect to any Mortgage Loan in the related Loan Group that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of Liquidation Proceeds

allocable to principal received with respect thereto remaining after application thereof pursuant to clause (ii) of the definition of Senior Principal Distribution Amount for that Loan Group, up to the Subordinated Percentage of the applicable Non-PO Percentage of the Stated Principal Balance of such Mortgage Loan, and (iii) the Subordinated Prepayment Percentage of the applicable Non-PO Percentage of the amounts described in subclause (f) of clause (i) of the definition of Non-PO Formula Principal Amount with respect to that Loan Group for such Distribution Date, reduced by the amount of any payments in respect of Class PO Deferred Amounts for such Distribution Date; provided, however, that on any Distribution Date after a Senior Termination Date, the Subordinated Principal Distribution Amount will not be calculated by Loan Group but will equal the amount calculated pursuant to the formula set forth above based on the applicable Subordinated Percentage and Subordinated Prepayment Percentage for the Subordinated Certificates for such Distribution Date with respect to all of the Mortgage Loans as opposed to the Mortgage Loans only in the related Loan Group.

**Subsequent Recoveries:** As to any Distribution Date, with respect to a Liquidated Mortgage Loan that resulted in a Realized Loss in a prior calendar month, unexpected amounts received by the Master Servicer (net of any related expenses permitted to be reimbursed pursuant to Section 3.09) specifically related to such Liquidated Mortgage Loan.

**Subservicer:** As defined in Section 3.02(a).

**Substitute Mortgage Loan:** A Mortgage Loan substituted by the Seller for a Deleted Mortgage Loan that must, on the date of substitution, as confirmed in a Request for Release, substantially in the form of Exhibit M,

(i) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of, and not more than 10% less than, the Stated Principal Balance of the Deleted Mortgage Loan (unless the amount of any shortfall is deposited by the Seller in the Certificate Account and held for distribution to the Certificateholders on the related Distribution Date);

(ii) have a Mortgage Rate no lower than and not more than 1% per annum higher than the Deleted Mortgage Loan;

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

(iv) have a remaining term to maturity no greater than (and not more than one year less than) that of the Deleted Mortgage Loan;

(v) not be a Cooperative Loan unless the Deleted Mortgage Loan was a Cooperative Loan; and

(vi) comply with each representation and warranty in Section 2.03.

**Substitution Adjustment Amount:** As defined in Section 2.03.

**Suspension Notification:** Notification to the Commission of the suspension of the Trust Fund's obligation to file reports pursuant to Section 15(d) of the Exchange Act.

**Targeted Balance:** Not applicable.

**Targeted Principal Classes:** As specified in the Preliminary Statement.

**Transfer:** Any direct or indirect transfer or sale of any Ownership Interest in a Residual Certificate.

**Transfer Payment Made:** As defined in Section 4.03.

**Transfer Payment Received:** As defined in Section 4.03.

**Trust Fund:** The corpus of the trust created under this Agreement consisting of

(i) the Mortgage Loans and all interest and principal received on them after the Cut-off Date, other than amounts due on the Mortgage Loans by the Cut-off Date;

(ii) the Certificate Account, the Distribution Account, the Yield Maintenance Reserve Funds, and all amounts deposited therein pursuant to this Agreement (including amounts received from the Seller on the Closing Date that will be deposited by the Trustee in the Certificate Account pursuant to Section 2.01);

(iii) property that secured a Mortgage Loan and has been acquired by foreclosure, deed-in-lieu of foreclosure, or otherwise;

(iv) the right to collect any amounts under any mortgage insurance policies covering any Mortgage Loan and any collections received under any mortgage insurance policies covering any Mortgage Loan;

(v) all rights to receive amounts under, and to enforce remedies in, the Yield Maintenance Agreements; and

(vi) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing.

**Trustee:** Deutsche Bank National Trust Company and its successors and, if a successor trustee is appointed under this Agreement, the successor.

**Trustee Fee:** The fee payable to the Trustee on each Distribution Date for its services as Trustee hereunder, in an amount equal to one-twelfth of the Trustee Fee Rate multiplied by the aggregate Stated Principal Balance of the Mortgage Loans immediately prior to such Distribution Date.

**Trustee Fee Rate:** 0.001% per annum.

The terms “**United States**,” “**State**,” and “**International Organization**” have the meanings in section 7701 of the Code or successor provisions. A corporation will not be treated as an instrumentality of the United States or of any State or political subdivision thereof for these purposes if all of its activities are subject to tax and, with the exception of the Federal Home Loan Mortgage Corporation, a majority of its board of directors is not selected by such government unit.

**UCC:** The Uniform Commercial Code for the State of New York.

**Undercollateralized Group:** As defined in Section 4.03.

**Underwriter’s Exemption:** Prohibited Transaction Exemption 2002-41, 67 Fed. Reg. 54487 (2002) (or any successor thereto), or any substantially similar administrative exemption granted by the U.S. Department of Labor.

***United States Person or U.S. Person:***

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

***U.S.A. Patriot Act:*** The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001.

***Voting Rights:*** The portion of the voting rights of all of the Certificates that is allocated to any Certificate. As of any date of determination, (a) 1% of all Voting Rights shall be allocated to each Class of Notional Amount Certificates (the Voting Rights to be allocated among the holders of Certificates of each Class in accordance with their respective Percentage Interests), (b) 1% of all Voting Rights shall be allocated to the Holder of the Class A-R Certificates and (c) the remaining Voting Rights shall be allocated among Holders of the remaining Classes of Offered Certificates in proportion to the Certificate Balances of the respective Certificates on the date.

***Withdrawal Date:*** The 18th day of each month, or if such day is not a Business Day, the next preceding Business Day.

***Yield Maintenance Agreement:*** Any of (x) the interest rate corridor cap agreement between the Trust Fund and the Cap Counterparty evidenced by confirmation number 37145 relating to the Class 1-A-5 Certificates, (y) the interest rate corridor cap agreement between the Trust Fund and the Cap Counterparty evidenced by confirmation number 37146 relating to the Class 2-A-1 Certificates or (z) the interest rate corridor cap agreement between the Trust Fund and the Cap Counterparty evidenced by confirmation number 37147 relating to the Class 2-A-10 Certificates, a form of each of which is attached to this Agreement as Exhibits P-1, P-2 and P-3, respectively.

***Yield Maintenance Notional Balance:*** For each Distribution Date to and including the Distribution Date in December 2019, with respect to the Class 1-A-5 Certificates, September 2018, with respect to the Class 2-A-1 Certificates and April 2018, with respect to the Class 2-A-10 Certificates, and the applicable Yield Maintenance Agreement, the amount described in Schedule 1 to the Prospectus Supplement; provided, that each Yield Maintenance Notional Balance for each Distribution Date is subject to a maximum equal to the Class Certificate Balance of the related Class of Certificates immediately prior to such Distribution Date. After the Distribution Date in December 2019, with respect to the Class 1-A-5 Certificates, September 2018, with respect to the Class 2-A-1 Certificates and April

2018, with respect to the Class 2-A-10 Certificates, the related Yield Maintenance Notional Balance will be equal to zero.

***Yield Maintenance Reserve Fund:*** The Class 1-A-5 Yield Maintenance Reserve Fund, Class 2-A-1 Yield Maintenance Reserve Fund or Class 2-A-10 Yield Maintenance Reserve Fund, as applicable.

***Yield Supplement Amount:*** The Class 1-A-5 Yield Supplement Amount, Class 2-A-1 Yield Supplement Amount or Class 2-A-10 Yield Supplement Amount, as applicable.

***Section 1.02 Rules of Construction.***

Except as otherwise expressly provided in this Agreement or unless the context clearly requires otherwise

(a) References to designated articles, sections, subsections, exhibits, and other subdivisions of this Agreement, such as “Section 6.12 (a),” refer to the designated article, section, subsection, exhibit, or other subdivision of this Agreement as a whole and to all subdivisions of the designated article, section, subsection, exhibit, or other subdivision. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar import refer to this Agreement as a whole and not to any particular article, section, exhibit, or other subdivision of this Agreement.

(b) Any term that relates to a document or a statute, rule, or regulation includes any amendments, modifications, supplements, or any other changes that may have occurred since the document, statute, rule, or regulation came into being, including changes that occur after the date of this Agreement.

(c) Any party may execute any of the requirements under this Agreement either directly or through others, and the right to cause something to be done rather than doing it directly shall be implicit in every requirement under this Agreement. Unless a provision is restricted as to time or limited as to frequency, all provisions under this Agreement are implicitly available and things may happen from time to time.

(d) The term “including” and all its variations mean “including but not limited to.” Except when used in conjunction with the word “either,” the word “or” is always used inclusively (for example, the phrase “A or B” means “A or B or both,” not “either A or B but not both”).

(e) A reference to “a [thing]” or “any [of a thing]” does not imply the existence or occurrence of the thing referred to even though not followed by “if any,” and “any [of a thing]” is any of it. A reference to the plural of anything as to which there could be either one or more than one does not imply the existence of more than one (for instance, the phrase “the obligors on a note” means “the obligor or obligors on a note”). “Until [something occurs]” does not imply that it must occur, and will not be modified by the word “unless.” The word “due” and the word “payable” are each used in the sense that the stated time for payment has passed. The word “accrued” is used in its accounting sense, i.e., an amount paid is no longer accrued. In the calculation of amounts of things, differences and sums may generally result in negative numbers, but when the calculation of the excess of one thing over another results in zero or a negative number, the calculation is disregarded and an “excess” does not exist. Portions of things may be expressed as fractions or percentages interchangeably.

(f) All accounting terms used in an accounting context and not otherwise defined, and accounting terms partly defined in this Agreement, to the extent not completely defined, shall be construed in accordance with generally accepted accounting principles. To the extent that the definitions of accounting terms in this Agreement are inconsistent with their meanings under generally accepted

accounting principles, the definitions contained in this Agreement shall control. Capitalized terms used in this Agreement without definition that are defined in the Uniform Commercial Code are used in this Agreement as defined in the Uniform Commercial Code.

(g) In the computation of a period of time from a specified date to a later specified date or an open-ended period, the words “from” and “beginning” mean “from and including,” the word “after” means “from but excluding,” the words “to” and “until” mean “to but excluding,” and the word “through” means “to and including.” Likewise, in setting deadlines or other periods, “by” means “by.” The words “preceding,” “following,” and words of similar import, mean immediately preceding or following. References to a month or a year refer to calendar months and calendar years.

(h) Any reference to the enforceability of any agreement against a party means that it is enforceable, subject as to enforcement against the party, to applicable bankruptcy, insolvency, reorganization, and other similar laws of general applicability relating to or affecting creditors’ rights and to general equity principles.

## ARTICLE FOUR

## DISTRIBUTIONS AND ADVANCES BY THE MASTER SERVICER

**Section 4.01 Advances.**

(a) The Master Servicer shall determine on or before each Master Servicer Advance Date whether it is required to make an Advance pursuant to the definition thereof. If the Master Servicer determines it is required to make an Advance, it shall, on or before the Master Servicer Advance Date, either (i) deposit into the Certificate Account an amount equal to the Advance or (ii) make an appropriate entry in its records relating to the Certificate Account that any Amount Held for Future Distribution has been used by the Master Servicer in discharge of its obligation to make any such Advance. Any funds so applied shall be replaced by the Master Servicer by deposit in the Certificate Account no later than the close of business on the next Master Servicer Advance Date. The Master Servicer shall be entitled to be reimbursed from the Certificate Account for all Advances of its own funds made pursuant to this Section 4.01 as provided in Section 3.09. The obligation to make Advances with respect to any Mortgage Loan shall continue if such Mortgage Loan has been foreclosed or otherwise terminated and the Mortgaged Property has not been liquidated. The Master Servicer shall inform the Trustee of the amount of the Advance to be made on each Master Servicer Advance Date no later than the second Business Day before the related Distribution Date.

(b) If the Master Servicer determines that it will be unable to comply with its obligation to make the Advances as and when described in the second sentence of Section 4.01(a), it shall use its best efforts to give written notice thereof to the Trustee (each such notice an “*Advance Notice*”; and such notice may be given by telecopy), not later than 3:00 P.M., New York time, on the Business Day immediately preceding the related Master Servicer Advance Date, specifying the amount that it will be unable to deposit (each such amount an “*Advance Deficiency*”) and certifying that such Advance Deficiency constitutes an Advance hereunder and is not a Nonrecoverable Advance. If the Trustee receives a Trustee Advance Notice on or before 3:00 P.M., New York time on a Master Servicer Advance Date, the Trustee is entitled to immediately terminate the Master Servicer under Section 7.01, and shall, not later than 3:00 P.M., New York time, on the related Distribution Date, deposit in the Distribution Account an amount equal to the Advance Deficiency identified in such Trustee Advance Notice unless it is prohibited from so doing by applicable law. Notwithstanding the foregoing, the Trustee shall not be required to make such deposit if the Trustee shall have received written notification from the Master Servicer that the Master Servicer has deposited or caused to be deposited in the Certificate Account an amount equal to such Advance Deficiency by 3:00 P.M. New York time on the related Distribution Date. If the Trustee has not terminated the Master Servicer, the Master Servicer shall reimburse the Trustee for the amount of any Advance (including interest at the Prime Rate on the day of such reimbursement published in *The Wall Street Journal*) on such amount, made by the Trustee pursuant to this Section 4.01(b) not later than the second day following the related Master Servicer Advance Date. In the event that the Master Servicer does not reimburse the Trustee in accordance with the requirements of the preceding sentence, the Trustee shall immediately (a) terminate all of the rights and obligations of the Master Servicer under this Agreement in accordance with Section 7.01 and (b) subject to the limitations set forth in Section 3.05, assume all of the rights and obligations of the Master Servicer hereunder.

(c) The Master Servicer shall, not later than the close of business on the Business Day immediately preceding each Master Servicer Advance Date, deliver to the Trustee a report (in form and substance reasonably satisfactory to the Trustee) that indicates (i) the Mortgage Loans with respect to which the Master Servicer has determined that the related Scheduled Payments should be advanced and (ii) the amount of the related Scheduled Payments. The Master Servicer shall deliver to the Trustee on

the related Master Servicer Advance Date an Officer's Certificate of a Servicing Officer indicating the amount of any proposed Advance determined by the Master Servicer to be a Nonrecoverable Advance.

**Section 4.02 Priorities of Distribution.**

(a) (1) On each Distribution Date, the Trustee shall withdraw the Available Funds for Loan Group 1 from the Distribution Account and apply such funds to distributions on the Group 1 Senior Certificates in the following order and priority and, in each case, to the extent of Available Funds remaining:

(i) concurrently, to each interest-bearing Class and Component of Group 1 Senior Certificates, an amount allocable to interest equal to the related Class Optimal Interest Distribution Amount, any shortfall being allocated among such Classes and Component in proportion to the amount of the Class Optimal Interest Distribution Amount that would have been distributed in the absence of such shortfall; provided that prior to the Accrual Termination Date, the Accrual Amount shall be distributed as provided in Section 4.02(a)(1)(ii);

(ii) [reserved];

(iii) concurrently, to the Classes of Group 1 Senior Certificates as follows:

(A) to the Class PO-1 Component, the related PO Formula Principal Amount until the Component Balance thereof is reduced to zero; and

(B) on each Distribution Date, the Non-PO Formula Principal Amount for Loan Group 1 up to the amount of the related Senior Principal Distribution Amount for such Distribution Date shall be distributed in the following order of priority:

1. to the Class A-R Certificates, until its Class Certificate Balance is reduced to zero;

2. concurrently, to the Class 1-A-4 and Class 1-A-9 Certificates, pro rata, the Group 1 Priority Amount, until their respective Class Certificate Balances are reduced to zero;

3. to Aggregate Group I in accordance with the Aggregate Group Payment Rule I in an amount up to the amount necessary to reduce the Aggregate Group Balance I to its Planned Balance for that Distribution Date;

4. to the Class 1-A-5 Certificates in an amount necessary to reduce its Class Certificate Balance to its Planned Balance for that Distribution Date;

5. concurrently, to the Class 1-A-7 and Class 1-A-8 Certificates, pro rata, until their respective Class Certificate Balances are reduced to zero;

6. to the Class 1-A-5 Certificates without regard to its Planned Balance, until its Class Certificate Balance is reduced to zero;



7. to Aggregate Group I in accordance with the Aggregate Group Payment Rule I without regard to its Planned Balance, until the Aggregate Group Balance I is reduced to zero; and

8. concurrently, to the Class 1-A-4 and Class 1-A-9 Certificates, pro rata, without regard to the Group 1 Priority Amount, until their respective Class Certificate Balances are reduced to zero;

(iv) to the Class PO-1 Component, any Class PO Deferred Amount for Loan Group 1, up to an amount not to exceed the amount calculated pursuant to the definition of Subordinated Principal Distribution Amount for Loan Group 1 actually received or advanced for such Distribution Date (with such amount to be allocated first from amounts calculated pursuant to (i) and (ii) and then (iii) of the definition of Subordinated Principal Distribution Amount;

(2) On each Distribution Date, the Trustee shall withdraw the Available Funds for Loan Group 2 from the Distribution Account and apply such funds to distributions on the Group 2 Senior Certificates in the following order and priority and, in each case, to the extent of Available Funds remaining:

(i) concurrently, to each interest-bearing Class and Component of Group 2 Senior Certificates, an amount allocable to interest equal to the related Class Optimal Interest Distribution Amount, any shortfall being allocated among such Classes and Component in proportion to the amount of the Class Optimal Interest Distribution Amount that would have been distributed in the absence of such shortfall; provided that prior to the applicable Accrual Termination Date, the related Accrual Amount shall be distributed as provided in Section 4.02(a)(2)(ii);

(ii) first, concurrently, the Class 2-A-5 Accrual Amount, the Class 2-A-9 Accrual Amount and the Class 2-A-12 Accrual Amount shall be distributed in accordance with the Class 2-A-5 Accretion Direction Rule, the Class 2-A-9 Accretion Direction Rule and the Class 2-A-12 Accretion Direction Rule, respectively; and second, the Class 2-A-6 Accrual Amount shall be distributed in accordance with the Class 2-A-6 Accretion Direction Rule;

(iii) concurrently, to the Classes of Group 2 Senior Certificates as follows:

(A) to the Class PO-2 Component, the related PO Formula Principal Amount until the Component Balance thereof is reduced to zero; and

(B) on each Distribution Date, the Non-PO Formula Principal Amount for Loan Group 2 up to the amount of the related Senior Principal Distribution Amount for such Distribution Date shall be distributed in the following order of priority:

first, concurrently, to the Class 2-A-4 and Class 2-A-13 Certificates, pro rata, the Group 2 Priority Amount until their respective Class Certificate Balances are reduced to zero;

second, concurrently,

(i) 81.1116420869% of the remaining amount to Aggregate Group II, as follows:

(a) to Aggregate Group II in accordance with the Aggregate Group Payment Rule II, in an amount up to the amount necessary to reduce the Aggregate Group Balance II to its Planned Balance for that Distribution Date;

(b) to the Class 2-A-10 Certificates in an amount up to the amount necessary to reduce its Class Certificate Balance to its Planned Balance for that Distribution Date;

(c) to the Class 2-A-12 Certificates until its Class Certificate Balance is reduced to zero;

(d) to the Class 2-A-10 Certificates without regard to its Planned Balance, until its Class Certificate Balance is reduced to zero; and

(e) to Aggregate Group II in accordance with the Aggregate Group Payment Rule II, without regard to its Planned Balance, until the Aggregate Group Balance II is reduced to zero; and

(ii) 18.8883579131% of the remaining amount, as follows:

(a) an amount up to the excess of (x) \$1,000 over (y) the Class 2-A-6 Accrual Amount paid on that Distribution Date, sequentially, to the Class 2-A-1 and Class 2-A-5 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero;

(b) to the Class 2-A-3 Certificates, an amount up to \$306,585 on each Distribution Date until its Class Certificate Balance is reduced to zero;

(c) sequentially, to the Class 2-A-1, Class 2-A-5 and Class 2-A-3 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero; and

third, concurrently, to the Class 2-A-4 and Class 2-A-13 Certificates, pro rata, without regard to the Group 2 Priority Amount, until their respective Class Certificate Balances are reduced to zero;

(iv) to the Class PO-2 Component, any Class PO Deferred Amount for Loan Group 2, up to an amount not to exceed the amount calculated pursuant to the definition of Subordinated Principal Distribution Amount for Loan Group 2 actually received or advanced for such

Distribution Date (with such amount to be allocated first from amounts calculated pursuant to (i) and (ii) and then (iii) of the definition of Subordinated Principal Distribution Amount;

(3) On each Distribution Date, the Trustee shall withdraw the Available Funds for Loan Group 3 from the Distribution Account and apply such funds to distributions on the Group 3 Senior Certificates in the following order and priority and, in each case, to the extent of Available Funds remaining:

(i) concurrently, to each interest-bearing Class and Component of Group 3 Senior Certificates, an amount allocable to interest equal to the related Class Optimal Interest Distribution Amount, any shortfall being allocated among such Classes and Component in proportion to the amount of the Class Optimal Interest Distribution Amount that would have been distributed in the absence of such shortfall;

(ii) [reserved];

(iii) concurrently, to the Classes of Group 3 Senior Certificates as follows:

(A) to the Class PO-3 Component, the related PO Formula Principal Amount until the Component Balance thereof is reduced to zero; and

(B) on each Distribution Date, the Non-PO Formula Principal Amount for Loan Group 3 up to the amount of the related Senior Principal Distribution Amount for such Distribution Date shall be distributed to the Class 3-A-1 Certificates, until its Class Certificate Balance is reduced to zero;

(iv) to the Class PO-3 Component, any Class PO Deferred Amount for Loan Group 3, up to an amount not to exceed the amount calculated pursuant to the definition of Subordinated Principal Distribution Amount for Loan Group 3 actually received or advanced for such Distribution Date (with such amount to be allocated first from amounts calculated pursuant to (i) and (ii) and then (iii) of the definition of Subordinated Principal Distribution Amount;

(4) On each Distribution Date, the Trustee shall withdraw the Available Funds for Loan Group 4 from the Distribution Account and apply such funds to distributions on the Group 4 Senior Certificates in the following order and priority and, in each case, to the extent of Available Funds remaining:

(i) concurrently, to each interest-bearing Class and Component of Group 4 Senior Certificates, an amount allocable to interest equal to the related Class Optimal Interest Distribution Amount, any shortfall being allocated among such Classes and Component in proportion to the amount of the Class Optimal Interest Distribution Amount that would have been distributed in the absence of such shortfall;

(ii) [reserved];

(iii) concurrently, to the Classes of Group 4 Senior Certificates as follows:

(A) to the Class PO-4 Component, the related PO Formula Principal Amount until the Component Balance thereof is reduced to zero; and

(B) on each Distribution Date, the Non-PO Formula Principal Amount for Loan Group 4 up to the amount of the related Senior Principal Distribution Amount for such Distribution Date shall be distributed to the Class 4-A-1 Certificates, until its Class Certificate Balance is reduced to zero;

(iv) to the Class PO-4 Component, any Class PO Deferred Amount for Loan Group 4, up to an amount not to exceed the amount calculated pursuant to the definition of Subordinated Principal Distribution Amount for Loan Group 4 actually received or advanced for such Distribution Date (with such amount to be allocated first from amounts calculated pursuant to (i) and (ii) and then (iii) of the definition of Subordinated Principal Distribution Amount;

(5) On each Distribution Date, the Trustee shall withdraw the Available Funds for Loan Group 5 from the Distribution Account and apply such funds to distributions on the Group 5 Senior Certificates in the following order and priority and, in each case, to the extent of Available Funds remaining:

(i) concurrently, to each interest-bearing Class and Component of Group 5 Senior Certificates, an amount allocable to interest equal to the related Class Optimal Interest Distribution Amount, any shortfall being allocated among such Classes and Component in proportion to the amount of the Class Optimal Interest Distribution Amount that would have been distributed in the absence of such shortfall;

(ii) [reserved];

(iii) concurrently, to the Classes of Group 5 Senior Certificates as follows:

(A) to the Class PO-5 Component, the related PO Formula Principal Amount until the Component Balance thereof is reduced to zero; and

(B) on each Distribution Date, the Non-PO Formula Principal Amount for Loan Group 5 up to the amount of the related Senior Principal Distribution Amount for such Distribution Date shall be distributed in the following order of priority:

1. to the Class 5-A-3 Certificates, the Group 5 Priority Amount, until its Class Certificate Balance is reduced to zero;

2. sequentially, to the Class 5-A-1 and Class 5-A-2 Certificates, in that order, until their respective Class Certificate Balances are reduced to zero; and

3. to the Class 5-A-3 Certificates, without regard to the Group 5 Priority Amount, until its Class Certificate Balance is reduced to zero;

(vi) to the Class PO-5 Component, any Class PO Deferred Amount for Loan Group 5, up to an amount not to exceed the amount calculated pursuant to the definition of Subordinated Principal Distribution Amount for Loan Group 5 actually received or advanced for such Distribution Date (with such amount to be allocated first from amounts calculated pursuant to (i) and (ii) and then (iii) of the definition of Subordinated Principal Distribution Amount;

(6) On each Distribution Date, after making the distributions described in Section 4.02(a)(1), Section 4.02(a)(2), Section 4.02(a)(3), Section 4.02(a)(4) and Section 4.02(a)(5), Available Funds remaining will be distributed to the Senior Certificates to the extent provided in Section 4.03.

(7) On each Distribution Date, Available Funds from both Loan Groups remaining after making the distributions described in Section 4.02(a)(1), Section 4.02(a)(2), Section 4.02(a)(3), Section 4.02(a)(4), Section 4.02(a)(5) and Section 4.02(a)(6) will be distributed to the Subordinated Certificates, subject to paragraph 4.02(e) below, in the following order of priority:

- (A) to the Class B-1 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;
- (B) to the Class B-1 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;
- (C) to the Class B-2 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;
- (D) to the Class B-2 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;
- (E) to the Class B-3 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;
- (F) to the Class B-3 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;
- (G) to the Class B-4 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;
- (H) to the Class B-4 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;
- (I) to the Class B-5 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date;
- (J) to the Class B-5 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero;

- (K) to the Class B-6 Certificates, an amount allocable to interest equal to the Class Optimal Interest Distribution Amount for such Class for such Distribution Date; and
  - (L) to the Class B-6 Certificates, an amount allocable to principal equal to its Pro Rata Share for such Distribution Date until the Class Certificate Balance thereof is reduced to zero.
- (8) [reserved]; and
- (9) to the Class A-R Certificates, any remaining funds; provided, that such amounts shall not include the \$100 held in trust for the Class P Certificates.

On each Distribution Date, all amounts representing Prepayment Charges received during the related Prepayment Period will be distributed to the holders of the Class P Certificates. On the Distribution Date immediately following the expiration of the latest Prepayment Charge Period of the Mortgage Loans, the \$100 held in trust for the Class P Certificates will be distributed to the holders of the Class P Certificates.

On any Distribution Date, amounts distributed in respect of Class PO Deferred Amounts will not reduce the Component Balance of the related Class PO Component.

On any Distribution Date, to the extent the Amount Available for Senior Principal for a Loan Group is insufficient to make the full distribution required to be made pursuant to the applicable clause (a)(iii), (A) the amount distributable on the related Class PO Component in respect of principal shall be equal to the product of (1) the Amount Available for Senior Principal for such Loan Group and (2) a fraction, the numerator of which is the related PO Formula Principal Amount and the denominator of which is the sum of such PO Formula Principal Amount and the applicable Senior Principal Distribution Amount and (B) the amount distributable on the related Senior Certificates other than the applicable Class PO Component, in respect of principal shall be equal to the product of (1) such Amount Available for Senior Principal and (2) a fraction, the numerator of which is the applicable Senior Principal Distribution Amount and the denominator of which is the sum of such Senior Principal Distribution Amount and the related PO Formula Principal Amount.

(b) On each Distribution Date prior to and including the applicable Accrual Termination Date with respect to each Class of Accrual Certificates, the Accrual Amount for such Class for such Distribution Date shall not (except as provided in the second to last sentence in this paragraph) be distributed as interest with respect to such Class of Accrual Certificates, but shall instead be added to the related Class Certificate Balance of such Class on the related Distribution Date. With respect to any Distribution Date prior to and including the applicable Accrual Termination Date on which principal payments on any Class of Accrual Certificates are distributed pursuant to Section 4.02(a)(1)(ii), Section 4.02(a)(2)(ii), Section 4.02(a)(3)(ii), Section 4.02(a)(4)(ii) or Section 4.02(a)(5)(ii), the related Accrual Amount shall be deemed to have been added on such Distribution Date to the related Class Certificate Balance (and included in the amount distributable on the related Class or Classes or Accretion Directed Certificates pursuant to Section 4.02(a)(1)(ii), Section 4.02(a)(2)(ii), Section 4.02(a)(3)(ii), Section 4.02(a)(4)(ii) or Section 4.02(a)(5)(ii) for such Distribution Date) and the related distribution thereon shall be deemed to have been applied concurrently towards the reduction of all or a portion of the amount so added and, to the extent of any excess, towards the reduction of the Class Certificate Balance of such Class of Accrual Certificates immediately prior to such Distribution Date. Notwithstanding any such distribution, each such Class or Component shall continue to be a Class of Accrual Certificates on each subsequent Distribution Date until the applicable Accrual Termination Date.

(c) On each Distribution Date on or after the Senior Credit Support Depletion Date, notwithstanding the allocation and priority set forth in Section 4.02(a)(1)(iii)(B), Section 4.02(a)(2)(iii)(B), Section 4.02(a)(3)(iii)(B), Section 4.02(a)(4)(iii)(B) and Section 4.02(a)(5)(iii)(B), the Non-PO Formula Principal Amount for the related Loan Groups up to the amount of the related Senior Principal Distribution Amount for such Distribution Date available will be distributed concurrently, as principal, of the related Classes of Senior Certificates (other than the related Notional Amount Certificates and the related Class PO Component), pro rata, on the basis of their respective Class Certificate Balances, until the Class Certificate Balances thereof are reduced to zero.

(d) On each Distribution Date, the amount referred to in clause (i) of the definition of Class Optimal Interest Distribution Amount for each Class and Component of Certificates for such Distribution Date shall be reduced by (i) the related Class' or Component's pro rata share of Net Prepayment Interest Shortfalls based (x) with respect to a Class or Component of Senior Certificates, on the related Class Optimal Interest Distribution Amount and (y) with respect to a Class of Subordinated Certificates on or prior to the fourth Senior Termination Date on the Assumed Interest Amount and after the fourth Senior Termination Date, the related Class' Class Optimal Interest Distribution Amount for such Distribution Date, without taking into account such Net Prepayment Interest Shortfalls and (ii) the related Class' Allocable Share of (A) after the Special Hazard Coverage Termination Date, with respect to each Mortgage Loan in the related Loan Group (or, after the Senior Credit Support Depletion Date, any Mortgage Loan) that became a Special Hazard Mortgage Loan during the calendar month preceding the month of such Distribution Date, the excess of one month's interest at the Adjusted Net Mortgage Rate on the Stated Principal Balance of such Mortgage Loan as of the Due Date in such month over the amount of Liquidation Proceeds applied as interest on such Mortgage Loan with respect to such month, (B) after the Bankruptcy Coverage Termination Date, with respect to each Mortgage Loan in the related Loan Group (or, after the Senior Credit Support Depletion Date, any Mortgage Loan) that became subject to a Bankruptcy Loss during the calendar month preceding the month of such Distribution Date, the interest portion of the related Debt Service Reduction or Deficient Valuation, (C) each Relief Act Reduction for the Mortgage Loans in the related Loan Group (or, after the Senior Credit Support Depletion Date, any Mortgage Loan) incurred during the calendar month preceding the month of such Distribution Date and (D) after the Fraud Loss Coverage Termination Date, with respect to each Mortgage Loan in the related Loan Group (or, after the Senior Credit Support Depletion Date, any Mortgage Loan) that became a Fraud Loan during the calendar month preceding the month of such Distribution Date, the excess of one month's interest at the related Adjusted Net Mortgage Rate on the Stated Principal Balance of such Mortgage Loan as of the Due Date in such month over the amount of Liquidation Proceeds applied as interest on such Mortgage Loan with respect to such month.

(e) Notwithstanding the priority and allocation contained in Section 4.02(a), if, with respect to any Class of Subordinated Certificates, on any Distribution Date the sum of the related Class Subordination Percentages of such Class and of all Classes of Subordinated Certificates that have a higher numerical Class designation than such Class (the "**Applicable Credit Support Percentage**") is less than the Original Applicable Credit Support Percentage for such Class, no distribution of Principal Prepayments on the Mortgage Loans will be made to any such Classes (the "**Restricted Classes**") and the amount of such Principal Prepayments otherwise distributable to the Restricted Classes shall be distributed to the Classes of Subordinated Certificates having lower numerical Class designations than such Class, pro rata, based on their respective Class Certificate Balances immediately prior to such Distribution Date and shall be distributed in the sequential order set forth in Section 4.02(a)(7). Notwithstanding the foregoing, the Class of Subordinated Certificates then outstanding with the lowest numerical class designation shall not be a Restricted Class.

(f) If the amount of a Realized Loss on a Mortgage Loan in a Loan Group has been reduced by application of Subsequent Recoveries with respect to such Mortgage Loan, the amount of such

Subsequent Recoveries will be applied sequentially, in the order of payment priority, to increase the Class Certificate Balance or Component Balance of each related Class and Component of Certificates to which Realized Losses have been allocated, but in each case by not more than the amount of Realized Losses previously allocated to that Class and Component of Certificates pursuant to Section 4.05. Holders of such Certificates and Components will not be entitled to any payment in respect of the Class Optimal Interest Distribution Amount on the amount of such increases for any Interest Accrual Period preceding the Distribution Date on which such increase occurs. Any such increases shall be applied to the Certificate Balance or Component Balance of each Certificate or Component, as applicable, of such Class in accordance with its respective Percentage Interest.

(g) Notwithstanding anything to the contrary in this Agreement, for so long as any Hedged Certificates are held by the Seller or its Affiliates the Trustee shall not knowingly distribute any amounts received under the Yield Maintenance Agreements in respect of any Class of Hedged Certificates held by the Seller or any of its Affiliates, and any such amounts shall instead be distributed in accordance with Section 3.06(g) excluding those Certificates of which not less than 100% are held by the Seller or its Affiliates. At least six (6) Business Days prior to the related Distribution Date, the Seller shall make available to the Trustee a statement containing (i) the aggregate Certificate Balances of each Class of Hedged Certificates owned by the Seller or any of its Affiliates during the immediately preceding Interest Accrual Period and/or as of the date of such statement to the Trustee and (ii) the names of the Seller and/or any of its Affiliates that own any Certificates during the immediately preceding Interest Accrual Period and/or as of the date of the such statement to the Trustee. The Seller and its Affiliates hereby agree that (i) if the Seller or any of its Affiliates own any of a Class of Hedged Certificates, the Seller and its Affiliates shall own not less than 100% of any Class of Hedged Certificates and all transfers of Certificates the Seller and/or its Affiliates may undertake shall be restricted to 100% of such Class and (ii) neither the Seller nor any of its Affiliates shall undertake to sell any Certificates held by such entities or purchase any additional Certificates from the date of such statement to the Trustee until the first day following the related Distribution Date. Any amounts received by the Seller or any of its Affiliates under the Yield Maintenance Agreements in respect of any Certificates owned 100% by the Seller or any of its Affiliates, or in error or otherwise, shall be immediately returned by the Seller to the Trustee and then distributed by the Trustee to other entitled Certificateholders of such Class in accordance with Section 3.06(g) and if no such other Certificateholders, to the Cap Counterparty.

***Section 4.03 Cross-Collateralization; Adjustments to Available Funds.***


On each Distribution Date after a Senior Termination Date but prior to the earlier of the Senior Credit Support Depletion Date and the fourth Senior Termination Date, all principal on the Mortgage Loans in the Loan Group related to the Senior Certificate Group that will have been paid in full will be distributed on a pro rata basis, based on Class Certificate Balance, to the Senior Certificates then outstanding relating to the other Loan Groups. However, principal will not be distributed as described above if on that Distribution Date (a) the Aggregate Subordinated Percentage for that Distribution Date is greater than or equal to 200% of the Aggregate Subordinated Percentage as of the Closing Date and (b) the aggregate Stated Principal Balance of all of the Mortgage Loans delinquent 60 days or more (averaged over the preceding six month period), as a percentage of the aggregate Class Certificate Balance of the Subordinated Certificates, is less than 50%. If principal from one Loan Group is distributed to the Senior Certificates of another Loan Group according to this paragraph, the Subordinated Certificates will not receive that principal amount on that Distribution Date.

If on any Distribution Date the Class Certificate Balance of the Senior Certificates in a Loan Group is greater than the aggregate Stated Principal Balance of the Mortgage Loans in such Loan Group (the "Undercollateralized Group"), then the Trustee shall reduce the Available Funds of the other Loan Group to the extent that it is not undercollateralized (the "Overcollateralized Group"), as follows:



IN WITNESS WHEREOF, the Depositor, the Trustee, the Seller and the Master Servicer have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

INDYMAC MBS, INC.,  
as Depositor

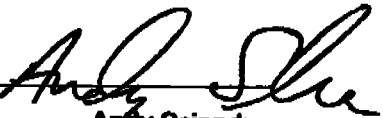
By:   
Name: Apdy Sciandra  
Title: Senior Vice President  
Secondary Marketing

DEUTSCHE BANK NATIONAL TRUST COMPANY,  
as Trustee

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

INDYMAC BANK, F.S.B.,  
as Seller and Master Servicer

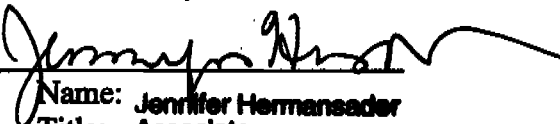
By:   
Name: Apdy Sciandra  
Title: Senior Vice President  
Secondary Marketing


IN WITNESS WHEREOF, the Depositor, the Trustee, the Seller and the Master Servicer have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

INDYMAC MBS, INC.,  
as Depositor

By: \_\_\_\_\_  
Name:  
Title:

DEUTSCHE BANK NATIONAL TRUST COMPANY,  
as Trustee

By:   
Name: Jennifer Hermansader  
Title: Associate

By:   
Name: BRENT HOYLER  
Title: ASSOCIATE

INDYMAC BANK, F.S.B.,  
as Seller and Master Servicer

By: \_\_\_\_\_  
Name:  
Title:

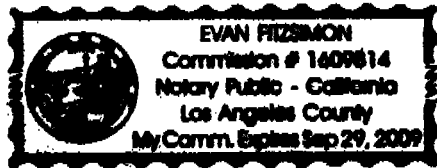
STATE OF CALIFORNIA )  
: ss.:  
COUNTY OF Los Angeles)

On this 7<sup>th</sup> day of December, 2005, before me, personally appeared Andy Sciandra, known to me to be a Senior Vice President of IndyMac MBS, Inc., one of the entities that executed the within instrument, and also known to me to be the person who executed it on behalf of said entity, and acknowledged to me that such entity executed the within instrument.

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

*Evan Fitzsimon*  
\_\_\_\_\_  
Notary Public


[NOTARIAL SEAL]



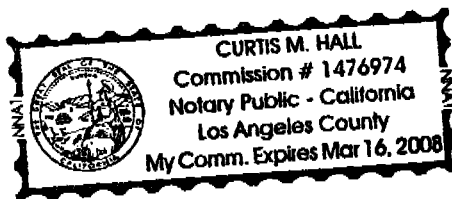
STATE OF CALIFORNIA )  
 )  
 ) : ss.:  
 )  
COUNTY OF Orange )

On this 29th day of December, 2005, before me, personally appeared Jenifer Hermanseder and Brent Hoyle, known to me to be a Associate and a Associate, respectively, of Deutsche Bank National Trust Company, one of the entities that executed the within instrument, and also known to me to be the person who executed it on behalf of said entity, and acknowledged to me that such entity executed the within instrument.

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

  
Notary Public

[NOTARIAL SEAL]



STATE OF CALIFORNIA )  
 : ss.:  
COUNTY OF Los Angeles )

On this 28th day of December, 2005, before me, personally appeared Andy Sciandra, known to me to be a Senior Vice President of IndyMac Bank, F.S.B., one of the entities that executed the within instrument, and also known to me to be the person who executed it on behalf of said entity, and acknowledged to me that such entity executed the within instrument.

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

Evan Fitzsimon  
Notary Public

[NOTARIAL SEAL]



# **EXHIBIT F**

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EXECUTION COPY

=====

CWMBBS, INC.,  
Depositor  
COUNTRYWIDE HOME LOANS, INC.,  
Seller  
PARK GRANADA LLC,  
Seller  
COUNTRYWIDE HOME LOANS SERVICING LP,  
Master Servicer  
and  
THE BANK OF NEW YORK,  
Trustee

-----  
POOLING AND SERVICING AGREEMENT

Dated as of October 1, 2004  
-----

CHL MORTGAGE PASS-THROUGH TRUST 2004-24  
MORTGAGE PASS-THROUGH CERTIFICATES, SERIES 2004-24

=====

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THIS POOLING AND SERVICING AGREEMENT, dated as of October 1, 2004, among CWMBS, INC., a Delaware corporation, as depositor (the "Depositor"), COUNTRYWIDE HOME LOANS, INC. ("Countrywide"), a New York corporation, as a seller (a "Seller"), PARK GRANADA LLC ("Park Granada"), a Delaware limited liability company, as a seller (a "Seller"), COUNTRYWIDE HOME LOANS SERVICING LP, a Texas limited partnership, as master servicer (the "Master Servicer"), and THE BANK OF NEW YORK, a banking corporation organized under the laws of the State of New York, as trustee (the "Trustee").

WITNESSETH THAT

In consideration of the mutual agreements herein contained, the parties hereto agree as follows:

PRELIMINARY STATEMENT

The Depositor is the owner of the Trust Fund that is hereby conveyed to the Trustee in return for the Certificates. As provided herein, the Trustee

will elect that the Trust Fund, other than the Supplemental Loan Account and the Capitalized Interest Account, be treated for federal income tax purposes as two real estate mortgage investment conduits (each a "REMIC," or in the alternative, the "Master REMIC" and the "Subsidiary REMIC," respectively). The Master REMIC will hold as assets the several classes of uncertificated Subsidiary REMIC Interests (other than the Class SR-A-R Interest). Each Certificate, other than the Class A-R Certificate, will represent ownership of one or more REMIC regular interests in the Master REMIC. The Class A-R Certificate will represent ownership of the sole class of REMIC residual interest in each of the Subsidiary REMIC and the Master REMIC. The Subsidiary REMIC will hold as assets all the assets of the Trust Fund other than the Supplemental Loan Account and the Capitalized Interest Account. The uncertificated Subsidiary REMIC Interests (other than the Class SR-A-R Interest) are designated as REMIC regular interests in the Subsidiary REMIC. The SR-A-R Subsidiary REMIC Interest is designated as the sole Class of REMIC residual interest in the Subsidiary REMIC. The "latest possible maturity date", for federal income tax purposes, of all REMIC regular interests created hereby will be the Latest Possible Maturity Date.

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The following table sets forth characteristics of the Certificates, together with the minimum denominations and integral multiples in excess thereof in which such Classes shall be issuable (except that one Certificate of each Class of Certificates may be issued in a different amount and, in addition, one Residual Certificate representing the Tax Matters Person Certificate may be issued in a different amount):

<TABLE>  
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<S>	<C>	<C>	<C>	<C>
Integral Multiples in Excess of Class Designation Minimum	Initial Class Certificate Balance	Rate (per annum)	Pass-Through	Minimum Denomination
Class A-1 \$1,000.00	\$44,388,000.00	5.50%		\$25,000.00
Class A-2 \$1,000.00	\$1,255,525.00	5.50%		\$25,000.00
Class A-3 \$1,000.00	\$152,286,181.00	5.00%		\$25,000.00
Class A-4 \$1,000.00	\$28,000,000.00	5.50%		\$25,000.00
Class A-5 \$1,000.00	\$24,039,608.00	(1)		\$25,000.00
Class A-6 \$1,000.00(4)	(2)	(3)		\$25,000.00(4)

Class A-7 \$1,000.00	\$23,110,000.00	5.25%	\$25,000.00
Class A-8 \$1,000.00	\$16,920,686.00	(5)	\$25,000.00
Class A-9 \$1,000.00(4)	(6)	(7)	\$25,000.00(4)
Class PO \$1,000.00	\$249,900.00	(8)	\$25,000.00
Class A-R(9) (10)	\$100.00	5.50%	(10)
Class M \$1,000.00	\$5,400,000.00	5.50%	\$25,000.00
Class B-1 \$1,000.00	\$1,800,000.00	5.50%	\$25,000.00
Class B-2 \$1,000.00	\$900,000.00	5.50%	\$25,000.00
Class B-3 \$1,000.00	\$600,000.00	5.50%	\$100,000.00
Class B-4 \$1,000.00	\$450,000.00	5.50%	\$100,000.00
Class B-5 \$1,000.00	\$600,000.00	5.50%	\$100,000.00

</TABLE>

- (1) The Class A-5 Certificates will bear interest during each Interest Accrual Period at a per annum rate of LIBOR plus 0.45%, subject to a maximum and minimum Pass-Through Rate of 7.50% and 0.45% per annum, respectively. The Pass-Through Rate for the Class A-4 Certificates during the initial Interest Accrual Period is 2.30% per annum.
- (2) The Class A-6 Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on its Notional Amount (initially, \$24,039,608).
- (3) The Class A-6 Certificates will bear interest during each Interest Accrual Period at a per annum rate of 7.05% minus LIBOR, subject to a maximum and minimum Pass-Rate of 7.05% and 0.00% per annum, respectively. The Pass-Through Rate for the Class A-6 Certificates during the initial Interest Accrual Period is 5.20% per annum.
- (4) Denomination is based on Notional Amount.

- (5) The Class A-8 Certificates will bear interest during each Interest Accrual Period at a per annum rate of LIBOR plus 0.40%, subject to a maximum and minimum Pass-Through Rate of 7.50% and 0.40% per annum, respectively. The Pass-Through Rate for the Class A-8 Certificates during the initial Interest Accrual Period is 2.25% per annum.
- (6) The Class A-9 Certificates will be Notional Amount Certificates, will have no Class Certificate Balance and will bear interest on its Notional Amount (initially, \$16,920,686).

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- (7) The Class A-9 Certificates will bear interest during each Interest Accrual Period at a per annum rate of 7.10% minus LIBOR, subject to a maximum and minimum Pass-Rate of 7.10% and 0.00% per annum, respectively. The Pass-Through Rate for the Class A-9 Certificates during the initial Interest Accrual Period is 5.25% per annum.
- (8) The Class P0 Certificates will be Principal Only Certificates and will not receive any distributions of interest.
- (9) The Class A-R Certificates represent the sole Class of residual interest in the REMIC.
- (10) The Class A-R Certificate shall be issued as two separate certificates, one with an initial Certificate Balance of \$99.99 and the Tax Matters Person Certificate with an initial Certificate Balance of \$0.01.

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The following table specifies the class designation, interest rate, and principal amount for each class of Subsidiary REMIC Interests:

<TABLE>  
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<S> Subsidiary REMIC Corresponding Master Interest Certificate	<C> Initial Principal Balance	<C> Interest Rate	<C> REMIC
SR-A-1	\$44,388,000.00	5.50%	Class A-1
SR-A-2	\$1,255,525.00	5.50%	Class A-2
SR-A-3	\$152,286,181.00	5.00%	Class A-3
SR-A-4	\$28,000,000.00	5.50%	Class A-4

SR-A-5 Class A-6(1)	\$24,039,608.00	7.50%	Class A-5,
SR-A-7	\$23,110,000.00	5.25%	Class A-7
SR-A-8 Class A-9(2)	\$16,920,686.00	7.50%	Class A-8,
SR-PO	\$249,900.00	(3)	Class PO
SR-\$100	\$100.00	5.50%	Class A-R
SR-M	\$5,400,000.00	5.50%	Class M
SR-B-1	\$1,800,000.00	5.50%	Class B-1
SR-B-2	\$900,000.00	5.50%	Class B-2
SR-B-3	\$600,000.00	5.50%	Class B-3
SR-B-4	\$450,000.00	5.50%	Class B-4
SR-B-5	\$600,000.00	5.50%	Class B-5
SR-A-R (4)	(4)	(4)	N/A

</TABLE>

- (1) The Class A-6 Certificates are entitled to receive on each Distribution Date a specified portion of the interest payable on the SR-A-5 Subsidiary REMIC Interest. Specifically, for each Interest Accrual Period, the Class A-6 Certificates are entitled to interest accruals on the SR-A-5 Subsidiary REMIC Interest at a per annum rate equal to 7.05% minus LIBOR, but not less than 0.00%.
- (2) The Class A-9 Certificates are entitled to receive on each Distribution Date a specified portion of the interest payable on the SR-A-8 Subsidiary REMIC Interest. Specifically, for each Interest Accrual Period, the Class A-9 Certificates are entitled to interest accruals on the SR-A-5 Subsidiary REMIC Interest at a per annum rate equal to 7.10% minus LIBOR, but not less than 0.00%.
- (3) This Subsidiary REMIC Interest is not entitled to any payments of interest.
- (4) The SR-A-R Subsidiary REMIC Interest is the sole Class of REMIC residual interest in the Subsidiary REMIC. It makes no payments of interest or principal.

On each Distribution Date, the Available Funds shall be distributed with respect to the Subsidiary REMIC Interests in the following manner:

1. Interest is to be distributed with respect to each Subsidiary REMIC



Interest at the rate, or according to the formulas, described above; and

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2. Principal is to be distributed with respect to each Subsidiary REMIC Interest in the same manner and in the same amount as principal is distributed with respect to each Subsidiary REMIC Interest's corresponding Master REMIC Certificate or Certificates.

On each Distribution Date, Realized Losses (and increases in Principal Balances attributable to Subsequent Recoveries) shall be allocated among the Subsidiary REMIC Interests in the same manner that Realized Losses (and balance increases attributable to Subsequent Recoveries) are allocated among each Subsidiary REMIC Interest's corresponding Master REMIC Certificate or Certificates.

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Set forth below are designations of Classes or Components of Certificates and other defined terms to the categories used herein:

- Accretion Directed Certificates..... None.
- Accretion Directed Components..... None.
- Accrual Certificates..... None.
- Accrual Components..... None.
- Book-Entry Certificates..... All Classes of Certificates other than the Physical Certificates.
- COFI Certificates..... None.
- Combined Certificates..... None.
- Component Certificates..... None.
- Components..... For purposes of calculating distributions of principal and/or interest, the Component Certificates, if any, will be comprised of multiple payment components having the designations, Initial Component Balances or Notional Amounts, as applicable, and Pass-Through Rates set forth below:

<TABLE>  
<CAPTION>

Rate	Designation	Initial Component Balance	Pass-Through
----	-----	-----	-----
<S>	N/A	<C> N/A	<C> N/A

</TABLE>

Delay Certificates.....	All interest-bearing Classes of Certificates other than the Non-Delay Certificates, if any.
ERISA-Restricted Certificates.....	The Residual Certificates and Private Certificates; until an ERISA-Qualifying Underwriting has occurred with respect to such Class, the Class PO Certificates; and any Certificate of a Class that ceases to satisfy the applicable rating requirement under an Underwriter's Exemption.
Floating Rate Certificates.....	Class A-5 and Class A-8 Certificates.
Inverse Floating Rate Certificates.....	Class A-6 and Class A-9 Certificates.
LIBOR Certificates.....	Floating Rate Certificates and Inverse Floating Rate Certificates.
Non-Delay Certificates.....	LIBOR Certificates.
Notional Amount Certificates.....	Class A-6 and Class A-9 Certificates.
Notional Amount Components.....	None.
Offered Certificates.....	All Classes of Certificates other than the Private Certificates.

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Physical Certificates.....	Private Certificates and the Residual Certificates.
Planned Principal Classes.....	None.
Principal Only Certificates.....	Class PO Certificates.
Private Certificates.....	Class B-3, Class B-4 and Class B-5 Certificates.
Rating Agencies.....	Fitch and Moody's.
Regular Certificates.....	All Classes of Certificates, other than the Residual Certificates.
Residual Certificates.....	Class A-R Certificates.
Scheduled Principal Classes.....	None.
Senior Certificates.....	Class A-1, Class A-2, Class A-3, Class A-4, Class A-5, Class A-6, Class A-7, Class A-8, Class A-9, Class PO and Class A-R

Certificates.

- Subordinated Certificates ..... Class M, Class B-1, Class B-2, Class B-3, Class B-4 and Class B-5 Certificates.
- Targeted Principal Classes..... None.
- Underwriter(s)..... Credit Suisse First Boston LLC and Countrywide Securities Corporation.

With respect to any of the foregoing designations as to which the corresponding reference is "None," all defined terms and provisions herein relating solely to such designations shall be of no force or effect, and any calculations herein incorporating references to such designations shall be interpreted without reference to such designations and amounts. Defined terms and provisions herein relating to statistical rating agencies not designated above as Rating Agencies shall be of no force or effect.

If the aggregate Stated Principal Balance of the Initial Mortgage Loans on the Closing Date is equal to or greater than the aggregate Class Certificate Balance of the Certificates as of such date, all references herein to "Aggregate Supplemental Purchase Amount", "Aggregate Supplemental Transfer Amount", "Capitalized Interest Account", "Capitalized Interest Requirement", "Conveyance Period", "Conveyance Period Distribution Date", "Remaining Non-PO Supplemental Loan Amount", "Remaining PO Supplemental Loan Amount", "Supplemental Amount", "Supplemental Cut-off Date", "Supplemental Loan Account", "Supplemental Mortgage Loan", "Supplemental Transfer Agreement" and "Supplemental Transfer Date" shall be of no force or effect and all provisions herein related thereto shall similarly be of no force or effect.

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ARTICLE I  
DEFINITIONS

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

Accretion Directed Certificates: As specified in the Preliminary Statement.

Accretion Direction Rule: Not applicable.

Accrual Amount: With respect to any Class of Accrual Certificates and any Distribution Date prior to the Accrual Termination Date, the amount allocable to interest on such Class of Accrual Certificates with respect to such Distribution Date pursuant to Section 4.02(a)(ii).

Accrual Certificates: As specified in the Preliminary Statement.

Accrual Components: As specified in the Preliminary Statement.

Accrual Termination Date: Not applicable.

Adjusted Mortgage Rate: As to each Mortgage Loan, and at any time, the per annum rate equal to the Mortgage Rate less the Basic Master Servicing Fee Rate.

Adjusted Net Mortgage Rate: As to each Mortgage Loan, and at any

time, the per annum rate equal to the Mortgage Rate less the sum of the Trustee Fee Rate and the Basic Master Servicing Fee Rate. For purposes of determining whether any Substitute Mortgage Loan is a Discount Mortgage Loan or a Non-Discount Mortgage Loan and for purposes of calculating the applicable PO Percentage, the applicable Non-PO Percentage, and the Excess Master Servicing Fee, each Substitute Mortgage Loan shall be deemed to have an Adjusted Net Mortgage Rate equal to the Adjusted Net Mortgage Rate of the Deleted Mortgage Loan for which it is substituted.

Advance: The payment required to be made by the Master Servicer with respect to any Distribution Date pursuant to Section 4.01, the amount of any such payment being equal to the aggregate of payments of principal and interest (net of the Basic Master Servicing Fee and net of any net income in the case of any REO Property and, for so long as Countrywide Home Loans Servicing LP is the Master Servicer, the related Excess Master Servicing Fee) on the Mortgage Loans that were due on the related Due Date and not received by the Master Servicer as of the close of business on the related Determination Date, together with an amount equivalent to interest on each Mortgage Loan as to which the related Mortgaged Property is a REO Property, less the aggregate amount of any such delinquent payments that the Master Servicer has determined would constitute a Nonrecoverable Advance, if advanced.

Aggregate Planned Balance: With respect to any group of Planned Principal Classes or Components and any Distribution Date, the amount set forth for such group for such Distribution Date in Schedule V hereto.

Aggregate Supplemental Purchase Amount: With respect to any Supplemental Transfer Date, the "Aggregate Supplemental Purchase Amount" identified in the related Supplemental Transfer Agreement, which shall be an estimate of the aggregate Stated Principal Balances of the Supplemental Mortgage Loans identified in such Supplemental Transfer Agreement.

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Aggregate Supplemental Transfer Amount: With respect to any Supplemental Transfer Date, the aggregate Stated Principal Balance as of the related Supplemental Cut-off Date of the Supplemental Mortgage Loans conveyed on such Supplemental Transfer Date, as listed on the revised Mortgage Loan Schedule delivered pursuant to Section 2.01(f); provided, however, that such amount shall not exceed the amount on deposit in the Supplemental Loan Account.

Aggregate Targeted Balance: With respect to any group of Targeted Principal Classes or Components and any Distribution Date, the amount set forth for such group for such Distribution Date in Schedule V hereto.

Agreement: This Pooling and Servicing Agreement and all amendments or supplements hereto.

Allocable Share: As to any Distribution Date and any Mortgage Loan (i) with respect to the Class PO Certificates, zero and (ii) with respect to each other Class of Certificates the product of (a) the lesser of (I) the ratio that the Required Coupon bears to the Adjusted Net Mortgage Rate of such Mortgage Loan and (II) one, multiplied by (b) the ratio that the amount calculated with respect to such Distribution Date for such Class pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)) bears to the amount calculated with respect to such Distribution Date for each Class of Certificates pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount (without giving effect to any reduction of such amount pursuant to Section 4.02(d)).

Amount Available for Senior Principal: As to any Distribution Date, Available Funds for such Distribution Date, reduced by the aggregate amount distributable (or allocable to the Accrual Amount, if applicable) on such Distribution Date in respect of interest on the Senior Certificates pursuant to Section 4.02(a)(ii).

Amount Held for Future Distribution: As to any Distribution Date, the aggregate amount held in the Certificate Account at the close of business on the related Determination Date on account of (i) Principal Prepayments received after the related Prepayment Period and Liquidation Proceeds and Subsequent Recoveries received in the month of such Distribution Date and (ii) all Scheduled Payments due after the related Due Date.

Applicable Credit Support Percentage: As defined in Section 4.02(e).

Appraised Value: With respect to any Mortgage Loan, the Appraised Value of the related Mortgaged Property shall be: (i) with respect to a Mortgage Loan other than a Refinancing Mortgage Loan, the lesser of (a) the value of the Mortgaged Property based upon the appraisal made at the time of the origination of such Mortgage Loan and (b) the sale price of the Mortgaged Property at the time of the origination of such Mortgage Loan; (ii) with respect to a Refinancing Mortgage Loan other than a Streamlined Documentation Mortgage Loan, the value of the Mortgaged Property based upon the appraisal made-at the time of the origination of such Refinancing Mortgage Loan; and (iii) with respect to a Streamlined Documentation Mortgage Loan, (a) if the loan-to-value ratio with respect to the Original Mortgage Loan at the time of the origination thereof was 80% or less and the loan amount of the new mortgage loan is \$650,000 or less, the value of the Mortgaged Property based upon the appraisal made at the time of the origination of the Original Mortgage Loan and (b) if the loan-to-value ratio with respect to the Original Mortgage Loan at the time of the origination thereof was greater than 80% or the loan amount of the new loan being originated is greater than \$650,000, the value of the Mortgaged Property based upon the appraisal (which may be a drive-by appraisal) made at the time of the origination of such Streamlined Documentation Mortgage Loan.

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Available Funds: As to any Distribution Date, the sum of (a) the aggregate amount held in the Certificate Account at the close of business on the related Determination Date, including any Subsequent Recoveries, net of the Amount Held for Future Distribution and net of amounts permitted to be withdrawn from the Certificate Account pursuant to clauses (i)-(viii), inclusive, of Section 3.08(a) and amounts permitted to be withdrawn from the Distribution Account pursuant to clauses (i)-(v) inclusive of Section 3.08(b), (b) the amount of the related Advance, (c) in connection with Defective Mortgage Loans, as applicable, the aggregate of the Purchase Prices and Substitution Adjustment Amounts deposited on the related Distribution Account Deposit Date, (d) on each Conveyance Period Distribution Date, the amount, if any, transferred from the Capitalized Interest Account in respect of the applicable Capitalized Interest Requirement, and (e) on the last Conveyance Period Distribution Date, the amount, if any, transferred from the Supplemental Loan Account representing the Remaining Non-PO Supplemental Loan Amount.

Bankruptcy Code: The United States Bankruptcy Reform Act of 1978, as amended.

Bankruptcy Coverage Termination Date: The point in time at which the Bankruptcy Loss Coverage Amount is reduced to zero.

**Bankruptcy Loss:** With respect to any Mortgage Loan, a Deficient Valuation or Debt Service Reduction; provided, however, that a Bankruptcy Loss shall not be deemed a Bankruptcy Loss hereunder so long as the Master Servicer has notified the Trustee in writing that the Master Servicer is diligently pursuing any remedies that may exist in connection with the related Mortgage Loan and either (A) the related Mortgage Loan is not in default with regard to payments due thereunder or (B) delinquent payments of principal and interest under the related Mortgage Loan and any related escrow payments in respect of such Mortgage Loan are being advanced on a current basis by the Master Servicer, in either case without giving effect to any Debt Service Reduction or Deficient Valuation.

**Bankruptcy Loss Coverage Amount:** As of any date of determination, the Bankruptcy Loss Coverage Amount shall equal the Initial Bankruptcy Coverage Amount as reduced by (i) the aggregate amount of Bankruptcy Losses allocated to the Certificates since the Cut-off Date and (ii) any permissible reductions in the Bankruptcy Loss Coverage Amount as evidenced by a letter of each Rating Agency to the Trustee to the effect that any such reduction will not result in a downgrading of the then current ratings assigned to the Classes of Certificates rated by it.

**Basic Master Servicing Fee:** As to each Mortgage Loan and any Distribution Date, an amount payable out of each full payment of interest received on such Mortgage Loan and equal to one-twelfth of the Basic Master Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan as of the Due Date in the month preceding the month of such Distribution Date, subject to reduction as provided in Section 3.14.

**Basic Master Servicing Fee Rate:** With respect to each Mortgage Loan, 0.25% per annum.

**Blanket Mortgage:** The mortgage or mortgages encumbering the Cooperative Property.

**Book-Entry Certificates:** As specified in the Preliminary Statement.

**Business Day:** Any day other than (i) a Saturday or a Sunday, or (ii) a day on which banking institutions in the City of New York, New York, or the State of California or the city in which the Corporate Trust Office of the Trustee is located are authorized or obligated by law or executive order to be closed.

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**Capitalized Interest Account:** The separate Eligible Account designated as such and created and maintained by the Trustee pursuant to Section 3.05(h) hereof. The Capitalized Interest Account shall be treated as an "outside reserve fund" under applicable Treasury regulations and shall not be part of any REMIC. Except as provided in Section 3.05(h) hereof, any investment earnings on the amounts on deposit in the Capitalized Interest Account shall be treated as owned by the Depositor and will be taxable to the Depositor.

**Capitalized Interest Requirement:** With respect to each Conveyance Period Distribution Date, the excess, if any, of (a) the sum of (1) the amount calculated pursuant to clause (i) of the definition of Class Optimal Interest Distribution Amount for each Class of Certificates for such Distribution Date, plus (2) the Trustee Fee over (b) with respect to each Mortgage Loan, (1) 1/12 of the product of the related Adjusted Mortgage Rate and the related Stated Principal Balance as of the related Due Date (prior to giving effect to any Scheduled Payment due on such Mortgage Loan on such Due Date) minus (2) any related reductions required by Section 4.02(d) hereof minus (3) the Excess

Master Servicing Fee. On the Closing Date, the amount deposited in the Capitalized Interest Account shall be \$6.89.

Certificate: Any one of the Certificates executed by the Trustee in substantially the forms attached hereto as exhibits.

Certificate Account: The separate Eligible Account or Accounts created and maintained by the Master Servicer pursuant to Section 3.05 with a depository institution in the name of the Master Servicer for the benefit of the Trustee on behalf of Certificateholders and designated "Countrywide Home Loans Servicing LP, in trust for the registered holders of CHL Mortgage Pass-Through Trust 2004-24, Mortgage Pass-Through Certificates, Series 2004-24."

Certificate Balance: With respect to any Certificate at any date, the maximum dollar amount of principal to which the Holder thereof is then entitled hereunder, such amount being equal to the Denomination thereof (A) plus any increase in the Certificate Balance of such Certificate pursuant to Section 4.02 due to the receipt of Subsequent Recoveries, (B) minus the sum of (i) all distributions of principal previously made with respect thereto and (ii) all Realized Losses allocated thereto and, in the case of any Subordinated Certificates, all other reductions in Certificate Balance previously allocated thereto pursuant to Section 4.03 and (C) in the case of any Class of Accrual Certificates, increased by the Accrual Amount added to the Class Certificate Balance of such Class prior to such date.

Certificate Owner: With respect to a Book-Entry Certificate, the Person who is the beneficial owner of such Book-Entry Certificate. For the purposes of this Agreement, in order for a Certificate Owner to enforce any of its rights hereunder, it shall first have to provide evidence of its beneficial ownership interest in a Certificate that is reasonably satisfactory to the Trustee, the Depositor, and/or the Master Servicer, as applicable.

Certificate Register: The register maintained pursuant to Section 5.02 hereof.

Certificateholder or Holder: The person in whose name a Certificate is registered in the Certificate Register, except that, solely for the purpose of giving any consent pursuant to this Agreement, any Certificate registered in the name of the Depositor or any affiliate of the Depositor shall be deemed not to be Outstanding and the Percentage Interest evidenced thereby shall not be taken into account in determining whether the requisite amount of Percentage Interests necessary to effect such consent has been obtained; provided, however, that if any such Person (including the Depositor) owns 100% of the Percentage Interests evidenced by a Class of Certificates, such Certificates shall be deemed to be Outstanding for purposes of any provision hereof (other than the second sentence of Section 10.01 hereof) that requires the consent of the Holders of Certificates of a particular Class as a condition to the taking of

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any action hereunder. The Trustee is entitled to rely conclusively on a certification of the Depositor or any affiliate of the Depositor in determining which Certificates are registered in the name of an affiliate of the Depositor.

Class: All Certificates bearing the same Class designation as set forth in the Preliminary Statement.

Class A-2 and Class A-4 Priority Amount: As to any Distribution Date, the amount equal to the sum of (i) the product of (A) the Scheduled

Principal Distribution Amount, (B) the Shift Percentage and (C) the Class A-2 and Class A-4 Priority Percentage and (ii) the product of (A) the Unscheduled Principal Distribution Amount, (B) the Shift Percentage and (C) the Class A-2 and Class A-4 Priority Percentage.

Class A-7 Priority Amount: As to any Distribution Date, the product of (A) the amount distributable pursuant to Section 4.02(a)(iv)(y)(3)(B), (B) the Shift Percentage and (C) the Class A-7 Priority Percentage.

Class A-2 and Class A-4 Priority Percentage: As to any Distribution Date, the percentage equivalent of a fraction, the numerator of which is the aggregate Class Certificate Balance of the Class A-2 and Class A-4 Certificates immediately prior to such Distribution Date, and the denominator of which is the aggregate Class Certificate Balance of all Classes of Certificates (other than the Notional Amount Certificates and the Class PO Certificates) immediately prior to such Distribution Date.

Class A-7 Priority Percentage: As to any Distribution Date, the lesser of (i) the percentage equivalent of a fraction, the numerator of which is the sum of (A) \$5,300,000 and (B) the Class Certificate Balance of the Class A-7 Certificates immediately prior to such Distribution Date, and the denominator of which is the aggregate Class Certificate Balance of the Class A-3, Class A-7 and Class A-8 Certificates immediately prior to such Distribution Date and (ii) 99%.

Class Certificate Balance: With respect to any Class and as to any date of determination, the aggregate of the Certificate Balances of all Certificates of such Class as of such date.

Class Interest Shortfall: As to any Distribution Date and Class, the amount by which the amount described in clause (i) of the definition of Class Optimal Interest Distribution Amount for such Class exceeds the amount of interest actually distributed on such Class on such Distribution Date pursuant to such clause (i).

Class Optimal Interest Distribution Amount: With respect to any Distribution Date and interest bearing Class or, with respect to any interest bearing Component, the sum of (i) one month's interest accrued during the related Interest Accrual Period at the Pass-Through Rate for such Class on the related Class Certificate Balance, Component Balance, Notional Amount or Component Notional Amount, as applicable, immediately prior to such Distribution Date subject to reduction as provided in Section 4.02(d) and (ii) any Class Unpaid Interest Amounts for such Class or Component.

Class PO Deferred Amount: As to any Distribution Date, the aggregate of the applicable PO Percentage of each Realized Loss, other than any Excess Loss, to be allocated to the Class PO Certificates on such Distribution Date on or prior to the Senior Credit Support Depletion Date or previously allocated to the Class PO Certificates and not yet paid to the Holders of the Class PO Certificates.

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Class Subordination Percentage: With respect to any Distribution Date and each Class of Subordinated Certificates, the quotient (expressed as a percentage) of (a) the Class Certificate Balance of such Class of Certificates immediately prior to such Distribution Date divided by (b) the aggregate of the Class Certificate Balances immediately prior to such Distribution Date of all Classes of Certificates.

Class Unpaid Interest Amounts: As to any Distribution Date and Class of interest bearing Certificates, the amount by which the aggregate Class



Interest Shortfalls for such Class on prior Distribution Dates exceeds the amount distributed on such Class on prior Distribution Dates pursuant to clause (ii) of the definition of Class Optimal Interest Distribution Amount.

Closing Date: October 28, 2004.

Code: The Internal Revenue Code of 1986, including any successor or amendatory provisions.

COFI: The Monthly Weighted Average Cost of Funds Index for the Eleventh District Savings Institutions published by the Federal Home Loan Bank of San Francisco.

COFI Certificates: As specified in the Preliminary Statement.

Combined Certificates: As specified in the Preliminary Statement.

Combined Certificates Payment Rule: Not applicable.

Compensating Interest: As to any Distribution Date, an amount equal to the product of one-twelfth of 0.125% and the aggregate Stated Principal Balance of the Mortgage Loans as of the Due Date in the prior calendar month.

Component: As specified in the Preliminary Statement.

Component Balance: With respect to any Component and any Distribution Date, the Initial Component Balance thereof on the Closing Date, (A) plus any increase in the Component Balance of such Component pursuant to Section 4.02 due to the receipt of Subsequent Recoveries, (B) minus the sum of all amounts applied in reduction of the principal balance of such Component and Realized Losses allocated thereto on previous Distribution Dates.

Component Certificates: As specified in the Preliminary Statement.

Component Notional Amount: Not applicable.

Conveyance Period: The period from the Closing Date until the earliest of (i) the date on which the amount on deposit in the Supplemental Loan Account is less than \$150,000, or (ii) an Event of Default occurs or (iii) November 30, 2004.

Conveyance Period Distribution Date: Each Distribution Date during the Conveyance Period and, if the Conveyance Period ends after the Distribution Date in a month, the immediately succeeding Distribution Date.

Coop Shares: Shares issued by a Cooperative Corporation.

Cooperative Corporation: The entity that holds title (fee or an acceptable leasehold estate) to the real property and improvements constituting the Cooperative Property and which governs the Cooperative Property, which Cooperative Corporation must qualify as a Cooperative Housing Corporation under Section 216 of the Code.

Cooperative Loan: Any Mortgage Loan secured by Coop Shares and a Proprietary Lease.

Cooperative Property: The real property and improvements owned by the Cooperative Corporation, including the allocation of individual dwelling units to the holders of the Coop Shares of the Cooperative Corporation.

Cooperative Unit: A single family dwelling located in a Cooperative Property.

Corporate Trust Office: The designated office of the Trustee in the State of New York at which at any particular time its corporate trust business with respect to this Agreement shall be administered, which office at the date of the execution of this Agreement is located at 101 Barclay Street, 8W, New York, New York 10286 (Attn: Mortgage-Backed Securities Group, CWMBBS, Inc. Series 2004-24, facsimile no. (212) 815-3986), and which is the address to which notices to and correspondence with the Trustee should be directed.

Countrywide: Countrywide Home Loans, Inc., a New York corporation, and its successors and assigns, in its capacity as the seller of the Countrywide Mortgage Loans to the Depositor.

Countrywide Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Countrywide is the applicable Seller.

Cut-off Date: In the case of any Initial Mortgage Loan, the Initial Cut-off Date, and in the case of any Supplemental Mortgage Loan, the related Supplemental Cut-off Date.

Cut-off Date Pool Principal Balance: An amount equal to the sum of the Initial Cut-off Date Pool Principal Balance plus the amount, if any, deposited in the Supplemental Loan Account on the Closing Date.

Cut-off Date Principal Balance: As to any Mortgage Loan, the Stated Principal Balance thereof as of the close of business on the Cut-off Date.

Debt Service Reduction: With respect to any Mortgage Loan, a reduction by a court of competent jurisdiction in a proceeding under the Bankruptcy Code in the Scheduled Payment for such Mortgage Loan which became final and non-appealable, except such a reduction resulting from a Deficient Valuation or any reduction that results in a permanent forgiveness of principal.

Defective Mortgage Loan: Any Mortgage Loan which is required to be repurchased pursuant to Section 2.02 or 2.03.

Deficient Valuation: With respect to any Mortgage Loan, a valuation by a court of competent jurisdiction of the Mortgaged Property in an amount less than the then-outstanding indebtedness under the Mortgage Loan, or any reduction in the amount of principal to be paid in connection with any Scheduled Payment that results in a permanent forgiveness of principal, which valuation or reduction results from an order of such court which is final and non-appealable in a proceeding under the Bankruptcy Code.

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Definitive Certificates: Any Certificate evidenced by a Physical Certificate and any Certificate issued in lieu of a Book-Entry Certificate pursuant to Section 5.02(e).

Delay Certificates: As specified in the Preliminary Statement.

Delay Delivery Certification: As defined in Section 2.02(a) hereof.

Delay Delivery Mortgage Loans: The Mortgage Loans for which all or a portion of a related Mortgage File is not delivered to Trustee on the Closing Date or Supplemental Transfer Date, as applicable. The number of Delay Delivery Mortgage Loans shall not exceed 50% of the aggregate number of Initial Mortgage Loans as of the Closing Date and 90% of the Supplemental

Mortgage Loans conveyed on a Supplemental Transfer Date. To the extent that Countrywide Home Loans Servicing LP shall be in possession of any Mortgage Files with respect to any Delay Delivery Mortgage Loan, until delivery of such Mortgage File to the Trustee as provided in Section 2.01, Countrywide Home Loans Servicing LP shall hold such files as Master Servicer hereunder, as agent and in trust for the Trustee.

Deleted Mortgage Loan: As defined in Section 2.03(c) hereof.

Denomination: With respect to each Certificate, the amount set forth on the face thereof as the "Initial Certificate Balance of this Certificate" or the "Initial Notional Amount of this Certificate" or, if neither of the foregoing, the Percentage Interest appearing on the face thereof.

Depositor: CWMBS, Inc., a Delaware corporation, or its successor in interest.

Depository: The initial Depository shall be The Depository Trust Company, the nominee of which is CEDE & Co., as the registered Holder of the Book-Entry Certificates. The Depository shall at all times be a "clearing corporation" as defined in Section 8-102(a)(5) of the Uniform Commercial Code of the State of New York.

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

Determination Date: As to any Distribution Date, the 22nd day of each month or if such 22nd day is not a Business Day the next preceding Business Day; provided, however, that if such 22nd day or such Business Day, whichever is applicable, is less than two Business Days prior to the related Distribution Date, the Determination Date shall be the first Business Day which is two Business Days preceding such Distribution Date.

Discount Mortgage Loan: Any Mortgage Loan with an Adjusted Net Mortgage Rate that is less than the Required Coupon.

Distribution Account: The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.05 in the name of the Trustee for the benefit of the Certificateholders and designated "The Bank of New York in trust for registered holders of CHL Mortgage Pass-Through Trust 2004-24, Mortgage Pass-Through Certificates, Series 2004-24." Funds in the Distribution Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement.

Distribution Account Deposit Date: As to any Distribution Date, 12:30 p.m. Pacific time on the Business Day immediately preceding such Distribution Date.

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Distribution Date: The 25th day of each calendar month after the initial issuance of the Certificates, or if such 25th day is not a Business Day, the next succeeding Business Day, commencing in November 2004.

Due Date: With respect to any Distribution Date, the first day of the month in which that Distribution Date occurs.

Eligible Account: Any of (i) an account or accounts maintained with a federal or state chartered depository institution or trust company the short-term unsecured debt obligations of which (or, in the case of a depository institution or trust company that is the principal subsidiary of a

holding company, the debt obligations of such holding company) have the highest short-term ratings of Moody's or Fitch and one of the two highest short-term ratings of S&P, if S&P is a Rating Agency, at the time any amounts are held on deposit therein, or (ii) an account or accounts in a depository institution or trust company in which such accounts are insured by the FDIC (to the limits established by the FDIC) and the uninsured deposits in which accounts are otherwise secured such that, as evidenced by an Opinion of Counsel delivered to the Trustee and to each Rating Agency, the Certificateholders have a claim with respect to the funds in such account or a perfected first priority security interest against any collateral (which shall be limited to Permitted Investments) securing such funds that is superior to claims of any other depositors or creditors of the depository institution or trust company in which such account is maintained, or (iii) a trust account or accounts maintained with (a) the trust department of a federal or state chartered depository institution or (b) a trust company, acting in its fiduciary capacity or (iv) any other account acceptable to each Rating Agency. Eligible Accounts may bear interest, and may include, if otherwise qualified under this definition, accounts maintained with the Trustee.

Eligible Repurchase Month: As defined in Section 3.11 hereof.

ERISA: The Employee Retirement Income Security Act of 1974, as amended.

ERISA-Qualifying Underwriting: A best efforts or firm commitment underwriting or private placement that meets the requirements of an Underwriter's Exemption.

ERISA-Restricted Certificate: As specified in the Preliminary Statement.

Escrow Account: The Eligible Account or Accounts established and maintained pursuant to Section 3.06(a) hereof.

Event of Default: As defined in Section 7.01 hereof.

Excess Loss: The amount of any (i) Fraud Loss realized after the Fraud Loss Coverage Termination Date, (ii) Special Hazard Loss realized after the Special Hazard Coverage Termination Date or (iii) Bankruptcy Loss realized after the Bankruptcy Coverage Termination Date.

Excess Master Servicing Fee: As to any Distribution Date, an amount equal to the aggregate of the Excess Master Servicing Fee Amount.

Excess Master Servicing Fee Amount: As to each Non-Discount Mortgage Loan and any Distribution Date, an amount payable out of each full payment of interest received on such Mortgage Loan and equal to one-twelfth of the related Excess Master Servicing Fee Rate multiplied by the Stated Principal Balance of such Mortgage Loan.

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Excess Master Servicing Fee Rate: As to any Non-Discount Mortgage Loan, the excess of (x) the Adjusted Net Mortgage Rate of such Non-Discount Mortgage Loan over (y) the Required Coupon. As to any Discount Mortgage Loan, 0.00%.

Excess Proceeds: With respect to any Liquidated Mortgage Loan, the amount, if any, by which the sum of any Liquidation Proceeds received with respect to such Mortgage Loan during the calendar month in which such Mortgage Loan became a Liquidated Mortgage Loan plus any Subsequent Recoveries received with respect to such Mortgage Loan, net of any amounts previously reimbursed

to the Master Servicer as Nonrecoverable Advance(s) with respect to such Mortgage Loan pursuant to Section 3.08(a)(iii), exceeds (i) the unpaid principal balance of such Liquidated Mortgage Loan as of the Due Date in the month in which such Mortgage Loan became a Liquidated Mortgage Loan plus (ii) accrued interest at the Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date applicable to the Distribution Date immediately following the calendar month during which such liquidation occurred.

Expense Rate: As to each Mortgage Loan, the sum of the Basic Master Servicing Fee Rate, the Excess Master Servicing Fee Rate and the Trustee Fee Rate.

FDIC: The Federal Deposit Insurance Corporation, or any successor thereto.

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

Final Certification: As defined in Section 2.02(a) hereof.

FIRREA: The Financial Institutions Reform, Recovery, and Enforcement Act of 1989.

Fitch: Fitch, Inc., or any successor thereto. If Fitch is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Fitch shall be Fitch, Inc., One State Street Plaza, New York, New York 10004, Attention: Residential Mortgage Surveillance Group, or such other address as Fitch may hereafter furnish to the Depositor and the Master Servicer.

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

Fraud Loan: A Liquidated Mortgage Loan as to which a Fraud Loss has occurred.

Fraud Loss Coverage Amount: As of the Closing Date, \$3,000,000 subject to reduction from time to time, by the amount of Fraud Losses allocated to the Certificates. In addition, on each anniversary of the Cut-off Date, the Fraud Loss Coverage Amount will be reduced as follows: (a) on the first, second, third and fourth anniversaries of the Cut-off Date, to an amount equal to the lesser of (i) 1% of the Pool Stated Principal Balance on such anniversary and (ii) the excess of the Fraud Loss Coverage Amount as of the preceding anniversary of the Cut-off Date over the cumulative amount of Fraud Losses allocated to the Certificates since such preceding anniversary; and (b) on the fifth anniversary of the Cut-off Date, to zero.

Fraud Loss Coverage Termination Date: The point in time at which the Fraud Loss Coverage Amount is reduced to zero.

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Fraud Losses: Realized Losses on Mortgage Loans as to which a loss is sustained by reason of a default arising from fraud, dishonesty or misrepresentation in connection with the related Mortgage Loan, including a loss by reason of the denial of coverage under any related Primary Insurance Policy because of such fraud, dishonesty or misrepresentation.

Index: With respect to any Interest Accrual Period for the COFI

Certificates, if any, the then-applicable index used by the Trustee pursuant to Section 4.07 to determine the applicable Pass-Through Rate for such Interest Accrual Period for the COFI Certificates.

Indirect Participant: A broker, dealer, bank or other financial institution or other Person that clears through or maintains a custodial relationship with a Depository Participant.

Initial Bankruptcy Coverage Amount: \$100,000.

Initial Certification: As defined in Section 2.02(a) hereof.

Initial Component Balance: As specified in the Preliminary Statement.

Initial Cut-off Date: With respect to any Initial Mortgage Loan, the later of (i) the date of origination of such Mortgage Loan and (ii) October 1, 2004.

Initial Cut-off Date Pool Principal Balance: \$299,998,498.67.

Initial Mortgage Loan: A Mortgage Loan conveyed to the Trust Fund on the Closing Date pursuant to this Agreement as identified on the Mortgage Loan Schedule delivered to the Trustee on the Closing Date.

Insurance Policy: With respect to any Mortgage Loan included in the Trust Fund, any insurance policy, including all riders and endorsements thereto in effect, including any replacement policy or policies for any Insurance Policies.

Insurance Proceeds: Proceeds paid by an insurer pursuant to any Insurance Policy, in each case other than any amount included in such Insurance Proceeds in respect of Insured Expenses.

Insured Expenses: Expenses covered by an Insurance Policy or any other insurance policy with respect to the Mortgage Loans.

Interest Accrual Period: With respect to each Class of Delay Certificates, its corresponding Subsidiary REMIC Regular Interest and any Distribution Date, the calendar month prior to the month of such Distribution Date. With respect to any Class of Non-Delay Certificates, its corresponding Subsidiary REMIC Regular Interest and any Distribution Date, the one month period commencing on the 25th day of the month preceding the month in which such Distribution Date occurs (other than the first Distribution Date, for which it is the Closing Date) and ending on the 24th day of the month in which such Distribution Date occurs.

Interest Determination Date: With respect to (a) any Interest Accrual Period for any LIBOR Certificates and (b) any Interest Accrual Period for the COFI Certificates for which the applicable Index is LIBOR, the second Business Day prior to the first day of such Interest Accrual Period.

Latest Possible Maturity Date: The Distribution Date following the third anniversary of the scheduled maturity date of the Mortgage Loan having the latest scheduled maturity date as of the Cut-off Date.

Lender PMI Mortgage Loan: Certain Mortgage Loans as to which the lender (rather than the borrower) acquires the Primary Insurance Policy and charges the related borrower an interest premium.

LIBOR: The London interbank offered rate for one-month United States dollar deposits calculated in the manner described in Section 4.08.

LIBOR Certificates: As specified in the Preliminary Statement.

Liquidated Mortgage Loan: With respect to any Distribution Date, a defaulted Mortgage Loan (including any REO Property) which was liquidated in the calendar month preceding the month of such Distribution Date and as to which the Master Servicer has determined (in accordance with this Agreement) that it has received all amounts it expects to receive in connection with the liquidation of such Mortgage Loan, including the final disposition of an REO Property.

Liquidation Proceeds: Amounts, including Insurance Proceeds, received in connection with the partial or complete liquidation of defaulted Mortgage Loans, whether through trustee's sale, foreclosure sale or otherwise or amounts received in connection with any condemnation or partial release of a Mortgaged Property and any other proceeds received in connection with an REO Property, less the sum of related unreimbursed Basic Master Servicing Fees, Servicing Advances and Advances.

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

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

Maintenance: With respect to any Cooperative Unit, the rent paid by the Mortgagor to the Cooperative Corporation pursuant to the Proprietary Lease.

Majority in Interest: As to any Class of Regular Certificates, the Holders of Certificates of such Class evidencing, in the aggregate, at least 51% of the Percentage Interests evidenced by all Certificates of such Class.

Master REMIC: As described in the Preliminary Statement.

Master Servicer: Countrywide Home Loans Servicing LP, a Texas limited partnership, and its successors and assigns, in its capacity as master servicer hereunder.

Master Servicer Advance Date: As to any Distribution Date, 12:30 p.m. Pacific time on the Business Day immediately preceding such Distribution Date.

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

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MERS Mortgage Loan: Any Mortgage Loan registered with MERS on the MERS System.

MERS (R) System: The system of recording transfers of mortgages electronically maintained by MERS.

MIN: The Mortgage Identification Number for any MERS Mortgage Loan.

MOM Loan: Any Mortgage Loan as to which MERS is acting as mortgagee, solely as nominee for the originator of such Mortgage Loan and its successors and assigns.

Monthly Statement: The statement delivered to the Certificateholders pursuant to Section 4.06.

Moody's: Moody's Investors Service, Inc., or any successor thereto. If Moody's is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to Moody's shall be Moody's Investors Service, Inc., 99 Church Street, New York, New York 10007, Attention: Residential Pass-Through Monitoring, or such other address as Moody's may hereafter furnish to the Depositor or the Master Servicer.

Mortgage: The mortgage, deed of trust or other instrument creating a first lien on an estate in fee simple or leasehold interest in real property securing a Mortgage Note.

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

Mortgage Loans: Such of the mortgage loans as from time to time are transferred and assigned to the Trustee pursuant to the provisions hereof and any Supplemental Transfer Agreement and that are held as a part of the Trust Fund (including any REO Property), the mortgage loans so held being identified in the Mortgage Loan Schedule, notwithstanding foreclosure or other acquisition of title of the related Mortgaged Property.

Mortgage Loan Schedule: The list of Mortgage Loans (as from time to time amended by the Master Servicer to reflect the addition of Substitute Mortgage Loans, the addition of any Supplemental Mortgage Loans pursuant to the provisions of this Agreement and any Supplemental Transfer Agreement and the deletion of Deleted Mortgage Loans pursuant to the provisions of this Agreement) transferred to the Trustee as part of the Trust Fund and from time to time subject to this Agreement, attached hereto as Schedule I, setting forth the following information with respect to each Mortgage Loan:

- (i) the loan number;
- (ii) the Mortgagor's name and the street address of the Mortgaged Property, including the zip code;
- (iii) the maturity date;
- (iv) the original principal balance;
- (v) the Cut-off Date Principal Balance;

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- (vi) the first payment date of the Mortgage Loan;
- (vii) the Scheduled Payment in effect as of the Cut-off Date;
- (viii) the Loan-to-Value Ratio at origination;
- (ix) a code indicating whether the residential dwelling at the time of origination was represented to be owner-occupied;
- (x) a code indicating whether the residential dwelling is



either (a) a detached single family dwelling (b) a dwelling in a de minimis PUD, (c) a condominium unit or PUD (other than a de minimis PUD), (d) a two- to four-unit residential property or (e) a Cooperative Unit;

- (xi) the Mortgage Rate;
- (xii) a code indicating whether the Mortgage Loan is a Lender PMI Mortgage Loan and, in the case of any Lender PMI Mortgage Loan, a percentage representing the amount of the related interest premium charged to the borrower;
- (xiii) the purpose for the Mortgage Loan;
- (xiv) the type of documentation program pursuant to which the Mortgage Loan was originated;
- (xv) a code indicating whether the Mortgage Loan is a Countrywide Mortgage Loan or a Park Granada Mortgage Loan; and
- (xvi) a code indicating whether the Mortgage Loan is a MERS Mortgage Loan.

Such schedule shall also set forth the total of the amounts described under (iv) and (v) above for all of the Mortgage Loans. Countrywide shall update the Mortgage Loan Schedule in connection with each Supplemental Transfer Agreement within a reasonable period of time after delivery to it of the Schedule of Supplemental Mortgage Loans attached to the related Supplemental Transfer Agreement as Schedule A thereto.

**Mortgage Note:** The original executed note or other evidence of indebtedness evidencing the indebtedness of a Mortgagor under a Mortgage Loan.

**Mortgage Rate:** The annual rate of interest borne by a Mortgage Note from time to time, net of any interest premium charged by the mortgagee to obtain or maintain any Primary Insurance Policy.

**Mortgaged Property:** The underlying property securing a Mortgage Loan, which, with respect to a Cooperative Loan, is the related Coop Shares and Proprietary Lease.

**Mortgagor:** The obligor(s) on a Mortgage Note.

**National Cost of Funds Index:** The National Monthly Median Cost of Funds Ratio to SAIF-Insured Institutions published by the Office of Thrift Supervision.

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**Net Prepayment Interest Shortfalls:** As to any Distribution Date, the amount by which the aggregate of Prepayment Interest Shortfalls during the related Prepayment Period exceeds the Compensating Interest for that Distribution Date.

**Non-Delay Certificates:** As specified in the Preliminary Statement.

**Non-Discount Mortgage Loan:** Any Mortgage Loan with an Adjusted Net Mortgage Rate that is greater than or equal to the Required Coupon.

**Non-PO Formula Principal Amount:** As to any Distribution Date, the sum of (i) the sum of (x) the applicable Non-PO Percentage of (a) the

principal portion of each Scheduled Payment (without giving effect, prior to the Bankruptcy Coverage Termination Date, to any reductions thereof caused by any Debt Service Reductions or Deficient Valuations) due on each Mortgage Loan on the related Due Date, (b) the Stated Principal Balance of each Mortgage Loan that was repurchased by a Seller or purchased by the Master Servicer pursuant to this Agreement as of such Distribution Date, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan received with respect to such Distribution Date, (d) any Insurance Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of the Liquidation Proceeds allocable to principal received during the calendar month preceding the month of such Distribution Date with respect to such Mortgage Loan, and (f) all Principal Prepayments received during the related Prepayment Period and (y) on the last Conveyance Period Distribution Date, the amounts remaining in the Supplemental Loan Account and (ii) (A) any Subsequent Recoveries received during the calendar month preceding the month of such Distribution Date, or (B) with respect to Subsequent Recoveries attributable to a Discount Mortgage Loan which incurred (1) an Excess Loss or (2) a Realized Loss after the Senior Credit Support Depletion Date, the Non-PO Percentage of any Subsequent Recoveries received during the calendar month preceding the month of such Distribution Date.

Non-PO Percentage: As to any Discount Mortgage Loan, a fraction (expressed as a percentage) the numerator of which is the Adjusted Net Mortgage Rate of such Discount Mortgage Loan and the denominator of which is the Required Coupon. As to any Non-Discount Mortgage Loan, 100%.

Nonrecoverable Advance: Any portion of an Advance previously made or proposed to be made by the Master Servicer that, in the good faith judgment of the Master Servicer, will not be ultimately recoverable by the Master Servicer from the related Mortgage, related Liquidation Proceeds or otherwise.

Notice of Final Distribution: The notice to be provided pursuant to Section 9.02 to the effect that final distribution on any of the Certificates shall be made only upon presentation and surrender thereof.

Notional Amount: With respect to any Distribution Date and the Class A-6 Certificates, an amount equal to the Class Certificate Balance of the Class A-5 Certificates immediately prior to such Distribution Date. With respect to any Distribution Date and the Class A-9 Certificates, an amount equal to the Class Certificate Balance of the Class A-8 Certificates immediately prior to such Distribution Date.

Notional Amount Certificates: As specified in the Preliminary Statement.

Offered Certificates: As specified in the Preliminary Statement.

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Officer's Certificate: A certificate (i) in the case of the Depositor, signed by the Chairman of the Board, the Vice Chairman of the Board, the President, a Managing Director, a Vice President (however denominated), an Assistant Vice President, the Treasurer, the Secretary, or one of the Assistant Treasurers or Assistant Secretaries of the Depositor, (ii) in the case of the Master Servicer, signed by the President, an Executive Vice President, a Vice President, an Assistant Vice President, the Treasurer, or one of the Assistant Treasurers or Assistant Secretaries of Countrywide GP, Inc., its general partner or (iii) if provided for in this Agreement, signed

by a Servicing Officer, as the case may be, and delivered to the Depositor and the Trustee, as the case may be, as required by this Agreement.

Opinion of Counsel: A written opinion of counsel, who may be counsel for the Depositor or the Master Servicer, including, in-house counsel, reasonably acceptable to the Trustee; provided, however, that with respect to the interpretation or application of the REMIC Provisions, such counsel must (i) in fact be independent of the Depositor and the Master Servicer, (ii) not have any direct financial interest in the Depositor or the Master Servicer or in any affiliate of either, and (iii) not be connected with the Depositor or the Master Servicer as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

Optional Termination: The termination of the trust created hereunder in connection with the purchase of the Mortgage Loans pursuant to Section 9.01(a) hereof.

Original Applicable Credit Support Percentage: With respect to each of the following Classes of Subordinated Certificates, the corresponding percentage described below, as of the Closing Date:

Class M.....	3.25%
Class B-1.....	1.45%
Class B-2.....	0.85%
Class B-3.....	0.55%
Class B-4.....	0.35%
Class B-5.....	0.20%

Original Mortgage Loan: The mortgage loan refinanced in connection with the origination of a Refinancing Mortgage Loan.

Original Subordinate Principal Balance: The aggregate of the Class Certificate Balances of the Subordinated Certificates as of the Closing Date.

OTS: The Office of Thrift Supervision.

Outside Reference Date: As to any Interest Accrual Period for the COFI Certificates, the close of business on the tenth day thereof.

Outstanding: With respect to the Certificates as of any date of determination, all Certificates theretofore executed and authenticated under this Agreement except:

- (i) Certificates theretofore canceled by the Trustee or delivered to the Trustee for cancellation; and
- (ii) Certificates in exchange for which or in lieu of which other Certificates have been executed and delivered by the Trustee pursuant to this Agreement.

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Outstanding Mortgage Loan: As of any Due Date, a Mortgage Loan with a Stated Principal Balance greater than zero, which was not the subject of a Principal Prepayment in Full prior to such Due Date or during the related Prepayment Period and which did not become a Liquidated Mortgage Loan prior to such Due Date.

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

Park Granada: Park Granada LLC, a Delaware limited liability company, and its successors and assigns, in its capacity as the seller of the Park Granada Mortgage Loans to the Depositor.

Park Granada Mortgage Loans: The Mortgage Loans identified as such on the Mortgage Loan Schedule for which Park Granada is the applicable Seller.

Pass-Through Rate: For any interest bearing Class of Certificates or Component, the per annum rate set forth or calculated in the manner described in the Preliminary Statement.

Percentage Interest: As to any Certificate, the percentage interest evidenced thereby in distributions required to be made on the related Class, such percentage interest being set forth on the face thereof or equal to the percentage obtained by dividing the Denomination of such Certificate by the aggregate of the Denominations of all Certificates of the same Class.

Permitted Investments: At any time, any one or more of the following obligations and securities:

- (i) obligations of the United States or any agency thereof, provided such obligations are backed by the full faith and credit of the United States;
- (ii) general obligations of or obligations guaranteed by any state of the United States or the District of Columbia receiving the highest long-term debt rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency;
- (iii) commercial or finance company paper which is then receiving the highest commercial or finance company paper rating of each Rating Agency, or such lower rating as will not result in the downgrading or withdrawal of the ratings then assigned to the Certificates by each Rating Agency;
- (iv) certificates of deposit, demand or time deposits, or bankers' acceptances issued by any depository institution or trust company incorporated under the laws of the United States or of any state thereof and subject to supervision and examination by federal and/or state banking authorities, provided that the commercial paper and/or long term unsecured debt obligations of such depository institution or trust company (or in the case of the principal depository institution in a holding company system, the commercial paper or long-term unsecured debt obligations of such holding company, but only if Moody's is not a Rating Agency) are then rated one of the two highest long-term and the highest short-term ratings of each Rating Agency for such securities, or such lower ratings as will not result in the

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downgrading or withdrawal of the rating then assigned to the Certificates by either Rating Agency;

- (v) repurchase obligations with respect to any security described in clauses (i) and (ii) above, in either case entered into with a depository institution or trust

- company (acting as principal) described in clause (iv) above;
- (vi) units of a taxable money-market portfolio having the highest rating assigned by each Rating Agency (except if Fitch is a Rating Agency and has not rated the portfolio, the highest rating assigned by Moody's) and restricted to obligations issued or guaranteed by the United States of America or entities whose obligations are backed by the full faith and credit of the United States of America and repurchase agreements collateralized by such obligations; and
  - (vii) such other relatively risk free investments bearing interest or sold at a discount acceptable to each Rating Agency as will not result in the downgrading or withdrawal of the rating then assigned to the Certificates by either Rating Agency, as evidenced by a signed writing delivered by each Rating Agency

provided, that no such instrument shall be a Permitted Investment if such instrument evidences the right to receive interest only payments with respect to the obligations underlying such instrument.

Permitted Transferee: Any person other than (i) the United States, any State or political subdivision thereof, or any agency or instrumentality of any of the foregoing, (ii) a foreign government, International Organization or any agency or instrumentality of either of the foregoing, (iii) an organization (except certain farmers' cooperatives described in section 521 of the Code) which is exempt from tax imposed by Chapter 1 of the Code (including the tax imposed by section 511 of the Code on unrelated business taxable income) on any excess inclusions (as defined in section 860E(c)(1) of the Code) with respect to any Residual Certificate, (iv) rural electric and telephone cooperatives described in section 1381(a)(2)(C) of the Code, (v) an "electing large partnership" as defined in Section 775 of the Code, (vi) a Person that is not 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, or an estate or trust whose income from sources without the United States is includible in gross income for United States federal income tax purposes regardless of its connection with the conduct of a trade or business within the United States 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 unless such Person has furnished the transferor and the Trustee with a duly completed Internal Revenue Service Form W-8ECI or any applicable successor form, and (vii) any other Person so designated by the Depositor based upon an Opinion of Counsel that the Transfer of an Ownership Interest in a Residual Certificate to such Person may cause any REMIC hereunder to fail to qualify as a REMIC at any time that the Certificates are outstanding. The terms "United States," "State" and "International Organization" shall have the meanings set forth in section 7701 of the Code or successor provisions. A corporation will not be treated as an instrumentality of the United States or of any State or political subdivision thereof for these purposes if all of its activities are subject to tax and, with the exception of the Federal Home Loan Mortgage Corporation, a majority of its board of directors is not selected by such government unit.

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

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Physical Certificate: As specified in the Preliminary Statement.

Planned Balance: With respect to any group of Planned Principal Classes or Components in the aggregate and any Distribution Date appearing in Schedule V hereto, the Aggregate Planned Balance for such group and Distribution Date. With respect to any other Planned Principal Class or Component and any Distribution Date appearing in Schedule V hereto, the applicable amount appearing opposite such Distribution Date for such Class or Component.

Planned Principal Classes: As specified in the Preliminary Statement.

PO Formula Principal Amount: As to any Distribution Date, the sum of (i) the sum of the applicable PO Percentage of (a) the principal portion of each Scheduled Payment (without giving effect, prior to the Bankruptcy Coverage Termination Date, to any reductions thereof caused by any Debt Service Reductions or Deficient Valuations) due on each Mortgage Loan on the related Due Date, (b) the Stated Principal Balance of each Mortgage Loan that was repurchased by the applicable Seller or purchased by the Master Servicer pursuant to this Agreement as of such Distribution Date, (c) the Substitution Adjustment Amount in connection with any Deleted Mortgage Loan received with respect to such Distribution Date, (d) any Insurance Proceeds or Liquidation Proceeds allocable to recoveries of principal of Mortgage Loans that are not yet Liquidated Mortgage Loans received during the calendar month preceding the month of such Distribution Date, (e) with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the amount of Liquidation Proceeds allocable to principal received during the month preceding the month of such Distribution Date with respect to such Mortgage Loan, and (f) all Principal Prepayments received during the related Prepayment Period and (ii) with respect to Subsequent Recoveries attributable to a Discount Mortgage Loan which incurred (1) an Excess Loss or (2) a Realized Loss after the Senior Credit Support Depletion Date, the PO Percentage of any Subsequent Recoveries received during the calendar month preceding the month of such Distribution Date.

PO Percentage: As to any Discount Mortgage Loan, a fraction (expressed as a percentage) the numerator of which is the excess of the Required Coupon over the Adjusted Net Mortgage Rate of such Discount Mortgage Loan and the denominator of which is such Required Coupon. As to any Non-Discount Mortgage Loan, 0%.

PO Sublimit: \$0.00.

Pool Characteristics: With respect to the Mortgage Loans as of the Cut-off Date, the characteristics set forth in the fifth bullet point under "The Mortgage Pool--Conveyance of Supplemental Mortgage Loans" set forth on page S-24 of the Prospectus Supplement.

Pool Stated Principal Balance: The aggregate of the Stated Principal Balances of the Outstanding Mortgage Loans.

Prepayment Interest Excess: As to any Principal Prepayment received by the Master Servicer from the first day through the fifteenth day of any calendar month (other than the calendar month in which the Initial Cut-off Date occurs), all amounts paid by the related Mortgagor in respect of interest on such Principal Prepayment. All Prepayment Interest Excess shall be paid to the Master Servicer as additional master servicing compensation.

Prepayment Interest Shortfall: As to any Distribution Date, Mortgage Loan and Principal Prepayment received on or after the sixteenth day of the

month preceding the month of such Distribution Date (or, in the case of the first Distribution Date, on or after October 1, 2004) and on or before the last

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day of the month preceding the month of such Distribution Date, the amount, if any, by which one month's interest at the related Mortgage Rate, net of the Basic Master Servicing Fee Rate and the related Excess Master Servicing Fee Rate, on such Principal Prepayment exceeds the amount of interest paid in connection with such Principal Prepayment.

Prepayment Period: As to any Distribution Date and the related Due Date, the period from the 16th day of the calendar month immediately preceding the month of such Distribution Date (or, in the case of the first Distribution Date, from October 1, 2004) through the 15th day of the calendar month of such Distribution Date

Primary Insurance Policy: Each policy of primary mortgage guaranty insurance or any replacement policy therefor with respect to any Mortgage Loan.

Prime Rate: The prime commercial lending rate of The Bank of New York, as publicly announced to be in effect from time to time. The Prime Rate shall be adjusted automatically, without notice, on the effective date of any change in such prime commercial lending rate. The Prime Rate is not necessarily The Bank of New York's lowest rate of interest.

Principal Only Certificates: As specified in the Preliminary Statement.

Principal Prepayment: Any payment of principal by a Mortgagor on a Mortgage Loan that is received in advance of its scheduled Due Date and is not accompanied by an amount representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment. Partial Principal Prepayments shall be applied by the Master Servicer in accordance with the terms of the related Mortgage Note.

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

Private Certificate: As specified in the Preliminary Statement.

Pro Rata Share: As to any Distribution Date, the Subordinated Principal Distribution Amount and any Class of Subordinated Certificates, the portion of the Subordinated Principal Distribution Amount allocable to such Class, equal to the product of the Subordinated Principal Distribution Amount on such Distribution Date and a fraction, the numerator of which is the related Class Certificate Balance thereof and the denominator of which is the aggregate of the Class Certificate Balances of the Subordinated Certificates.

Proprietary Lease: With respect to any Cooperative Unit, a lease or occupancy agreement between a Cooperative Corporation and a holder of related Coop Shares.

Prospectus: The Prospectus dated August 24, 2004 generally relating to mortgage pass-through certificates to be sold by the Depositor.

Prospectus Supplement: The Prospectus Supplement dated October 25, 2004 relating to the Offered Certificates.

PUD: Planned Unit Development.

Purchase Price: With respect to any Mortgage Loan required to be purchased by a Seller pursuant to Section 2.02 or 2.03 hereof or purchased at the option of the Master Servicer pursuant to

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Section 3.11, an amount equal to the sum of (i) 100% of the unpaid principal balance of the Mortgage Loan on the date of such purchase, (ii) accrued interest thereon at the applicable Mortgage Rate (or at the applicable Adjusted Mortgage Rate if (x) the purchaser is the Master Servicer or (y) if the purchaser is Countrywide and Countrywide is an affiliate of the Master Servicer) from the date through which interest was last paid by the Mortgagor to the Due Date in the month in which the Purchase Price is to be distributed to Certificateholders and (iii) costs and damages incurred by the Trust Fund in connection with a repurchase pursuant to Section 2.03 hereof that arises out of a violation of any predatory or abusive lending law with respect to the related Mortgage Loan.

Qualified Insurer: A mortgage guaranty insurance company duly qualified as such under the laws of the state of its principal place of business and each state having jurisdiction over such insurer in connection with the insurance policy issued by such insurer, duly authorized and licensed in such states to transact a mortgage guaranty insurance business in such states and to write the insurance provided by the insurance policy issued by it, approved as a FNMA-approved mortgage insurer and having a claims paying ability rating of at least "AA" or equivalent rating by a nationally recognized statistical rating organization. Any replacement insurer with respect to a Mortgage Loan must have at least as high a claims paying ability rating as the insurer it replaces had on the Closing Date.

Rating Agency: Each of the Rating Agencies specified in the Preliminary Statement. If any such organization or a successor is no longer in existence, "Rating Agency" shall be such nationally recognized statistical rating organization, or other comparable Person, as is designated by the Depositor, notice of which designation shall be given to the Trustee. References herein to a given rating category of a Rating Agency shall mean such rating category without giving effect to any modifiers.

Realized Loss: With respect to each Liquidated Mortgage Loan, an amount (not less than zero or more than the Stated Principal Balance of the Mortgage Loan) as of the date of such liquidation, equal to (i) the Stated Principal Balance of the Liquidated Mortgage Loan as of the date of such liquidation, plus (ii) interest at the Adjusted Net Mortgage Rate from the Due Date as to which interest was last paid or advanced (and not reimbursed) to Certificateholders up to the Due Date in the month in which Liquidation Proceeds are required to be distributed on the Stated Principal Balance of such Liquidated Mortgage Loan from time to time, minus (iii) the Liquidation Proceeds, if any, received during the month in which such liquidation occurred, to the extent applied as recoveries of interest at the Adjusted Net Mortgage Rate and to principal of the Liquidated Mortgage Loan. With respect to each Mortgage Loan which has become the subject of a Deficient Valuation, if the principal amount due under the related Mortgage Note has been reduced, the difference between the principal balance of the Mortgage Loan outstanding immediately prior to such Deficient Valuation and the principal balance of the Mortgage Loan as reduced by the Deficient Valuation. With respect to each Mortgage Loan which has become the subject of a Debt Service Reduction and any Distribution Date, the amount, if any, by which the principal portion of the related Scheduled Payment has been reduced.

To the extent the Master Servicer receives Subsequent Recoveries with respect to any Mortgage Loan, the amount of the Realized Loss with



respect to that Mortgage Loan will be reduced by such Subsequent Recoveries.

Recognition Agreement: With respect to any Cooperative Loan, an agreement between the Cooperative Corporation and the originator of such Mortgage Loan which establishes the rights of such originator in the Cooperative Property.

Record Date: As to any Distribution Date, the last Business Day of the month preceding the month of each Distribution Date.

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Reference Bank: As defined in Section 4.07.

Refinancing Mortgage Loan: Any Mortgage Loan originated in connection with the refinancing of an existing mortgage loan.

Regular Certificates: As specified in the Preliminary Statement.

Relief Act: Servicemembers Civil Relief Act.

Relief Act Reductions: With respect to any Distribution Date and any Mortgage Loan as to which there has been a reduction in the amount of interest collectible thereon for the most recently ended calendar month as a result of the application of the Relief Act, the amount, if any, by which (i) interest collectible on such Mortgage Loan for the most recently ended calendar month is less than (ii) interest accrued thereon for such month pursuant to the Mortgage Note.

Remaining Non-PO Supplemental Loan Amount: With respect to the last Conveyance Period Distribution Date, the amount on deposit in the Supplemental Loan Account on such date.

Remaining PO Supplemental Loan Amount: Not applicable.

REMIC: A "real estate mortgage investment conduit" within the meaning of section 860D of the Code.

REMIC Change of Law: Any proposed, temporary or final regulation, revenue ruling, revenue procedure or other official announcement or interpretation relating to REMICs and the REMIC Provisions issued after the Closing Date.

REMIC Provisions: Provisions of the federal income tax law relating to real estate mortgage investment conduits, which appear at sections 860A through 860G of Subchapter M of Chapter 1 of the Code, and related provisions, and regulations promulgated thereunder, as the foregoing may be in effect from time to time as well as provisions of applicable state laws.

REO Property: A Mortgaged Property acquired by the Trust Fund through foreclosure or deed-in-lieu of foreclosure in connection with a defaulted Mortgage Loan.

Request for Release: The Request for Release submitted by the Master Servicer to the Trustee, substantially in the form of Exhibits M and N, as appropriate.

Required Coupon: 5.50% per annum.

Required Insurance Policy: With respect to any Mortgage Loan, any insurance policy that is required to be maintained from time to time under this Agreement.

Residual Certificates: As specified in the Preliminary Statement.

Responsible Officer: When used with respect to the Trustee, any Vice President, any Assistant Vice President, the Secretary, any Assistant Secretary, any Trust Officer or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also to whom, with respect to a particular matter, such matter is referred because of such officer's knowledge of and familiarity with the particular subject.

Restricted Classes: As defined in Section 4.02(e).

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S&P: Standard & Poor's, a division of The McGraw-Hill Companies, Inc. If S&P is designated as a Rating Agency in the Preliminary Statement, for purposes of Section 10.05(b) the address for notices to S&P shall be Standard & Poor's, 55 Water Street, New York, New York 10041, Attention: Mortgage Surveillance Monitoring, or such other address as S&P may hereafter furnish to the Depositor and the Master Servicer.

Scheduled Balances: Not applicable.

Scheduled Classes: As specified in the Preliminary Statement.

Scheduled Payment: The scheduled monthly payment on a Mortgage Loan due on any Due Date allocable to principal and/or interest on such Mortgage Loan which, unless otherwise specified herein, shall give effect to any related Debt Service Reduction and any Deficient Valuation that affects the amount of the monthly payment due on such Mortgage Loan.

Scheduled Principal Distribution Amount: As to any Distribution Date, an amount equal to the sum of the Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date; provided, however, that if a Bankruptcy Loss that is an Excess Loss is sustained with respect to a Mortgage Loan that is not a Liquidated Mortgage Loan, the Scheduled Principal Distribution Amount will be reduced on the related Distribution Date by the applicable Non-PO Percentage of the principal portion of such Bankruptcy Loss.

Securities Act: The Securities Act of 1933, as amended.

Seller: Countrywide or Park Granada, as applicable.

Senior Certificates: As specified in the Preliminary Statement.

Senior Credit Support Depletion Date: The date on which the Class Certificate Balance of each Class of Subordinated Certificates has been reduced to zero.

Senior Percentage: As to any Distribution Date, the percentage equivalent of a fraction, not to exceed 100%, the numerator of which is the aggregate of the Class Certificate Balances of each Class of Senior Certificates (other than the Class PO Certificates) immediately prior to such Distribution Date and the denominator of which is the aggregate of the Class Certificate Balances of all Classes of Certificates (other than the Class PO Certificates) immediately prior to such Distribution Date.

Senior Prepayment Percentage: For any Distribution Date during the five years beginning on the first Distribution Date, 100%. The Senior

Prepayment Percentage for any Distribution Date occurring on or after the fifth anniversary of the first Distribution Date will, except as provided herein, be as follows: for any Distribution Date in the first year thereafter, the Senior Percentage plus 70% of the Subordinated Percentage for such Distribution Date; for any Distribution Date in the second year thereafter, the Senior Percentage plus 60% of the Subordinated Percentage for such Distribution Date; for any Distribution Date in the third year thereafter, the Senior Percentage plus 40% of the Subordinated Percentage for such Distribution Date; for any Distribution Date in the fourth year thereafter, the Senior Percentage plus 20% of the Subordinated Percentage for such Distribution Date; and for any Distribution Date thereafter, the Senior Percentage for such Distribution Date (unless on any Distribution Date the Senior Percentage exceeds the initial Senior Percentage, in which case the Senior Prepayment Percentage for such Distribution Date will once again equal 100%). Notwithstanding the foregoing, no decrease in the Senior Prepayment Percentage will occur unless both of the Senior Step Down Conditions are satisfied.

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Senior Principal Distribution Amount: As to any Distribution Date, the sum of (i) the sum, not less than zero, of the Senior Percentage of (x) the applicable Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date and (y) on the last Conveyance Period Distribution Date, the Remaining Non-PO Supplemental Loan Amount, (ii) with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the lesser of (x) the Senior Percentage of the applicable Non-PO Percentage of the Stated Principal Balance of such Mortgage Loan and (y) either (A) the Senior Prepayment Percentage or (B) if an Excess Loss was sustained with respect to such Liquidated Mortgage Loan during such prior calendar month, the Senior Percentage, of the applicable Non-PO Percentage of the amount of the Liquidation Proceeds allocable to principal received with respect to such Mortgage Loan, and (iii) the sum of (x) the Senior Prepayment Percentage of the applicable Non-PO Percentage of the amounts described in subclause (f) of clause (i) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date plus (y) on the last Conveyance Period Distribution Date, the amount, if any, of the Remaining Non-PO Supplemental Loan Amount not applied in clause (i) hereof plus (z) the Senior Prepayment Percentage of any Subsequent Recoveries described in clause (ii) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date; provided, however, that if a Bankruptcy Loss that is an Excess Loss is sustained on a Mortgage Loan that is not a Liquidated Mortgage Loan, the Senior Principal Distribution Amount will be reduced on the related Distribution Date by the Senior Percentage of the applicable Non-PO Percentage of the principal portion of the Bankruptcy Loss.

Senior Step Down Conditions: As of the first Distribution Date as to which any decrease in the Senior Prepayment Percentage applies, (i) the outstanding principal balance of all Mortgage Loans delinquent 60 days or more (including Mortgage Loans in foreclosure, REO Property and Mortgage Loans the mortgagors of which are in bankruptcy) (averaged over the preceding six month period), as a percentage of the aggregate Class Certificate Balance of the Subordinated Certificates on such Distribution Date, does not equal or exceed 50% and (ii) cumulative Realized Losses with respect to the Mortgage Loans do not exceed (a) with respect to the Distribution Date on the fifth anniversary of the first Distribution Date, 30% of the Original Subordinate Principal Balance, (b) with respect to the Distribution Date on the sixth anniversary of the first Distribution Date, 35% of the Original Subordinate Principal Balance, (c) with respect to the Distribution Date on the seventh anniversary of the first Distribution Date, 40% of the Original Subordinate Principal

Balance, (d) with respect to the Distribution Date on the eighth anniversary of the first Distribution Date, 45% of the Original Subordinate Principal Balance and (e) with respect to the Distribution Date on the ninth anniversary of the first Distribution Date, 50% of the Original Subordinate Principal Balance.

**Servicing Advances:** All customary, reasonable and necessary "out of pocket" costs and expenses incurred in the performance by the Master Servicer of its servicing obligations, including, but not limited to, the cost of (i) the preservation, restoration and protection of a Mortgaged Property, (ii) any expenses reimbursable to the Master Servicer pursuant to Section 3.11 and any enforcement or judicial proceedings, including foreclosures, (iii) the management and liquidation of any REO Property and (iv) compliance with the obligations under Section 3.09.

**Servicing Officer:** Any officer of the Master Servicer involved in, or responsible for, the administration and servicing of the Mortgage Loans whose name and facsimile signature appear on a list of servicing officers furnished to the Trustee by the Master Servicer on the Closing Date pursuant to this Agreement, as such list may from time to time be amended.

**Shift Percentage:** As to any Distribution Date occurring during the five years beginning on the first Distribution Date, 0%. For any Distribution Date occurring on or after the fifth anniversary of the first Distribution Date will be as follows: for any Distribution Date in the first year thereafter, 30%;

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for any Distribution Date in the second year thereafter, 40%; for any Distribution Date in the third year thereafter, 60%; for any Distribution Date in the fourth year thereafter, 80%; and for any Distribution Date thereafter, 100%.

**Special Hazard Coverage Termination Date:** The point in time at which the Special Hazard Loss Coverage Amount is reduced to zero.

**Special Hazard Loss:** Any Realized Loss suffered by a Mortgaged Property on account of direct physical loss but not including (i) any loss of a type covered by a hazard insurance policy or a flood insurance policy required to be maintained with respect to such Mortgaged Property pursuant to Section 3.09 to the extent of the amount of such loss covered thereby, or (ii) any loss caused by or resulting from:

(a) normal wear and tear;

(b) fraud, conversion or other dishonest act on the part of the Trustee, the Master Servicer or any of their agents or employees (without regard to any portion of the loss not covered by any errors and omissions policy);

(c) errors in design, faulty workmanship or faulty materials, unless the collapse of the property or a part thereof ensues and then only for the ensuing loss;

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

(e) hostile or warlike action in time of peace and war, including

action in hindering, combating or defending against an actual, impending or expected attack:

1. by any government or sovereign power, de jure or de facto, or by any authority maintaining or using military, naval or air forces; or
2. by military, naval or air forces; or
3. by an agent of any such government, power, authority or forces;

(f) any weapon of war employing nuclear fission, fusion or other radioactive force, whether in time of peace or war; or

(g) insurrection, rebellion, revolution, civil war, usurped power or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority or risks of contraband or illegal transportation or trade.

Special Hazard Loss Coverage Amount: With respect to the first Distribution Date, \$5,848,273. With respect to any Distribution Date after the first Distribution Date, the lesser of (a) the greatest of (i) 1% of the aggregate of the principal balances of the Mortgage Loans, (ii) twice the principal balance of the largest Mortgage Loan and (iii) the aggregate of the principal balances of all Mortgage Loans secured by Mortgaged Properties located in the single California postal zip code area having the highest aggregate principal balance of any such zip code area and (b) the Special Hazard Loss Coverage

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Amount as of the Closing Date less the amount, if any, of Special Hazard Losses allocated to the Certificates since the Closing Date. All principal balances for the purpose of this definition will be calculated as of the first day of the calendar month preceding the month of such Distribution Date after giving effect to Scheduled Payments on the Mortgage Loans then due, whether or not paid.

Special Hazard Mortgage Loan: A Liquidated Mortgage Loan as to which a Special Hazard Loss has occurred.

SR-A-R Interest: The sole Class of "residual interest" in the Subsidiary REMIC.

Startup Day: The Closing Date.

Stated Principal Balance: As to any Mortgage Loan and Due Date, the unpaid principal balance of such Mortgage Loan as of such Due Date, as specified in the amortization schedule at the time relating thereto (before any adjustment to such amortization schedule by reason of any moratorium or similar waiver or grace period) after giving effect to: (i) any previous partial Principal Prepayments and the payment of principal due on such Due Date, irrespective of any delinquency in payment by the related Mortgagor and (ii) Liquidation Proceeds allocable to principal (other than with respect to any Liquidated Mortgage Loan) received in the prior calendar month and Principal Prepayments received through the last day of the related Prepayment Period, in each case with respect to that Mortgage Loan.

Streamlined Documentation Mortgage Loan: Any Mortgage Loan

originated pursuant to Countrywide's Streamlined Loan Documentation Program then in effect. For the purposes of this Agreement, a Mortgagor is eligible for a mortgage pursuant to Countrywide's Streamlined Loan Documentation Program if that Mortgagor is refinancing an existing mortgage loan that was originated or acquired by Countrywide where, among other things, the mortgage loan has not been more than 30 days delinquent in payment during the previous twelve-month period.

Subordinated Certificates: As specified in the Preliminary Statement.

Subordinated Percentage: As to any Distribution Date, 100% minus the Senior Percentage for such Distribution Date.

Subordinated Prepayment Percentage: As to any Distribution Date, 100% minus the Senior Prepayment Percentage for such Distribution Date.

Subordinated Principal Distribution Amount: With respect to any Distribution Date, an amount equal to the excess of (A) the sum, not less than zero, of (i) the Subordinated Percentage of the applicable Non-PO Percentage of all amounts described in subclauses (a) through (d) of clause (i) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date, (ii) with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the applicable Non-PO Percentage of the amount of the Liquidation Proceeds allocated to principal received with respect thereto remaining after application thereof pursuant to clause (ii) of the definition of Senior Principal Distribution Amount, up to the Subordinated Percentage of the applicable Non-PO Percentage of the Stated Principal Balance of such Mortgage Loan, (iii) the Subordinated Prepayment Percentage of the applicable Non-PO Percentage of all amounts described in subclause (f) of clause (i) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date, and (iv) the Subordinated Prepayment Percentage of any Subsequent Recoveries described in clause (ii) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date, over (B) the amount of any payments in respect of Class PO Deferred Amounts on the related Distribution Date.

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Subsequent Recoveries: As to any Distribution Date, with respect to a Liquidated Mortgage Loan that resulted in a Realized Loss in a prior calendar month, unexpected amounts received by the Master Servicer (net of any related expenses permitted to be reimbursed pursuant to Section 3.08) specifically related to such Liquidated Mortgage Loan.

Subservicer: Any person to whom the Master Servicer has contracted for the servicing of all or a portion of the Mortgage Loans pursuant to Section 3.02 hereof.

Subsidiary REMIC: As described in the Preliminary Statement.

Subsidiary REMIC Interest: Any one of the Subsidiary REMIC Interests or the SR-A-R Interest.

Subsidiary REMIC Regular Interest: Any one of the "regular interests" in the Subsidiary REMIC described in the Preliminary Statement.

Substitute Mortgage Loan: A Mortgage Loan substituted by a Seller for a Deleted Mortgage Loan which must, on the date of such substitution, as confirmed in a Request for Release, substantially in the form of Exhibit M, (i) have a Stated Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not in excess of,

and not more than 10% less than the Stated Principal Balance of the Deleted Mortgage Loan; (ii) be accruing interest at a rate no lower than and not more than 1% per annum higher than, that of the Deleted Mortgage Loan; (iii) have a Loan-to-Value Ratio no higher than that of the Deleted Mortgage Loan; (iv) have a remaining term to maturity no greater than (and not more than one year less than that of) the Deleted Mortgage Loan; (v) not be a Cooperative Loan unless the Deleted Mortgage Loan was a Cooperative Loan and (vi) comply with each representation and warranty set forth in Section 2.03 hereof.

Substitution Adjustment Amount: The meaning ascribed to such term pursuant to Section 2.03.

Supplemental Amount: The amount deposited in the Supplemental Loan Account on the Closing Date, which shall equal \$1,501.33.

Supplemental Cut-off Date: With respect to any Supplemental Mortgage Loan, the later of (i) the date of origination of such Mortgage Loan and (ii) the first day of the month in which the related Supplemental Transfer Date occurs.

Supplemental Loan Account: The separate Eligible Account created and maintained by the Trustee pursuant to Section 3.05 in the name of the Trustee for the benefit of the Certificateholders and designated "The Bank of New York, in trust for registered holders of CHL Mortgage Pass-Through Trust 2004-24, Mortgage Pass-Through Certificates, Series 2004-24." Funds in the Supplemental Loan Account shall be held in trust for the Certificateholders for the uses and purposes set forth in this Agreement and shall not be a part of any REMIC created hereunder; provided, however, that any investment income earned from Permitted Investments made with funds in the Supplemental Loan Account shall be for the account of the Depositor.

Supplemental Mortgage Loan: Any Mortgage Loan other than an Initial Mortgage Loan conveyed to the Trust Fund pursuant to Section 2.01 hereof and to a Supplemental Transfer Agreement, which Mortgage Loan shall be listed on the revised Mortgage Loan Schedule delivered pursuant to this Agreement and on Schedule A to such Supplemental Transfer Agreement. When used with respect to a

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single Supplemental Transfer Date, Supplemental Mortgage Loan shall mean a Supplemental Mortgage Loan conveyed to the Trust Fund on that Supplemental Transfer Date.

Supplemental Transfer Agreement: A Supplemental Transfer Agreement substantially in the form of Exhibit P hereto, executed and delivered by the related Seller or Sellers, the Master Servicer, the Depositor and the Trustee as provided in Section 2.01 hereof.

Supplemental Transfer Date: For any Supplemental Transfer Agreement, the date the related Supplemental Mortgage Loans are transferred to the Trust Fund pursuant to the related Supplemental Transfer Agreement.

Targeted Balance: With respect to any group of Targeted Principal Classes or Components in the aggregate and any Distribution Date appearing in Schedule V hereto, the Aggregate Targeted Balance for such group and Distribution Date. With respect to any other Targeted Principal Class or Component and any Distribution Date appearing in Schedule V hereto, the applicable amount appearing opposite such Distribution Date for such Class or Component.

Targeted Principal Classes: As specified in the Preliminary

Statement.

**Tax Matters Person:** The person designated as "tax matters person" in the manner provided under Treasury regulation ss. 1.860F-4(d) and temporary Treasury regulation ss. 301.6231(a)(7)1T. Initially, the Tax Matters Person shall be the Trustee.

**Tax Matters Person Certificate:** The Class A-R Certificate with a Denomination of \$0.01.

**Transfer:** Any direct or indirect transfer or sale of any Ownership Interest in a Residual Certificate.

**Trust Fund:** The corpus of the trust created hereunder consisting of (i) the Mortgage Loans and all interest and principal received on or with respect thereto after the Cut-off Date to the extent not applied in computing the Cut-off Date Principal Balance thereof; (ii) the Certificate Account, the Distribution Account, the Supplemental Loan Account and the Capitalized Interest Account and all amounts deposited therein pursuant to the applicable provisions of this Agreement; (iii) property that secured a Mortgage Loan and has been acquired by foreclosure, deed-in-lieu of foreclosure or otherwise; and (iv) all proceeds of the conversion, voluntary or involuntary, of any of the foregoing.

**Trustee:** The Bank of New York and its successors and, if a successor trustee is appointed hereunder, such successor.

**Trustee Advance Rate:** With respect to any Advance made by the Trustee pursuant to Section 4.01(b), a per annum rate of interest determined as of the date of such Advance equal to the Prime Rate in effect on such date plus 5.00%.

**Trustee Fee:** As to any Distribution Date, an amount equal to one-twelfth of the Trustee Fee Rate multiplied by the sum of (i) the Pool Stated Principal Balance plus (ii) any amounts remaining in the Supplemental Loan Account (excluding any investment earnings thereon) with respect to such Distribution Date.

**Trustee Fee Rate:** With respect to each Mortgage Loan, the per annum rate agreed upon in writing on or prior to the Closing Date by the Trustee and the Depositor.

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**Underwriter's Exemption:** Prohibited Transaction Exemption 2002-41, 67 Fed. Reg. 54487 (2002), as amended (or any successor thereto), or any substantially similar administrative exemption granted by the U.S. Department of Labor.

**Underwriter(s):** As specified in the Preliminary Statement.

**Unscheduled Principal Distribution Amount:** As to any Distribution Date, an amount equal to the sum of (i) with respect to each Mortgage Loan that became a Liquidated Mortgage Loan during the calendar month preceding the month of such Distribution Date, the applicable Non-PO Percentage of the Liquidation Proceeds allocable to principal received with respect to such Mortgage Loan, (ii) the applicable Non-PO Percentage of the amount described in subclause (f) of clause (i) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date and (iii) any Subsequent Recoveries described in clause (ii) of the definition of "Non-PO Formula Principal Amount" for such Distribution Date.



affiliate of the Depositor or the Trustee and prepared by the Master Servicer pursuant to this Agreement will contain any untrue statement of a material fact or omit to state a material fact necessary to make such information, certificate, statement or report not misleading.

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### ARTICLE III

#### ADMINISTRATION AND SERVICING OF MORTGAGE LOANS

##### SECTION 3.01. Master Servicer to Service Mortgage Loans.

For and on behalf of the Certificateholders, the Master Servicer shall service and administer the Mortgage Loans in accordance with the terms of this Agreement and customary and usual standards of practice of prudent mortgage loan servicers. In connection with such servicing and administration, the Master Servicer shall have full power and authority, acting alone and/or through Subservicers as provided in Section 3.02 hereof, subject to the terms hereof (i) to execute and deliver, on behalf of the Certificateholders and the Trustee, customary consents or waivers and other instruments and documents, (ii) to consent to transfers of any Mortgaged Property and assumptions of the Mortgage Notes and related Mortgages (but only in the manner provided in this Agreement), (iii) to collect any Insurance Proceeds and other Liquidation Proceeds (which, for the purpose of this Section, includes any Subsequent Recoveries), and (iv) to effectuate foreclosure or other conversion of the ownership of the Mortgaged Property securing any Mortgage Loan; provided that the Master Servicer shall not take any action that is inconsistent with or prejudices the interests of the Trust Fund or the Certificateholders in any Mortgage Loan or the rights and interests of the Depositor, the Trustee and the Certificateholders under this Agreement. The Master Servicer shall represent and protect the interests of the Trust Fund in the same manner as it protects its own interests in mortgage loans in its own portfolio in any claim, proceeding or litigation regarding a Mortgage Loan, and shall not make or permit any modification, waiver or amendment of any Mortgage Loan which would cause any REMIC created hereunder to fail to qualify as a REMIC or result in the imposition of any tax under Section 860F(a) or Section 860G(d) of the Code. Without limiting the generality of the foregoing, the Master Servicer, in its own name or in the name of the Depositor and the Trustee, is hereby authorized and empowered by the Depositor and the Trustee, when the Master Servicer believes it appropriate in its reasonable judgment, to execute and deliver, on behalf of the Trustee, the Depositor, the Certificateholders or any of them, any and all instruments of satisfaction or cancellation, or of partial or full release or discharge and all other comparable instruments, with respect to the Mortgage Loans, and with respect to the Mortgaged Properties held for the benefit of the Certificateholders. The Master Servicer shall prepare and deliver to the Depositor and/or the Trustee such documents requiring execution and delivery by either or both of them as are necessary or appropriate to enable the Master Servicer to service and administer the Mortgage Loans to the extent that the Master Servicer is not permitted to execute and deliver such documents pursuant to the preceding sentence. Upon receipt of such documents, the Depositor and/or the Trustee shall execute such documents and deliver them to the Master Servicer. The Master Servicer further is authorized and empowered by the Trustee, on behalf of the Certificateholders and the Trustee, in its own name or in the name of the Subservicer, when the Master Servicer or the Subservicer, as the case may be, believes it appropriate in its best judgment to register any Mortgage Loan on the MERS(R) System, or cause the removal from the registration of any Mortgage Loan on the MERS(R) System, to execute and deliver, on behalf of the Trustee and the Certificateholders or any of them, any and all instruments of assignment and other comparable instruments with respect to such assignment or

re-recording of a Mortgage in the name of MERS, solely as nominee for the Trustee and its successors and assigns.

In accordance with the standards of the preceding paragraph, the Master Servicer shall advance or cause to be advanced funds as necessary for the purpose of effecting the payment of taxes and assessments on the Mortgaged Properties, which advances shall be reimbursable in the first instance from related collections from the Mortgagors pursuant to Section 3.06, and further as provided in Section 3.08. The costs incurred by the Master Servicer, if any, in effecting the timely payments of taxes and assessments on the Mortgaged Properties and related insurance premiums shall not, for the purpose of

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calculating monthly distributions to the Certificateholders, be added to the Stated Principal Balances of the related Mortgage Loans, notwithstanding that the terms of such Mortgage Loans so permit.

SECTION 3.02. Subservicing; Enforcement of the Obligations of Subservicers.

(a) The Master Servicer may arrange for the subservicing of any Mortgage Loan by a Subservicer pursuant to a subservicing agreement; provided, however, that such subservicing arrangement and the terms of the related subservicing agreement must provide for the servicing of such Mortgage Loans in a manner consistent with the servicing arrangements contemplated hereunder. Unless the context otherwise requires, references in this Agreement to actions taken or to be taken by the Master Servicer in servicing the Mortgage Loans include actions taken or to be taken by a Subservicer on behalf of the Master Servicer. Notwithstanding the provisions of any subservicing agreement, any of the provisions of this Agreement relating to agreements or arrangements between the Master Servicer and a Subservicer or reference to actions taken through a Subservicer or otherwise, the Master Servicer shall remain obligated and liable to the Depositor, the Trustee and the Certificateholders for the servicing and administration of the Mortgage Loans in accordance with the provisions of this Agreement without diminution of such obligation or liability by virtue of such subservicing agreements or arrangements or by virtue of indemnification from the Subservicer and to the same extent and under the same terms and conditions as if the Master Servicer alone were servicing and administering the Mortgage Loans. All actions of each Subservicer performed pursuant to the related subservicing agreement shall be performed as an agent of the Master Servicer with the same force and effect as if performed directly by the Master Servicer.

(b) For purposes of this Agreement, the Master Servicer shall be deemed to have received any collections, recoveries or payments with respect to the Mortgage Loans that are received by a Subservicer regardless of whether such payments are remitted by the Subservicer to the Master Servicer.

SECTION 3.03. Rights of the Depositor and the Trustee in Respect of the Master Servicer.

The Depositor may, but is not obligated to, enforce the obligations of the Master Servicer hereunder and may, but is not obligated to, perform, or cause a designee to perform, any defaulted obligation of the Master Servicer hereunder and in connection with any such defaulted obligation to exercise the related rights of the Master Servicer hereunder; provided that the Master Servicer shall not be relieved of any of its obligations hereunder by virtue of such performance by the Depositor or its designee. Neither the Trustee nor the Depositor shall have any responsibility or liability for any action or failure to act by the Master Servicer nor shall the Trustee or the Depositor

be obligated to supervise the performance of the Master Servicer hereunder or otherwise.

#### SECTION 3.04. Trustee to Act as Master Servicer.

In the event that the Master Servicer shall for any reason no longer be the Master Servicer hereunder (including by reason of an Event of Default), the Trustee or its successor shall thereupon assume all of the rights and obligations of the Master Servicer hereunder arising thereafter (except that the Trustee shall not be (i) liable for losses of the Master Servicer pursuant to Section 3.09 hereof or any acts or omissions of the predecessor Master Servicer hereunder), (ii) obligated to make Advances if it is prohibited from doing so by applicable law, (iii) obligated to effectuate repurchases or substitutions of Mortgage Loans hereunder including, but not limited to, repurchases or substitutions of Mortgage Loans pursuant to Section 2.02 or 2.03 hereof, (iv) responsible for expenses of the Master Servicer pursuant to Section 2.03 or (v) deemed to have made any representations and warranties of the Master Servicer hereunder). Any such assumption shall be subject to Section 7.02 hereof. If the Master Servicer shall for

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any reason no longer be the Master Servicer (including by reason of any Event of Default), the Trustee or its successor shall succeed to any rights and obligations of the Master Servicer under each subservicing agreement; provided, however, that, if Countrywide Home Loans Servicing LP shall no longer be the Master Servicer, Countrywide Home Loans Servicing LP shall thereafter continue to be entitled to receive the Excess Master Servicing Fee, and any successor servicer shall be entitled to receive only the Basic Master Servicing Fee.

The Master Servicer shall, upon request of the Trustee, but at the expense of the Master Servicer, deliver to the assuming party all documents and records relating to each subservicing agreement or substitute subservicing agreement and the Mortgage Loans then being serviced thereunder and an accounting of amounts collected or held by it and otherwise use its best efforts to effect the orderly and efficient transfer of the substitute subservicing agreement to the assuming party.

#### SECTION 3.05. Collection of Mortgage Loan Payments; Certificate Account; Distribution Account; Supplemental Loan Account; Capitalized Interest Account.

(a) The Master Servicer shall make reasonable efforts in accordance with the customary and usual standards of practice of prudent mortgage servicers to collect all payments called for under the terms and provisions of the Mortgage Loans to the extent such procedures shall be consistent with this Agreement and the terms and provisions of any related Required Insurance Policy. Consistent with the foregoing, the Master Servicer may in its discretion (i) waive any late payment charge or any prepayment charge or penalty interest in connection with the prepayment of a Mortgage Loan and (ii) extend the due dates for payments due on a Mortgage Note for a period not greater than 180 days; provided, however, that the Master Servicer cannot extend the maturity of any such Mortgage Loan past the date on which the final payment is due on the latest maturing Mortgage Loan as of the Cut-off Date. In the event of any such arrangement, the Master Servicer shall make Advances on the related Mortgage Loan in accordance with the provisions of Section 4.01 during the scheduled period in accordance with the amortization schedule of such Mortgage Loan without modification thereof by reason of such arrangements. The Master Servicer shall not be required to institute or join in litigation with respect to collection of any payment (whether under a Mortgage, Mortgage Note or otherwise or against any public or governmental

authority with respect to a taking or condemnation) if it reasonably believes that enforcing the provision of the Mortgage or other instrument pursuant to which such payment is required is prohibited by applicable law.

(b) The Master Servicer shall establish and maintain a Certificate Account into which the Master Servicer shall deposit or cause to be deposited no later than two Business Days after receipt (or, if the current long-term credit rating of Countrywide is reduced below "A-" by S&P or Fitch, or "A3" by Moody's, the Master Servicer shall deposit or cause to be deposited on a daily basis within one Business Day of receipt), except as otherwise specifically provided herein, the following payments and collections remitted by Subservicers or received by it in respect of Mortgage Loans subsequent to the Cut-off Date (other than in respect of principal and interest due on the Mortgage Loans on or before the Cut-off Date) and the following amounts required to be deposited hereunder:

(i) all payments on account of principal on the Mortgage Loans, including Principal Prepayments;

(ii) all payments on account of interest on the Mortgage Loans, net of the Basic Master Servicing Fee, Prepayment Interest Excess and any lender-paid mortgage insurance premiums and, for so long as Countrywide Home Loans Servicing LP is the Master Servicer, the related Excess Master Servicing Fee;

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(iii) all Insurance Proceeds, Subsequent Recoveries and Liquidation Proceeds, other than proceeds to be applied to the restoration or repair of the Mortgaged Property or released to the Mortgagor in accordance with the Master Servicer's normal servicing procedures;

(iv) any amount required to be deposited by the Master Servicer or the Depositor pursuant to Section 3.05(e) in connection with any losses on Permitted Investments for which it is responsible;

(v) any amounts required to be deposited by the Master Servicer pursuant to Section 3.09(c) and in respect of net monthly rental income from REO Property pursuant to Section 3.11 hereof;

(vi) all Substitution Adjustment Amounts;

(vii) all Advances made by the Master Servicer pursuant to Section 4.01; and

(viii) any other amounts required to be deposited hereunder.

In addition, with respect to any Mortgage Loan that is subject to a buydown agreement, on each Due Date for such Mortgage Loan, in addition to the monthly payment remitted by the Mortgagor, the Master Servicer shall cause funds to be deposited into the Certificate Account in an amount required to cause an amount of interest to be paid with respect to such Mortgage Loan equal to the amount of interest that has accrued on such Mortgage Loan from the preceding Due Date at the Mortgage Rate net of the Basic Master Servicing Fee and, for so long as Countrywide Home Loans Servicing LP is the Master Servicer, the related Excess Master Servicing Fee.

The foregoing requirements for remittance by the Master Servicer shall be exclusive, it being understood and agreed that, without limiting the generality of the foregoing, payments in the nature of prepayment penalties, late payment charges or assumption fees, if collected, need not be remitted by the Master Servicer. In the event that the Master Servicer shall remit any

amount not required to be remitted, it may at any time withdraw or direct the institution maintaining the Certificate Account to withdraw such amount from the Certificate Account, any provision herein to the contrary notwithstanding. Such withdrawal or direction may be accomplished by delivering written notice thereof to the Trustee or such other institution maintaining the Certificate Account which describes the amounts deposited in error in the Certificate Account. The Master Servicer shall maintain adequate records with respect to all withdrawals made pursuant to this Section. All funds deposited in the Certificate Account shall be held in trust for the Certificateholders (other than any funds attributed to any Excess Master Servicing Fee) until withdrawn in accordance with Section 3.08.

(c) [Reserved];

(d) The Trustee shall establish and maintain, on behalf of the Certificateholders, the Distribution Account. The Trustee shall, promptly upon receipt, deposit in the Distribution Account and retain therein the following:

(i) the aggregate amount remitted by the Master Servicer to the Trustee pursuant to Section 3.08(a)(ix);

(ii) any amount deposited by the Master Servicer or the Depositor pursuant to Section 3.05(e) in connection with any losses on Permitted Investments for which it is responsible; and

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(iii) any other amounts deposited hereunder which are required to be deposited in the Distribution Account.

In the event that the Master Servicer shall remit any amount not required to be remitted, it may at any time direct the Trustee to withdraw such amount from the Distribution Account, any provision herein to the contrary notwithstanding. Such direction may be accomplished by delivering an Officer's Certificate to the Trustee which describes the amounts deposited in error in the Distribution Account. All funds deposited in the Distribution Account shall be held by the Trustee in trust for the Certificateholders (other than any funds attributed to any Excess Master Servicing Fee) until disbursed in accordance with this Agreement or withdrawn in accordance with Section 3.08. In no event shall the Trustee incur liability for withdrawals from the Distribution Account at the direction of the Master Servicer.

(e) Each institution at which the Certificate Account, the Supplemental Loan Account, the Capitalized Interest Account or the Distribution Account is maintained shall invest the funds therein as directed in writing by the Master Servicer in Permitted Investments, which shall mature not later than (i) in the case of the Certificate Account, the Supplemental Loan Account or the Capitalized Interest Account, the second Business Day next preceding the related Distribution Account Deposit Date (except that if such Permitted Investment is an obligation of the institution that maintains such account, then such Permitted Investment shall mature not later than the Business Day next preceding such Distribution Account Deposit Date) and (ii) in the case of the Distribution Account, the Business Day next preceding the Distribution Date (except that if such Permitted Investment is an obligation of the institution that maintains such fund or account, then such Permitted Investment shall mature not later than such Distribution Date) and, in each case, shall not be sold or disposed of prior to its maturity. Each institution at which the Supplemental Loan Account is maintained shall invest the funds therein in Permitted Investments that satisfy the requirements of category (vi) of the definition thereof, which do not represent a direct issuance from the respective obligor and which mature and shall be reinvested daily. All such Permitted Investments shall be made in the name of the Trustee, for the

benefit of the Certificateholders. All income and gain net of any losses realized from any such investment of funds on deposit in the Certificate Account, or the Distribution Account shall be for the benefit of the Master Servicer as servicing compensation and shall be remitted to it monthly as provided herein. The amount of any realized losses in the Certificate Account or the Distribution Account incurred in any such account in respect of any such investments shall promptly be deposited by the Master Servicer in the Certificate Account or paid to the Trustee for deposit into the Distribution Account, as applicable. The amount of any losses in the Supplemental Loan Account or the Capitalized Interest Account incurred in respect of any such investments shall promptly be deposited by the Depositor in the Supplemental Loan Account or the Capitalized Interest Account, as applicable. All income or gain (net of any losses) realized from any such investment of funds on deposit in the Capitalized Interest Account shall be credited to the Capitalized Interest Account. The Trustee in its fiduciary capacity shall not be liable for the amount of any loss incurred in respect of any investment or lack of investment of funds held in the Certificate Account, the Capitalized Interest Account, the Supplemental Loan Account or the Distribution Account and made in accordance with this Section 3.05.

(f) The Master Servicer shall give notice to the Trustee, each Seller, each Rating Agency and the Depositor of any proposed change of the location of the Certificate Account prior to any change thereof. The Trustee shall give notice to the Master Servicer, each Seller, each Rating Agency and the Depositor of any proposed change of the location of the Distribution Account, the Capitalized Interest Account or the Supplemental Loan Account prior to any change thereof.

(g) The Trustee shall establish and maintain, on behalf of the Certificateholders, the Supplemental Loan Account. On the Closing Date Countrywide shall remit the Supplemental Amount to the Trustee for deposit in the Supplemental Loan Account. On each Supplemental Transfer Date, upon

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satisfaction of the conditions for such Supplemental Transfer Date set forth in Section 2.01(e), with respect to the related Supplemental Transfer Agreement, the Trustee shall pay to each Seller selling Supplemental Mortgage Loans to the Depositor on such Supplemental Transfer Date the portion of the Aggregate Supplemental Transfer Amount held in escrow pursuant to Section 2.01(e) as payment of the purchase price for the Supplemental Mortgage Loans sold by such Seller. If at any time the Depositor becomes aware that the Cut-off Date Stated Principal Balance of Supplemental Mortgage Loans reflected on any Supplemental Transfer Agreement exceeds the actual Cut-off Date Stated Principal Balance of the relevant Supplemental Mortgage Loans, the Depositor may so notify the Trustee and the Trustee shall redeposit into the Supplemental Loan Account the excess reported to it by the Depositor.

If any funds remain in the Supplemental Loan Account at the end of the Conveyance Period, to the extent that they represent earnings on the amounts originally deposited into the Supplemental Loan Account, the Trustee shall distribute them to the order of the Depositor. The remaining funds shall be transferred to the Distribution Account to be included as part of principal distributions to the Classes of Senior Certificates (other than the Class PO Certificates), to the extent of the Remaining Non-PO Supplemental Loan Amount, as applicable.

(h) The Trustee shall establish and maintain, on behalf of the Certificateholders, the Capitalized Interest Account. On the Closing Date, Countrywide shall remit the aggregate Capitalized Interest Requirement to the Trustee for deposit in the Capitalized Interest Account. On each Distribution Account Deposit Date related to a Conveyance Period Distribution Date, upon

satisfaction of the conditions for such Supplemental Transfer Date set forth in Section 2.01(e), with respect to the related Supplemental Transfer Agreement, the Trustee shall transfer from the Capitalized Interest Account to the Distribution Account an amount equal to the Capitalized Interest Requirement (which, to the extent required, may include investment earnings on amounts on deposit therein) with respect to the amount remaining in the Supplemental Loan Account for the related Distribution Date as identified by Countrywide in the Supplemental Transfer Agreement.

If any funds remain in the Capitalized Interest Account at the end of the Conveyance Period, the Trustee shall make the transfer described in the preceding paragraph if necessary for the remaining Conveyance Period Distribution Date and the Trustee shall distribute any remaining funds in the Capitalized Interest Account to the order of the Depositor.

SECTION 3.06. Collection of Taxes, Assessments and Similar Items;  
Escrow Accounts.

(a) To the extent required by the related Mortgage Note and not violative of current law, the Master Servicer shall establish and maintain one or more accounts (each, an "Escrow Account") and deposit and retain therein all collections from the Mortgagors (or advances by the Master Servicer) for the payment of taxes, assessments, hazard insurance premiums or comparable items for the account of the Mortgagors. Nothing herein shall require the Master Servicer to compel a Mortgagor to establish an Escrow Account in violation of applicable law.

(b) Withdrawals of amounts so collected from the Escrow Accounts may be made only to effect timely payment of taxes, assessments, hazard insurance premiums, condominium or PUD association dues, or comparable items, to reimburse the Master Servicer out of related collections for any payments made pursuant to Sections 3.01 hereof (with respect to taxes and assessments and insurance premiums) and 3.09 hereof (with respect to hazard insurance), to refund to any Mortgagors any sums determined to be overages, to pay interest, if required by law or the terms of the related Mortgage or Mortgage Note, to Mortgagors on balances in the Escrow Account or to clear and terminate the Escrow

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Account at the termination of this Agreement in accordance with Section 9.01 hereof. The Escrow Accounts shall not be a part of the Trust Fund.

(c) The Master Servicer shall advance any payments referred to in Section 3.06(a) that are not timely paid by the Mortgagors on the date when the tax, premium or other cost for which such payment is intended is due, but the Master Servicer shall be required so to advance only to the extent that such advances, in the good faith judgment of the Master Servicer, will be recoverable by the Master Servicer out of Insurance Proceeds, Liquidation Proceeds or otherwise.

SECTION 3.07. Access to Certain Documentation and Information  
Regarding the Mortgage Loans.

The Master Servicer shall afford each Seller, the Depositor and the Trustee reasonable access to all records and documentation regarding the Mortgage Loans and all accounts, insurance information and other matters relating to this Agreement, such access being afforded without charge, but only upon reasonable request and during normal business hours at the office designated by the Master Servicer.

Upon reasonable advance notice in writing, the Master Servicer will

provide to each Certificateholder and/or Certificate Owner which is a savings and loan association, bank or insurance company certain reports and reasonable access to information and documentation regarding the Mortgage Loans sufficient to permit such Certificateholder and/or Certificate Owner to comply with applicable regulations of the OTS or other regulatory authorities with respect to investment in the Certificates; provided that the Master Servicer shall be entitled to be reimbursed by each such Certificateholder and/or Certificate Owner for actual expenses incurred by the Master Servicer in providing such reports and access.

If Countrywide Home Loans Servicing LP is not acting as Master Servicer, the successor Master Servicer shall provide Countrywide Home Loans Servicing LP with such information as may be necessary to verify the amount of the Excess Master Servicing Fee for each Distribution Date. If a question should arise as to the proper amount of the Excess Master Servicing Fee, the successor Master Servicer shall provide Countrywide Home Loans Servicing LP with access to such books and records and personnel of the successor Master Servicer as may be necessary to establish the proper amount of the Excess Master Servicing Fee.

SECTION 3.08. Permitted Withdrawals from the Certificate Account and the Distribution Account.

(a) The Master Servicer may from time to time make withdrawals from the Certificate Account for the following purposes:

(i) to pay to the Master Servicer (to the extent not previously retained by the Master Servicer) the servicing compensation to which it is entitled pursuant to Section 3.14, and to pay to the Master Servicer, as additional servicing compensation, earnings on or investment income with respect to funds in or credited to the Certificate Account;

(ii) to reimburse each of the Master Servicer and the Trustee for unreimbursed Advances made by it, such right of reimbursement pursuant to this subclause (ii) being limited to amounts received on the Mortgage Loan(s) in respect of which any such Advance was made;

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(iii) to reimburse each of the Master Servicer and the Trustee for any Nonrecoverable Advance previously made by it;

(iv) to reimburse the Master Servicer for Insured Expenses from the related Insurance Proceeds;

(v) to reimburse the Master Servicer for (a) unreimbursed Servicing Advances, the Master Servicer's right to reimbursement pursuant to this clause (a) with respect to any Mortgage Loan being limited to amounts received on such Mortgage Loan(s) which represent late recoveries of the payments for which such advances were made pursuant to Section 3.01 or Section 3.06 and (b) for unpaid Basic Master Servicing Fees as provided in Section 3.11 hereof;

(vi) to pay to the purchaser, with respect to each Mortgage Loan or property acquired in respect thereof that has been purchased pursuant to Section 2.02, 2.03 or 3.11, all amounts received thereon after the date of such purchase;

(vii) to reimburse the Sellers, the Master Servicer or the Depositor for expenses incurred by any of them and reimbursable pursuant to Section 6.03 hereof;



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

(ix) on or prior to the Distribution Account Deposit Date, to withdraw an amount equal to the related Available Funds and the Trustee Fee (and, if Countrywide Home Loans Servicing LP is not the Master Servicer, an amount equal to the Excess Master Servicing Fee) for such Distribution Date and remit such amount to the Trustee for deposit in the Distribution Account; and

(x) to clear and terminate the Certificate Account upon termination of this Agreement pursuant to Section 9.01 hereof.

The Master Servicer shall keep and maintain separate accounting, on a Mortgage Loan by Mortgage Loan basis, for the purpose of justifying any withdrawal from the Certificate Account pursuant to such subclauses (i), (ii), (iv), (v) and (vi). Prior to making any withdrawal from the Certificate Account pursuant to subclause (iii), the Master Servicer shall deliver to the Trustee an Officer's Certificate of a Servicing Officer indicating the amount of any previous Advance determined by the Master Servicer to be a Nonrecoverable Advance and identifying the related Mortgage Loans(s), and their respective portions of such Nonrecoverable Advance.

(b) The Trustee shall withdraw funds from the Distribution Account for distributions to Certificateholders in the manner specified in this Agreement (and to withhold from the amounts so withdrawn, the amount of any taxes that it is authorized to withhold pursuant to the last paragraph of Section 8.11). In addition, the Trustee may from time to time make withdrawals from the Distribution Account for the following purposes:

(i) to pay to itself the Trustee Fee for the related Distribution Date;

(ii) to pay to the Master Servicer as additional servicing compensation earnings on or investment income with respect to funds in the Distribution Account;

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(iii) to withdraw and return to the Master Servicer any amount deposited in the Distribution Account and not required to be deposited therein;

(iv) to reimburse the Trustee for any unreimbursed Advances made by it pursuant to Section 4.01(b) hereof, such right of reimbursement pursuant to this subclause (iv) being limited to (x) amounts received on the related Mortgage Loan(s) in respect of which any such Advance was made and (y) amounts not otherwise reimbursed to the Trustee pursuant to Section 3.08(a)(ii) hereof;

(v) to reimburse the Trustee for any Nonrecoverable Advance previously made by the Trustee pursuant to Section 4.01(b) hereof, such right of reimbursement pursuant to this subclause (v) being limited to amounts not otherwise reimbursed to the Trustee pursuant to Section 3.08(a)(iii) hereof;

(vi) to clear and terminate the Distribution Account upon termination of the Agreement pursuant to Section 9.01 hereof; and

(vii) if Countrywide Home Loans Servicing LP is not the Master Servicer, to pay to Countrywide Home Loans Servicing LP the Excess Master Servicing Fee for the related Distribution Date.

## SECTION 3.09. Maintenance of Hazard Insurance; Maintenance of Primary Insurance Policies.

(a) The Master Servicer shall cause to be maintained, for each Mortgage Loan, hazard insurance with extended coverage in an amount that is at least equal to the lesser of (i) the maximum insurable value of the improvements securing such Mortgage Loan or (ii) the greater of (y) the outstanding principal balance of the Mortgage Loan and (z) an amount such that the proceeds of such policy shall be sufficient to prevent the Mortgagor and/or the mortgagee from becoming a co-insurer. Each such policy of standard hazard insurance shall contain, or have an accompanying endorsement that contains, a standard mortgagee clause. Any amounts collected by the Master Servicer under any such policies (other than the amounts to be applied to the restoration or repair of the related Mortgaged Property or amounts released to the Mortgagor in accordance with the Master Servicer's normal servicing procedures) shall be deposited in the Certificate Account. Any cost incurred by the Master Servicer in maintaining any such insurance shall not, for the purpose of calculating monthly distributions to the Certificateholders or remittances to the Trustee for their benefit, be added to the principal balance of the Mortgage Loan, notwithstanding that the terms of the Mortgage Loan so permit. Such costs shall be recoverable by the Master Servicer out of late payments by the related Mortgagor or out of Liquidation Proceeds or Subsequent Recoveries to the extent permitted by Section 3.08 hereof. It is understood and agreed that no earthquake or other additional insurance is to be required of any Mortgagor or maintained on property acquired in respect of a Mortgage other than pursuant to such applicable laws and regulations as shall at any time be in force and as shall require such additional insurance. If the Mortgaged Property is located at the time of origination of the Mortgage Loan in a federally designated special flood hazard area and such area is participating in the national flood insurance program, the Master Servicer shall cause flood insurance to be maintained with respect to such Mortgage Loan. Such flood insurance shall be in an amount equal to the least of (i) the outstanding principal balance of the related Mortgage Loan, (ii) the replacement value of the improvements which are part of such Mortgaged Property, and (iii) the maximum amount of such insurance available for the related Mortgaged Property under the national flood insurance program.

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(b) The Master Servicer shall not take any action which would result in non-coverage under any applicable Primary Insurance Policy of any loss which, but for the actions of the Master Servicer, would have been covered thereunder. The Master Servicer shall not cancel or refuse to renew any such Primary Insurance Policy that is in effect at the date of the initial issuance of the Certificates and is required to be kept in force hereunder unless the replacement Primary Insurance Policy for such canceled or non-renewed policy is maintained with a Qualified Insurer.

Except with respect to any Lender PMI Mortgage Loans, the Master Servicer shall not be required to maintain any Primary Insurance Policy (i) with respect to any Mortgage Loan with a Loan-to-Value Ratio less than or equal to 80% as of any date of determination or, based on a new appraisal, the principal balance of such Mortgage Loan represents 80% or less of the new appraised value or (ii) if maintaining such Primary Insurance Policy is prohibited by applicable law. With respect to the Lender PMI Mortgage Loans, the Master Servicer shall maintain the Primary Insurance Policy for the life of such Mortgage Loans, unless otherwise provided for in the related Mortgage Note or prohibited by law.

The Master Servicer agrees to effect the timely payment of the premiums on each Primary Insurance Policy, and such costs not otherwise

recoverable shall be recoverable by the Master Servicer from the related liquidation proceeds and Subsequent Recoveries.

(c) In connection with its activities as Master Servicer of the Mortgage Loans, the Master Servicer agrees to present on behalf of itself, the Trustee and Certificateholders, claims to the insurer under any Primary Insurance Policies and, in this regard, to take such reasonable action as shall be necessary to permit recovery under any Primary Insurance Policies respecting defaulted Mortgage Loans. Any amounts collected by the Master Servicer under any Primary Insurance Policies shall be deposited in the Certificate Account.

#### SECTION 3.10. Enforcement of Due-on-Sale Clauses; Assumption Agreements.

(a) Except as otherwise provided in this Section, when any property subject to a Mortgage has been conveyed by the Mortgagor, the Master Servicer shall to the extent that it has knowledge of such conveyance, enforce any due-on-sale clause contained in any Mortgage Note or Mortgage, to the extent permitted under applicable law and governmental regulations, but only to the extent that such enforcement will not adversely affect or jeopardize coverage under any Required Insurance Policy. Notwithstanding the foregoing, the Master Servicer is not required to exercise such rights with respect to a Mortgage Loan if the Person to whom the related Mortgaged Property has been conveyed or is proposed to be conveyed satisfies the terms and conditions contained in the Mortgage Note and Mortgage related thereto and the consent of the mortgagee under such Mortgage Note or Mortgage is not otherwise so required under such Mortgage Note or Mortgage as a condition to such transfer. In the event that the Master Servicer is prohibited by law from enforcing any such due-on-sale clause, or if coverage under any Required Insurance Policy would be adversely affected, or if nonenforcement is otherwise permitted hereunder, the Master Servicer is authorized, subject to Section 3.10(b), to take or enter into an assumption and modification agreement from or with the person to whom such property has been or is about to be conveyed, pursuant to which such person becomes liable under the Mortgage Note and, unless prohibited by applicable state law, the Mortgagor remains liable thereon, provided that the Mortgage Loan shall continue to be covered (if so covered before the Master Servicer enters such agreement) by the applicable Required Insurance Policies. The Master Servicer, subject to Section 3.10(b), is also authorized with the prior approval of the insurers under any Required Insurance Policies to enter into a substitution of liability agreement with such Person, pursuant to which the original Mortgagor is released from liability and such Person is substituted as Mortgagor and becomes liable under the Mortgage Note. Notwithstanding the foregoing, the Master Servicer shall not be deemed to be in default

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under this Section by reason of any transfer or assumption which the Master Servicer reasonably believes it is restricted by law from preventing, for any reason whatsoever.

(b) Subject to the Master Servicer's duty to enforce any due-on-sale clause to the extent set forth in Section 3.10(a) hereof, in any case in which a Mortgaged Property has been conveyed to a Person by a Mortgagor, and such Person is to enter into an assumption agreement or modification agreement or supplement to the Mortgage Note or Mortgage that requires the signature of the Trustee, or if an instrument of release signed by the Trustee is required releasing the Mortgagor from liability on the Mortgage Loan, the Master Servicer shall prepare and deliver or cause to be prepared and delivered to the Trustee for signature and shall direct, in writing, the Trustee to execute the assumption agreement with the Person to whom the Mortgaged Property is to be conveyed and such modification agreement or supplement to the Mortgage Note

or Mortgage or other instruments as are reasonable or necessary to carry out the terms of the Mortgage Note or Mortgage or otherwise to comply with any applicable laws regarding assumptions or the transfer of the Mortgaged Property to such Person. In connection with any such assumption, no material term of the Mortgage Note may be changed. In addition, the substitute Mortgagor and the Mortgaged Property must be acceptable to the Master Servicer in accordance with its underwriting standards as then in effect. Together with each such substitution, assumption or other agreement or instrument delivered to the Trustee for execution by it, the Master Servicer shall deliver an Officer's Certificate signed by a Servicing Officer stating that the requirements of this subsection have been met in connection therewith. The Master Servicer shall notify the Trustee that any such substitution or assumption agreement has been completed by forwarding to the Trustee the original of such substitution or assumption agreement, which in the case of the original shall be added to the related Mortgage File and shall, for all purposes, be considered a part of such Mortgage File to the same extent as all other documents and instruments constituting a part thereof. Any fee collected by the Master Servicer for entering into an assumption or substitution of liability agreement will be retained by the Master Servicer as additional servicing compensation.

SECTION 3.11. Realization Upon Defaulted Mortgage Loans; Repurchase of Certain Mortgage Loans.

(a) The Master Servicer shall use reasonable efforts to foreclose upon or otherwise comparably convert the ownership of properties securing such of the Mortgage Loans as come into and continue in default and as to which no satisfactory arrangements can be made for collection of delinquent payments. In connection with such foreclosure or other conversion, the Master Servicer shall follow such practices and procedures as it shall deem necessary or advisable and as shall be normal and usual in its general mortgage servicing activities and meet the requirements of the insurer under any Required Insurance Policy; provided, however, that the Master Servicer shall not be required to expend its own funds in connection with any foreclosure or towards the restoration of any property unless it shall determine (i) that such restoration and/or foreclosure will increase the proceeds of liquidation of the Mortgage Loan after reimbursement to itself of such expenses and (ii) that such expenses will be recoverable to it through Liquidation Proceeds (respecting which it shall have priority for purposes of withdrawals from the Certificate Account). The Master Servicer shall be responsible for all other costs and expenses incurred by it in any such proceedings; provided, however, that it shall be entitled to reimbursement thereof from the liquidation proceeds and Subsequent Recoveries with respect to the related Mortgaged Property, as provided in the definition of Liquidation Proceeds. If the Master Servicer has knowledge that a Mortgaged Property which the Master Servicer is contemplating acquiring in foreclosure or by deed in lieu of foreclosure is located within a 1 mile radius of any site listed in the Expenditure Plan for the Hazardous Substance Clean Up Bond Act of 1984 or other site with environmental or hazardous waste risks known to the Master Servicer, the Master Servicer will, prior to acquiring the Mortgaged Property, consider such risks and only take action in accordance with its established environmental review procedures.

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With respect to any REO Property, the deed or certificate of sale shall be taken in the name of the Trustee for the benefit of the Certificateholders, or its nominee, on behalf of the Certificateholders. The Trustee's name shall be placed on the title to such REO Property solely as the Trustee hereunder and not in its individual capacity. The Master Servicer shall ensure that the title to such REO Property references the Pooling and Servicing Agreement and the Trustee's capacity thereunder. Pursuant to its

efforts to sell such REO Property, the Master Servicer shall either itself or through an agent selected by the Master Servicer protect and conserve such REO Property in the same manner and to such extent as is customary in the locality where such REO Property is located and may, incident to its conservation and protection of the interests of the Certificateholders, rent the same, or any part thereof, as the Master Servicer deems to be in the best interest of the Certificateholders for the period prior to the sale of such REO Property. The Master Servicer shall prepare for and deliver to the Trustee a statement with respect to each REO Property that has been rented showing the aggregate rental income received and all expenses incurred in connection with the maintenance of such REO Property at such times as is necessary to enable the Trustee to comply with the reporting requirements of the REMIC Provisions. The net monthly rental income, if any, from such REO Property shall be deposited in the Certificate Account no later than the close of business on each Determination Date. The Master Servicer shall perform the tax reporting and withholding required by Sections 1445 and 6050J of the Code with respect to foreclosures and abandonments, the tax reporting required by Section 6050H of the Code with respect to the receipt of mortgage interest from individuals and any tax reporting required by Section 6050P of the Code with respect to the cancellation of indebtedness by certain financial entities, by preparing such tax and information returns as may be required, in the form required, and delivering the same to the Trustee for filing.

In the event that the Trust Fund acquires any Mortgaged Property as aforesaid or otherwise in connection with a default or imminent default on a Mortgage Loan, the Master Servicer shall dispose of such Mortgaged Property as soon as practicable in a manner that maximizes the Liquidation Proceeds thereof, but in no event later than three years after its acquisition by the Trust Fund. In that event, the Trustee shall have been supplied with an Opinion of Counsel to the effect that the holding by the Trust Fund of such Mortgaged Property subsequent to a three-year period, if applicable, will not result in the imposition of taxes on "prohibited transactions" of any REMIC hereunder as defined in section 860F of the Code or cause any REMIC hereunder to fail to qualify as a REMIC at any time that any Certificates are outstanding, the Trust Fund may continue to hold such Mortgaged Property (subject to any conditions contained in such Opinion of Counsel) after the expiration of such three-year period. Notwithstanding any other provision of this Agreement, no Mortgaged Property acquired by the Trust Fund shall be rented (or allowed to continue to be rented) or otherwise used for the production of income by or on behalf of the Trust Fund in such a manner or pursuant to any terms that would (i) cause such Mortgaged Property to fail to qualify as "foreclosure property" within the meaning of section 860G(a)(8) of the Code or (ii) subject any REMIC hereunder to the imposition of any federal, state or local income taxes on the income earned from such Mortgaged Property under Section 860G(c) of the Code or otherwise, unless the Master Servicer has agreed to indemnify and hold harmless the Trust Fund with respect to the imposition of any such taxes.

In the event of a default on a Mortgage Loan one or more of whose obligor is not a United States Person, as that term is defined in Section 7701(a)(30) of the Code, in connection with any foreclosure or acquisition of a deed in lieu of foreclosure (together, "foreclosure") in respect of such Mortgage Loan, the Master Servicer will cause compliance with the provisions of Treasury Regulation Section 1.1445-2(d)(3) (or any successor thereto) necessary to assure that no withholding tax obligation arises with respect to the proceeds of such foreclosure except to the extent, if any, that proceeds of such foreclosure are required to be remitted to the obligors on such Mortgage Loan.

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The decision of the Master Servicer to foreclose on a defaulted

Mortgage Loan shall be subject to a determination by the Master Servicer that the proceeds of such foreclosure would exceed the costs and expenses of bringing such a proceeding. The income earned from the management of any REO Properties, net of reimbursement to the Master Servicer for expenses incurred (including any property or other taxes) in connection with such management and net of unreimbursed Basic Master Servicing Fees, Advances and Servicing Advances, shall be applied to the payment of principal of and interest on the related defaulted Mortgage Loans (with interest accruing as though such Mortgage Loans were still current) and all such income shall be deemed, for all purposes in this Agreement, to be payments on account of principal and interest on the related Mortgage Notes and shall be deposited into the Certificate Account. To the extent the net income received during any calendar month is in excess of the amount attributable to amortizing principal and accrued interest at the related Mortgage Rate on the related Mortgage Loan for such calendar month, such excess shall be considered to be a partial prepayment of principal of the related Mortgage Loan.

The proceeds from any liquidation of a Mortgage Loan, as well as any income from an REO Property, will be applied in the following order of priority: first, to reimburse the Master Servicer for any related unreimbursed Servicing Advances and Basic Master Servicing Fees; second, to reimburse the Master Servicer for any unreimbursed Advances; third, to reimburse the Certificate Account for any Nonrecoverable Advances (or portions thereof) that were previously withdrawn by the Master Servicer pursuant to Section 3.08(a)(iii) that related to such Mortgage Loan; fourth, to accrued and unpaid interest (to the extent no Advance has been made for such amount or any such Advance has been reimbursed) on the Mortgage Loan or related REO Property, at the Adjusted Net Mortgage Rate to the Due Date occurring in the month in which such amounts are required to be distributed; and fifth, as a recovery of principal of the Mortgage Loan. Excess Proceeds, if any, from the liquidation of a Liquidated Mortgage Loan will be retained by the Master Servicer as additional servicing compensation pursuant to Section 3.14.

The Master Servicer, in its sole discretion, shall have the right to purchase for its own account from the Trust Fund any Mortgage Loan which is 151 days or more delinquent at a price equal to the Purchase Price; provided, however, that the Master Servicer may only exercise this right on or before the next to the last day of the calendar month in which such Mortgage Loan became 151 days delinquent (such month, the "Eligible Repurchase Month"); provided further, that any such Mortgage Loan which becomes current but thereafter becomes delinquent may be purchased by the Master Servicer pursuant to this Section in any ensuing Eligible Repurchase Month. The Purchase Price for any Mortgage Loan purchased hereunder shall be deposited in the Certificate Account and the Trustee, upon receipt of a certificate from the Master Servicer in the form of Exhibit N hereto, shall release or cause to be released to the purchaser of such Mortgage Loan the related Mortgage File and shall execute and deliver such instruments of transfer or assignment prepared by the purchaser of such Mortgage Loan, in each case without recourse, as shall be necessary to vest in the purchaser of such Mortgage Loan any Mortgage Loan released pursuant hereto and the purchaser of such Mortgage Loan shall succeed to all the Trustee's right, title and interest in and to such Mortgage Loan and all security and documents related thereto. Such assignment shall be an assignment outright and not for security. The purchaser of such Mortgage Loan shall thereupon own such Mortgage Loan, and all security and documents, free of any further obligation to the Trustee or the Certificateholders with respect thereto.

(b) The Master Servicer may agree to a modification of any Mortgage Loan (the "Modified Mortgage Loan") if (i) the modification is in lieu of a refinancing and (ii) the Mortgage Rate on the Modified Mortgage Loan is approximately a prevailing market rate for newly-originated mortgage loans having similar terms and (iii) the Master Servicer purchases the Modified Mortgage Loan from the Trust Fund as described below. Effective immediately after the modification, and, in any event, on the same Business Day on which the modification occurs, all interest of the Trustee in the Modified Mortgage

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Loan shall automatically be deemed transferred and assigned to the Master Servicer and all benefits and burdens of ownership thereof, including the right to accrued interest thereon from the date of modification and the risk of default thereon, shall pass to the Master Servicer. The Master Servicer shall promptly deliver to the Trustee a certification of a Servicing Officer to the effect that all requirements of this paragraph have been satisfied with respect to the Modified Mortgage Loan. For federal income tax purposes, the Trustee shall account for such purchase as a prepayment in full of the Modified Mortgage Loan.

The Master Servicer shall deposit the Purchase Price for any Modified Mortgage Loan in the Certificate Account pursuant to Section 3.05 within one Business Day after the purchase of the Modified Mortgage Loan. Upon receipt by the Trustee of written notification of any such deposit signed by a Servicing Officer, the Trustee shall release to the Master Servicer the related Mortgage File and shall execute and deliver such instruments of transfer or assignment, in each case without recourse, as shall be necessary to vest in the Master Servicer any Modified Mortgage Loan previously transferred and assigned pursuant hereto. The Master Servicer covenants and agrees to indemnify the Trust Fund against any liability for any "prohibited transaction" taxes and any related interest, additions, and penalties imposed on the Trust Fund established hereunder as a result of any modification of a Mortgage Loan effected pursuant to this subsection (b), any holding of a Modified Mortgage Loan by the Trust Fund or any purchase of a Modified Mortgage Loan by the Master Servicer (but such obligation shall not prevent the Master Servicer or any other appropriate Person from in good faith contesting any such tax in appropriate proceedings and shall not prevent the Master Servicer from withholding payment of such tax, if permitted by law, pending the outcome of such proceedings). The Master Servicer shall have no right of reimbursement for any amount paid pursuant to the foregoing indemnification, except to the extent that the amount of any tax, interest, and penalties, together with interest thereon, is refunded to the Trust Fund or the Master Servicer.

#### SECTION 3.12. Trustee to Cooperate; Release of Mortgage Files.

Upon the payment in full of any Mortgage Loan, or the receipt by the Master Servicer of a notification that payment in full will be escrowed in a manner customary for such purposes, the Master Servicer will immediately notify the Trustee by delivering, or causing to be delivered a "Request for Release" substantially in the form of Exhibit N. Upon receipt of such request, the Trustee shall promptly release the related Mortgage File to the Master Servicer, and the Trustee shall at the Master Servicer's direction execute and deliver to the Master Servicer the request for reconveyance, deed of reconveyance or release or satisfaction of mortgage or such instrument releasing the lien of the Mortgage in each case provided by the Master Servicer, together with the Mortgage Note with written evidence of cancellation thereon. The Master Servicer is authorized to cause the removal from the registration on the MERS System of such Mortgage and to execute and deliver, on behalf of the Trustee and the Certificateholders or any of them, any and all instruments of satisfaction or cancellation or of partial or full release. Expenses incurred in connection with any instrument of satisfaction or deed of reconveyance shall be chargeable to the related Mortgagor. From time to time and as shall be appropriate for the servicing or foreclosure of any Mortgage Loan, including for such purpose, collection under any policy of flood insurance, any fidelity bond or errors or omissions policy, or for the purposes of effecting a partial release of any Mortgaged Property from the lien of the Mortgage or the making of any corrections to the Mortgage Note or the Mortgage or any of the other documents included in the Mortgage File, the

Trustee shall, upon delivery to the Trustee of a Request for Release in the form of Exhibit M signed by a Servicing Officer, release the Mortgage File to the Master Servicer. Subject to the further limitations set forth below, the Master Servicer shall cause the Mortgage File or documents so released to be returned to the Trustee when the need therefor by the Master Servicer no longer exists, unless the Mortgage Loan is liquidated and the proceeds thereof are deposited in the Certificate Account, in which case the Master

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Servicer shall deliver to the Trustee a Request for Release in the form of Exhibit N, signed by a Servicing Officer.

If the Master Servicer at any time seeks to initiate a foreclosure proceeding in respect of any Mortgaged Property as authorized by this Agreement, the Master Servicer shall deliver or cause to be delivered to the Trustee, for signature, as appropriate, any court pleadings, requests for trustee's sale or other documents necessary to effectuate such foreclosure or any legal action brought to obtain judgment against the Mortgagor on the Mortgage Note or the Mortgage or to obtain a deficiency judgment or to enforce any other remedies or rights provided by the Mortgage Note or the Mortgage or otherwise available at law or in equity.

SECTION 3.13. Documents, Records and Funds in Possession of Master Servicer to be Held for the Trustee.

Notwithstanding any other provisions of this Agreement, the Master Servicer shall transmit to the Trustee as required by this Agreement all documents and instruments in respect of a Mortgage Loan coming into the possession of the Master Servicer from time to time and shall account fully to the Trustee for any funds received by the Master Servicer or which otherwise are collected by the Master Servicer as Liquidation Proceeds, Insurance Proceeds or Subsequent Recoveries in respect of any Mortgage Loan. All Mortgage Files and funds collected or held by, or under the control of, the Master Servicer in respect of any Mortgage Loans, whether from the collection of principal and interest payments or from Liquidation Proceeds and any Subsequent Recoveries, including but not limited to, any funds on deposit in the Certificate Account, shall be held by the Master Servicer for and on behalf of the Trustee and shall be and remain the sole and exclusive property of the Trustee, subject to the applicable provisions of this Agreement. The Master Servicer also agrees that it shall not create, incur or subject any Mortgage File or any funds that are deposited in the Certificate Account, Distribution Account or any Escrow Account, or any funds that otherwise are or may become due or payable to the Trustee for the benefit of the Certificateholders, to any claim, lien, security interest, judgment, levy, writ of attachment or other encumbrance, or assert by legal action or otherwise any claim or right of setoff against any Mortgage File or any funds collected on, or in connection with, a Mortgage Loan, except, however, that the Master Servicer shall be entitled to set off against and deduct from any such funds any amounts that are properly due and payable to the Master Servicer under this Agreement.

SECTION 3.14. Servicing Compensation.

As compensation for its activities hereunder, the Master Servicer shall be entitled to retain or withdraw from the Certificate Account an amount equal to the sum of the Basic Master Servicing Fee and the Excess Master Servicing Fee; provided, that the aggregate Basic Master Servicing Fee with respect to any Distribution Date shall be reduced (i) by an amount equal to the aggregate of the Prepayment Interest Shortfalls on all of the Mortgage Loans, if any, with respect to such Distribution Date, but not to exceed the Compensating Interest for such Distribution Date, and (ii) with respect to the



first Distribution Date, an amount equal to any amount to be deposited into the Distribution Account by the Depositor pursuant to Section 2.01(a) and not so deposited; provided further, that if a successor to Countrywide Home Loans Servicing LP shall be appointed as Master Servicer for any reason, the Excess Master Servicing Fee for each Distribution Date following such appointment shall be paid, pursuant to this Section 3.14, to Countrywide Home Loans Servicing LP pursuant to Section 3.08(b)(vii) hereof, and not to such successor to the Master Servicer.

Additional servicing compensation in the form of Excess Proceeds, Prepayment Interest Excess, prepayment penalties, assumption fees, late payment charges and all income and gain net of any losses realized from Permitted Investments shall be retained by the Master Servicer to the extent not

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required to be deposited in the Certificate Account pursuant to Section 3.05 hereof. The Master Servicer shall be required to pay all expenses incurred by it in connection with its master servicing activities hereunder (including payment of any premiums for hazard insurance and any Primary Insurance Policy and maintenance of the other forms of insurance coverage required by this Agreement) and shall not be entitled to reimbursement therefor except as specifically provided in this Agreement.

#### SECTION 3.15. Access to Certain Documentation.

The Master Servicer shall provide to the OTS and the FDIC and to comparable regulatory authorities supervising Holders and/or Certificate Owners and the examiners and supervisory agents of the OTS, the FDIC and such other authorities, access to the documentation regarding the Mortgage Loans required by applicable regulations of the OTS and the FDIC. Such access shall be afforded without charge, but only upon reasonable and prior written request and during normal business hours at the offices designated by the Master Servicer. Nothing in this Section shall limit the obligation of the Master Servicer to observe any applicable law prohibiting disclosure of information regarding the Mortgagors and the failure of the Master Servicer to provide access as provided in this Section as a result of such obligation shall not constitute a breach of this Section.

#### SECTION 3.16. Annual Statement as to Compliance.

The Master Servicer shall deliver to the Depositor and the Trustee on or before 80 days after the end of the Master Servicer's fiscal year, commencing with its 2004 fiscal year, an Officer's Certificate stating, as to the signer thereof, that (i) a review of the activities of the Master Servicer during the preceding calendar year and of the performance of the Master Servicer under this Agreement has been made under such officer's supervision and (ii) to the best of such officer's knowledge, based on such review, the Master Servicer has fulfilled all its obligations under this Agreement throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such default known to such officer and the nature and status thereof. The Trustee shall forward a copy of each such statement to each Rating Agency.

#### SECTION 3.17. Annual Independent Public Accountants' Servicing Statement; Financial Statements.

On or before 80 days after the end of the Master Servicer's fiscal year, commencing with its 2004 fiscal year, the Master Servicer at its expense shall cause a nationally or regionally recognized firm of independent public accountants (who may also render other services to the Master Servicer, a

Seller or any affiliate thereof) which is a member of the American Institute of Certified Public Accountants to furnish a statement to the Trustee and the Depositor to the effect that such firm has examined certain documents and records relating to the servicing of the Mortgage Loans under this Agreement or of mortgage loans under pooling and servicing agreements substantially similar to this Agreement (such statement to have attached thereto a schedule setting forth the pooling and servicing agreements covered thereby) and that, on the basis of such examination, conducted substantially in compliance with the Uniform Single Attestation Program for Mortgage Bankers or the Audit Program for Mortgages serviced for FNMA and FHLMC, such servicing has been conducted in compliance with such pooling and servicing agreements except for such significant exceptions or errors in records that, in the opinion of such firm, the Uniform Single Attestation Program for Mortgage Bankers or the Audit Program for Mortgages serviced for FNMA and FHLMC requires it to report. In rendering such statement, such firm may rely, as to matters relating to direct servicing of mortgage loans by Subservicers, upon comparable statements for examinations conducted substantially in compliance with the Uniform Single Attestation Program for Mortgage Bankers or the Audit Program for Mortgages serviced for FNMA and FHLMC (rendered within one year of such statement) of independent public

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accountants with respect to the related Subservicer. Copies of such statement shall be provided by the Trustee to any Certificateholder or Certificate Owner upon request at the Master Servicer's expense, provided that such statement is delivered by the Master Servicer to the Trustee.

#### SECTION 3.18. Errors and Omissions Insurance; Fidelity Bonds.

The Master Servicer shall for so long as it acts as master servicer under this Agreement, obtain and maintain in force (a) a policy or policies of insurance covering errors and omissions in the performance of its obligations as Master Servicer hereunder and (b) a fidelity bond in respect of its officers, employees and agents. Each such policy or policies and bond shall, together, comply with the requirements from time to time of FNMA or FHLMC for persons performing servicing for mortgage loans purchased by FNMA or FHLMC. In the event that any such policy or bond ceases to be in effect, the Master Servicer shall obtain a comparable replacement policy or bond from an insurer or issuer, meeting the requirements set forth above as of the date of such replacement.

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### ARTICLE IV

#### DISTRIBUTIONS AND ADVANCES BY THE MASTER SERVICER

##### SECTION 4.01. Advances.

(a) The Master Servicer shall determine on or before each Master Servicer Advance Date whether it is required to make an Advance pursuant to the definition thereof. If the Master Servicer determines it is required to make an Advance, it shall, on or before the Master Servicer Advance Date, either (i) deposit into the Certificate Account an amount equal to the Advance or (ii) make an appropriate entry in its records relating to the Certificate Account that any Amount Held for Future Distribution has been used by the Master Servicer in discharge of its obligation to make any such Advance. Any

(a) Except for transactions and activities entered into in connection with the securitization that is the subject of this Agreement, the Trust Fund created by this Agreement is not authorized and has no power to:

- (i) borrow money or issue debt;
- (ii) merge with another entity, reorganize, liquidate or sell assets; or
- (iii) engage in any business or activities.

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(b) Each party to this Agreement agrees that it will not file an involuntary bankruptcy petition against the Trustee or the Trust Fund or initiate any other form of insolvency proceeding until after the Certificates have been paid.

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IN WITNESS WHEREOF, the Depositor, the Trustee, the Sellers and the Master Servicer have caused their names to be signed hereto by their respective officers thereunto duly authorized as of the day and year first above written.

CWMBBS, INC.,  
as Depositor

By: /s/ Celia Coulter  
-----  
Name: Celia Coulter  
Title: Vice President

THE BANK OF NEW YORK,  
as Trustee

By: /s/ Courtney Bartholomew  
-----  
Name: Courtney Bartholomew  
Title: Vice President

COUNTRYWIDE HOME LOANS, INC.,  
as a Seller

By: /s/ Celia Coulter

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Name: Celia Coulter  
Title: Executive Vice President

PARK GRANADA LLC,  
as a Seller

By: COUNTRYWIDE FINANCIAL CORPORATION

By: /s/ Celia Coulter

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Name: Celia Coulter  
Title: Vice President

COUNTRYWIDE HOME LOANS SERVICING LP,  
as Master Servicer

By: COUNTRYWIDE GP, INC.

By: /s/ Celia Coulter

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Name: Celia Coulter  
Title: Senior Vice President

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Acknowledged solely with respect to its  
obligations under Section 4.01(b)

THE BANK OF NEW YORK, in its individual  
capacity

By: /s/ Paul Connolly

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Name: Paul Connolly  
Title: Vice President

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SCHEDULE I

Mortgage Loan Schedule

[Delivered at Closing to Trustee]