Presale Report
Toorak Mortgage Trust 2024-RRTL1

Morningstar DBRS
February 15, 2024

Contents

1 Credit Ratings
2 Transaction Parties and Relevant Dates
2 Transaction Summary
10 Credit Rating Rationale
10 Credit Analysis Details
17 Transaction Structure
19 Cash Flow Structure and Features
22 Cash Flow Analysis
23 Credit Rating Category Analysis
24 Aggregator
27 Originators and Subservicers
35 Securities Administrator
36 Third-Party Due Diligence
36 Representations and Warranties
37 Methodologies
38 Monitoring and Surveillance
39 Appendix A—Environmental, Social, and Governance (ESG) Factors
41 Appendix B—Scope and Meaning of Financial Obligations

Corina Gonzalez
+1 212 806-3926
corina.gonzalez@morningstar.com

Kartika Kankariya
+1 347 573-2476
kartika.kankariya@morningstar.com

Natalie Triana
+1 929 240-0156
natalie.triana@morningstar.com

Quincy Tang
+1 212 806-3256
quincy.tang@morningstar.com

Kathleen Tillwitz
+1 212 806-3265
kathleen.tillwitz@morningstar.com

Credit Ratings

Debt[1]	Class Balance ($)	Interest Rate[2]	Credit Enhancement (%)	Credit Rating	Credit Rating Action
Class A[3]	162,300,000	[_][3]	18.85	BBB (low) (sf)	New Rating - Provisional
Class A-1[4]	146,070,000	[_][5, 6]	26.97	A (low) (sf)	New Rating - Provisional
Class A-2[4]	16,230,000	[_][5, 6]	18.85	BBB (low) (sf)	New Rating - Provisional
Class M-1	10,600,000	[_][5]	13.55	BB (low) (sf)	New Rating - Provisional
Class B-1	19,100,000	[_][5]	4.00	B (low) (sf)	New Rating - Provisional
Class P	n/a	n/a	n/a	NR	n/a

Notes:
1. This table does not include the Class R Certificates, which are not rated by Morningstar DBRS. Class R is entitled to the residual interest.
2. All interest rates are floored at 0%.
3. Exchangeable Notes. This class may be exchanged for a proportionate share of the Exchange Notes (Class A-1 and Class A-2) and vice versa. The interest rate for Class A will be a pass-through rate of the aggregate Class A-1 and Class A-2 note interest payment amounts.
4. Exchange Notes. This class may be exchanged for a proportionate share of the Exchangeable Notes (Class A) and vice versa.
5. The interest rate for this class is the lesser of (i) the Net Weighted-Average Coupon (Net WAC) and (ii) the fixed rate listed in the table.
6. The fixed rate for this class steps up by 1.000% after the payment date in August 2026.

Transaction Parties and Relevant Dates

Transaction Parties	
Type	**Name**
Issuing Entity	Toorak Mortgage Trust 2024-RRTL1
Title of Series	Mortgage-Backed Notes, Series 2024-RRTL1
Sponsor and Servicer	Toorak Capital Partners LLC (Toorak)
Sellers	Toorak Capital Partners LLC Merchants Mortgage Trust & Corporation, LLC (Merchants)
Subservicers	Merchants Mortgage Trust & Corporation, LLC Servis One, Inc. dba BSI Financial Services (BSI) FCI Lender Services, Inc. (FCI) RCN Capital, LLC (RCN)
Originators	Merchants Mortgage Trust & Corporation, LLC Other Eligible Originators
Depositor	Toorak Mortgage Funding LLC
Securities Administrator and Paying Agent	Computershare Trust Company, N.A.
Indenture Trustee and Owner Trustee	Wilmington Savings Fund Society, FSB
Document Custodian	U.S. Bank National Association
Diligence Agent	Consolidated Analytics, Inc. (Consolidated)
Initial Purchasers	Morgan Stanley & Co. LLC Deutsche Bank Securities Inc. KKR Capital Markets LLC Performance Trust Capital Partners, LLC J.P. Morgan Securities, LLC

Relevant Dates	
Type	**Date**
Statistical Calculation Date	February 1, 2024
Initial Cut-Off Date	February 16, 2024
Additional Cut-Off Date	Cut-Off Date of the Additional Mortgage Loans
Closing Date	February 29, 2024
Payment Date	The 25th day of each month or the next business day, commencing in March 2024.
Legal Final Maturity	The Payment Date in February 2039.

Transaction Summary

Overview

DBRS, Inc. (Morningstar DBRS) assigned provisional credit ratings to Toorak Mortgage Trust 2024-RRTL1 (TRK 2024-RRTL1 or the Issuer), a securitization of a two-year revolving portfolio of residential transition loans (RTL) funded by the issuance of the Mortgage-Backed Notes, Series 2024-RRTL1 (the Notes). As of the Statistical Calculation Date[1], the Notes are backed by:

- 370 mortgage loans with a total principal balance of $158,448,508 and
- $41,551,492 in the Funding Account.

Additional RTL may be added to the revolving portfolio on future additional transfer dates, subject to the transaction’s eligibility criteria.

1. The collateral description and disclosure on the mortgage loans in this report reflect the approximate aggregate characteristics as of the Statistical Calculation Date unless otherwise specified.

TRK 2024-RRTL1 represents the ninth RTL securitization issued by the Sponsor, Toorak Capital Partners LLC, and the inaugural rated RTL securitization. Formed in 2016 and headquartered in Summit, New Jersey, Toorak is a mortgage loan aggregator that partners with third-party loan originators to acquire business purpose residential, multifamily, and mixed-use bridge and term loans. Toorak is the named Servicer for the transaction, and the loans will be subserviced by Merchants, BSI, FCI, and RCN. Merchants is the largest originator in the revolving portfolio and will subservice the Merchants-originated loans.

The revolving portfolio consists of first-lien, fixed-rate, interest only (IO) balloon RTL with original terms to maturity of five to 37 months. The loans also include extension options, which may lengthen maturities beyond the original terms. The characteristics of the revolving pool will be subject to eligibility criteria specified in the transaction documents and include:

- A minimum non-zero weighted-average (NZ WA) FICO score of 715.
- A maximum NZ WA As-Is Loan-to-Value (AIV LTV) ratio of 85.0%.
- A maximum NZ WA Loan-to-Cost (LTC) ratio of 85.0%.
- A maximum NZ WA As Repaired LTV (ARV LTV) ratio of 70.0%.

RTL Features

RTL, also known as fix-and-flip mortgage loans, are short-term bridge loans designed to help real estate investors purchase and renovate residential or small balance commercial properties (the latter is limited to 5.0% of the revolving portfolio), generally within 12 to 36 months. RTL are similar to traditional mortgages in many aspects but may differ significantly in terms of initial property condition, construction draws, and the timing and incentives by which borrowers repay principal. For traditional residential mortgages, borrowers are generally incentivized to pay principal monthly, so they can occupy the properties while building equity in their homes. In the RTL space, borrowers repay their entire loan amount when they (1) sell the property with the goal to generate a profit or (2) refinance to a term loan and rent out the property to earn income.

In general, RTL are short-term IO balloon loans with the full amount of principal due at maturity. Borrowers generally rely on the sale or refinancing of the related mortgaged properties to repay the balloon payment due at maturity. The repayment of an RTL is mainly based on the ability to sell the related mortgaged property or to convert it into a rental property. In addition, many RTL lenders offer extension options, which provide additional time for borrowers to repay their mortgage beyond the original maturity date. For the loans in this transaction, such extensions may be granted, subject to certain conditions, at the direction of the Servicer.

In the TRK 2024-RRTL1 revolving portfolio, RTL may be:

1. Fully funded:
   - With no obligation of further advances to the borrower,
   - With a portion of the loan proceeds allocated to a rehabilitation (rehab) escrow account for future disbursement to fund construction draw requests upon the satisfaction of certain conditions, or
   - With a portion of the loan proceeds allocated to an interest reserve escrow account for future disbursement to fund interest draw requests upon the satisfaction of certain conditions.
2. Partially funded:
   - With a commitment to fund construction draw requests upon the satisfaction of certain conditions.

After completing certain construction/repairs using their own funds, the borrower usually seeks reimbursement by making draw requests. Generally, construction draws are disbursed only upon the completion of approved construction/repairs and after a satisfactory construction progress inspection. Based on the TRK 2024-RRTL1 eligibility criteria, unfunded commitments are limited to 35.0% of the portfolio by unpaid principal balance (UPB).

Cash Flow Structure and Draw Funding

The transaction employs a sequential-pay cash flow structure. During the revolving period, the Notes will generally be IO. After the revolving period, or on the Redemption Date, principal will be applied to pay down the Notes, sequentially. If the Issuer does not redeem the Notes by the payment date in August 2026, the Class A-1 and A-2 fixed rates will step up by 1.000% (step up event).

There will be no advancing of delinquent (DQ) interest on any mortgage by the Servicer, the Subservicers, or any other party to the transaction. However, the Servicer is obligated to fund Servicing Advances which include:

- Customary amounts: taxes, insurance premiums, and reasonable costs incurred in the course of servicing and disposing properties
- Construction advances: borrower-requested draws for approved construction, repairs, restoration, and protection of the property
- Interest draw advances: for loans with interest reserve escrow accounts, borrower-requested draws to cover interest payments for the related mortgage loan, subject to certain conditions
- Purchase advances: amounts used to acquire additional mortgage loans up to 1.5% of the aggregate Class A-1 and A-2 Note amounts.

The Servicer will be entitled to reimburse itself for Servicing Advances from available funds prior to any payments on the Notes. Interest draw advances are related to certain loans that have mortgagor interest reserve escrow amounts that borrowers may draw upon and are unrelated to DQ interest payments.

Historically, Toorak's RTL acquisition portfolio has generated robust prepayments, which have been able to cover unfunded commitments. Nonetheless, the transaction incorporates a Funding Account during the revolving period, which is used to fund draws and purchase additional loans. A Reserve Account, which is used to fund purchases of additional loans solely from Merchants, is also available for the transaction.

During the revolving period, the Funding Account is replenished from the transaction cash flow waterfall, after payment of interest to the Notes, to maintain a minimum required funding balance. The Reserve Account is replenished from the Funding Account from time to time at the direction of the Depositor. Amounts held in the Funding Account and Reserve Account, along with the mortgage collateral, must be sufficient to maintain a maximum effective advance rate of 96.0%, which ensures a minimum level of overcollateralization for the bonds until the amortization period begins. During and after the revolving period, an Expense Reserve Account will be available to cover fees and expenses. The Expense Reserve Account is replenished from the transaction cash flow waterfall, before payment of interest to the Notes, to maintain a minimum reserve balance.

In the RTL space, because of the lack of amortization and the short term nature of the loans, voluntary prepayments (paydowns and payoffs) tend to occur closer to or at the related maturity dates when compared with traditional residential mortgages. In its analysis of historical RTL data, Morningstar DBRS considers both unscheduled and scheduled voluntary principal balance reductions in the construction of its cash flow stresses. In its cash flow analysis, Morningstar DBRS evaluates Toorak's historical paydowns relative to draw commitments and incorporates several stress scenarios where prepayments may or may not sufficiently cover draw commitments. Please see the Cash Flow Analysis section of this report for more details.

Other Transaction Features

The Issuer may be permitted to sell one or more mortgage loans in a discretionary sale, subject to certain conditions, for a price equal to the greater of (1) the UPB and (2) the fair market value of the mortgage loan.

Prior to the two-year anniversary of the Closing Date, the Issuer will not be permitted to sell all the loans in aggregate in one or more discretionary sales. On or after the two-year anniversary of the Closing Date, the Issuer, at the direction of 100% of the Class P Certificateholders, may sell all the loans in aggregate in a discretionary sale at the Redemption Price (Optional Redemption). The Redemption Price is equal to par plus interest and fees. The Redemption Date is the date on which the aggregate Notes are redeemed in full.

Similar to certain other issuers, each Seller will have the option to repurchase any related mortgage loan that becomes 60+ days DQ at a price equal to the UPB of the loan, as long as the UPB of the aggregate repurchased DQ mortgages do not exceed 10.0% of the cumulative principal balance of the mortgage loans. During the revolving period, if a Seller repurchases DQ loans, this could potentially delay the natural occurrence of an early amortization event based on the DQ trigger. Morningstar DBRS' revolving structure analysis assumes the repayment of Notes is reliant on the amortization of an adverse pool regardless of whether it occurs early or not.

As the Sponsor, Toorak, or one or more majority-owned affiliates, will retain a 5% eligible horizontal residual interest in the securities to satisfy the credit risk retention requirements.

Strengths

1. **Robust Pool Composition Defined by Eligibility Criteria**: The revolving portfolio is generally limited by the eligibility criteria, which incorporates guardrails that mitigate expansion of certain credit drivers. Some of the key guardrails include:
    - LTC, AIV LTV, and ARV LTV maximums and limits on tails.
    - FICO minimums and limits on tails.
    - Minimum borrower experience requirements for larger projects and limits on tails.
    - Minimum single-family residence property type.
    - A limit for higher property liquidity ratios (PLR).
    - Limits that decrease concentration risk, such as minimum loan count, single borrower limits, maximum loan sizes, maximum state concentrations, and maximum cross-collateralized (multiproperty) loan percentages.

    In its analysis, Morningstar DBRS created an adverse pool defined by the eligibility criteria to assess the expected loss on the revolving portfolio, which is discussed in more detail in the Credit Analysis Details section of this report.
2. **Historical Prepayments Versus Draw Rates**: Toorak provided historical paydown and draw information on its RTL acquisition portfolio, which reflected more than 18,000 loans spanning almost eight years. Such data demonstrated high prepayment speeds that consistently outpaced draw rates by a wide margin, indicating that RTL prepayments are sufficient to cover future construction draw requests in a securitization. Fast paydowns also bode well generally for RTL performance as the repayment of an RTL is dependent on the sale of the property or the refinancing of the mortgage. Across all acquisitions, the first three years from origination showed:
    - 12-month average constant prepayment rates (CPRs) of 45.0% to 66.9%.
    - 12-month average draw rates of 2.5% to 11.9%.

    2022 and 2023 vintage prepayments also showed extremely fast paydown patterns consistent with the earlier vintages, which suggest that RTL prepayments may be somewhat more resilient in a rising rate environment than traditional prime or non-Qualified Mortgage (non-QM) loans. In its cash flow analysis, Morningstar DBRS considered this historical data in its prepayment and draw rate assumptions, which are discussed in more detail in the Cash Flow Analysis section of this report.

3. **Solid Historical Performance with Favorable Resolutions**: Cumulative loss rates in the RTL space have generally been low. The Toorak RTL acquisition portfolio for one- to four-unit residential properties has historically experienced 15.8% of cumulative ever 60+ day DQ by UPB, and 82.7% of these loans reached certain resolutions. For loans resolved of ever being 60+ day DQ:
   - 73.8% paid in full.
   - 16.1% went through the foreclosure process.
   - 10.1% went through short sales.

   The high level of loans that paid off after becoming DQ may suggest that certain borrowers strategically default on their interest payments if there is a potential exit opportunity for the property. In addition, for RTL that went through the foreclosure process since inception, liquidation timelines were generally seven months faster than conventional foreclosure time frames specified by Fannie Mae. Morningstar DBRS considered this historical data in its liquidation and recovery timing assumptions, which are discussed in more detail in the Cash Flow Analysis section of this report.
4. **Satisfactory Third-Party Due-Diligence Review (TPR) Framework**: The Diligence Agent will review all loans in the revolving portfolio for conformance with the transaction eligibility criteria, which includes credit and property valuation reviews and data integrity checks; however, the Diligence Agent do not re-underwrite credit to assess RTL for the borrower's ability to repay the mortgage. Additional considerations for the TPR analysis include:
   - None of the initial mortgage loans had C or D grades for credit or valuation review. If the Diligence Agent gives an additional mortgage loan a C or D grade, such loan will be removed from the revolving portfolio within 60 days of the additional transfer date.
   - Property valuation review incorporates secondary valuations in the form of automated valuation models (AVMs) ordered by Toorak to support the AIV for 100.0% of the non-multifamily loans.
   - Morningstar DBRS conducted operational risk reviews on Toorak's aggregation platform and Merchants' origination platform and deems both to be acceptable.
   - In conjunction with its TPR analysis, Morningstar DBRS also reviewed Toorak's acquisition criteria in detail and assessed the sufficiency of the underwriting process.
   - Because RTL are business purpose investor loans, a regulatory compliance review was not performed.
5. **Structural Enhancements**: The sequential-pay structure incorporates credit enhancements of subordination, overcollateralization, and excess interest. During the revolving period, reserve accounts are in place to help fund construction draws, interest draws, and the purchase of additional mortgage loans. Another reserve account exists to cover transaction fees. Some of the accounts are funded upfront partially or in full and replenished from the cash flows of the transaction. The transaction also employs certain performance trigger events that can force early amortization. Prior to and including the Payment Date in August 2026, these performance triggers will also cause principal to be redirected to turbo down the Notes. Such trigger events include:
   - Three-month average 60+ DQ is greater than 10.0% for each of the last three months.
   - Three-month average default rate is greater than 5.0% for each of the last three months.

- Extensions longer than 12 months are greater than 10.0% for each of the last three months.
- Effective advance rate is greater than 96.0%.

In addition, after the Payment Date in August 2026, principal will be redirected to turbo down the Notes regardless of whether a trigger event has occurred or not.

Challenges and Mitigating Factors

1. **Funding of Future Construction Draws**: Some RTL have a portion of the maximum principal limit of the loan unfunded at origination. Throughout the life of the loan, an RTL borrower may submit construction draw requests to retrieve funds upon completion of budgeted rehab. Such draw amounts may be critical for the successful completion of the project. The Servicer, an unrated entity, will be responsible for funding future construction draw requests, as well as other Servicing Advances. Mitigating factors include:
   - The eligibility criteria limits unfunded commitment amounts to 35.0% of UPB.
   - The Servicer will be reimbursed for Servicing Advances, including construction advances, at the top of the cash flow waterfall after transaction counterparty fees are paid.
   - Historically, RTL prepayment speeds have far outpaced draw requests, which suggests that the transaction cash flows will likely be sufficient to cover future draws.
   - During the revolving period, amounts in the Funding Account will be available to reimburse the Servicer for construction advances. Such Funding Account will be replenished from the cash flow waterfall after interest payments to the Notes to maintain a minimum required funding balance.
   - Toorak, which serves as the Sponsor and the Servicer, has ultimate control over granting construction draw requests.
   - Construction draws are released only after certain conditions are met, which include completion of the budgeted rehab work, a satisfactory inspection, and proof of any required permitting/approvals.

   Notwithstanding the above mitigating factors, Morningstar DBRS tests prepayments and draw funding imbalances in its cash flow stresses.
2. **RTL Loan Characteristics**: By their very nature, RTL are mortgages made to investors to purchase, repair, and/or rehabilitate properties that may be in varying states of disrepair. The properties are generally unoccupied during the life of the loan while rehab is being completed. In addition, traditional income and employment documentation is not usually required in the underwriting of these loans. Finally, RTL are typically fixed-rate IO balloon loans with full repayment of principal due at maturity similar to commercial construction loans. In the traditional residential mortgage space, the affordability nature of crisis-era IO balloon products has resulted in truly adverse performance of such loans, and a large payment obligation at maturity may introduce the potential for severe payment shock in the event a property cannot be sold or refinanced in time. Mitigating factors include:
   - RTL underwriting incorporates other RTL-specific considerations, such as borrower experience (documented by completed sales), leverage ratios (LTC, AIV LTV, and ARV LTV), project size (in terms of rehab budget), and liquid reserves.

- RTL commonly have extension options, which may allow additional time for a borrower to sell the property or refinance the loan. Such extensions are subject to certain conditions and are granted at the discretion of the Servicer.

Notwithstanding the above mitigating factors, Morningstar DBRS considers investment property, IO balloon product type, and low documentation as baseline assumptions in its RTL analysis, which receives a considerable default penalty when compared with a traditional fully amortizing owner-occupied mortgage with full documentation.

3. **Representations and Warranties (R&W) Framework**: The R&W framework is substantially weaker than that of a post-crisis prime securitization. Instead of an automatic review when a loan becomes seriously DQ, this transaction employs remedies only when breaches are known or discovered. In addition, the R&W providers are the Sellers (Toorak and Merchants), which are both unrated entities. Mitigating factors include:
   - The Diligence Agent will review all loans in the revolving pool for credit and property valuation, as well as conduct data integrity checks. A comprehensive due-diligence review mitigates the risk of future R&W violations.
   - The Sponsor or majority-owned affiliate will retain a 5% horizontal residual interest in the aggregate fair value of the securities, aligning Sponsor and investor interest in the capital structure.
   - Morningstar DBRS conducted operational risk reviews on Toorak’s aggregation platform and Merchants’ origination platform and deems both to be acceptable.

   Notwithstanding the above mitigating factors, Morningstar DBRS reduced originator scores for all loans, which resulted in higher expected losses on the revolving portfolio.
4. **No Advances of Delinquent Interest**: The Servicer will not advance any scheduled interest on DQ mortgages. This will likely result in lower loss severities to the transaction than a full advancing framework because advanced interest will not have to be reimbursed from the Trust upon the liquidation of the mortgages. However, no advancing frameworks increase the possibility of periodic interest shortfalls to the Noteholders. Mitigating factors include:
   - Available funds are used to pay interest on the Notes, which include prepayments and scheduled principal due as loans mature.
   - Subordination levels are greater than expected losses, which may provide for payment of interest to the Notes.
   - Morningstar DBRS ran its standard cash flow scenarios that incorporate no interest advancing, which are discussed in more detail in the Cash Flow Analysis section of this report.

These strengths and challenges, along with other transaction details, will be discussed in depth in the relevant sections of this report.

Credit Rating Rationale

The Morningstar DBRS credit ratings of A (low) (sf), BBB (low) (sf), BB (low) (sf), and B (low) (sf) address the ultimate payment of interest and full repayment of principal by the legal final maturity date in accordance with the terms and conditions of the related securities. Morningstar DBRS based the credit ratings primarily on the following:

- The transaction's capital structure and the form and sufficiency of available credit enhancement.
- Relevant credit enhancement in the form of subordination. Credit enhancement levels are sufficient to support Morningstar DBRS-projected expected cumulative loss assumptions under various stressed cash flow assumptions for the rated classes.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the transaction documents.
- The originators' and servicers' capabilities with respect to originations, underwriting, servicing, and financial wherewithal.
- The credit quality of the collateral and the ability of the Servicer or Subservicers to perform collection activities on the collateral pool.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the Issuer and the consistency with the Morningstar DBRS *Legal Criteria for U.S. Structured Finance* methodology.
- Morningstar DBRS' credit ratings do not address statements regarding the likelihood or frequency of prepayments on the mortgage loans, allocation of any prepayment interest shortfalls, the payment of any Cap Carryover Amounts, or the likelihood that there may be interest shortfalls as a result of the occurrence of extraordinary trust expenses in any given month.
- For additional information on the meaning and scope of the financial obligations identified in these credit ratings, please see Appendix B.

Credit Analysis Details

Key Assumptions in Morningstar DBRS Analysis

The revolving portfolio consists of the initial mortgage loans as of the Statistical Calculation Date and additional mortgage loans that may be added on future additional transfer dates. To analyze the revolving portfolio, Morningstar DBRS makes the following assumptions:

- The transaction reaches its amortization period and the repayment of Notes is reliant on the amortization of an adverse pool.
- The adverse pool composition meets the transaction's eligibility criteria.
- The creation of the adverse pool considers Toorak's acquisition guidelines and historical data related to its previous RTL acquisitions.

Additional Mortgage Loans

Additional mortgage loans are subject to the following conditions:

- R&W specified in the related Mortgage Loan Sale Agreement must be satisfied.
- Must be an Eligible Mortgage Loan, which means the loan:
    - Complies with eligibility criteria.
    - Was originated in the ordinary course of business.
    - Is denominated in U.S. dollars.

- Seller must not select loans in a manner that is adverse to the interests of the Noteholders.
- The Document Custodian will have delivered an initial certification that acknowledges receipt of certain documents and identifies defective or missing documents.
- The Diligence Agent confirms within 30 days of the additional transfer date that the loan meets the eligibility criteria.

Initial Mortgage Loans and Eligibility Criteria for Additional Mortgage Loans

The table below highlights the key collateral attributes for the initial mortgage loans, as well as concentration limits and criteria for the additional mortgage loans.

Revolving Pool Attributes[1]	Initial Mortgage Loans[2]	Criteria for Additional Mortgage Loans	
Loan Count	370	Min	300
Original Principal Balance ($)	131,251,229	n/a	
Unpaid Principal Balance ($)	158,448,508	n/a	
Maximum Principal Balance ($)	182,796,846	n/a	
WA Pass Through Rate (%)	10.143	Min	9.250
Fixed Rate (%)	100.0	Min	100.0
IO (%)	100.0	Min	100.0
First Lien Position (%)	100.0	Min	100.0
Investment Property with Business Purpose Affidavit (%)	100.0	Min	100.0
Original Maturity Term > 24 months (%)	0.6	Max	10.0
Single Guarantor/Borrower Exposure (%)	3.7	Max	7.5
Cross-Collateralized Mortgaged Properties (%)[3]	2.0	Max	5.0
Wet Ink Mortgage Loans (%)	0.0	Max	0.0
Foreign National (%)	0.4	Max	5.0
FICO			
NZ WA FICO	731	Min	715
FICO < 660 (%)	7.0	Max	15.0
NZ WA FICO when FICO < 660	634	Min	620
FICO < 700 (%)	26.1	Max	30.0
NZ WA FICO when FICO < 700	668	Min	650
FICO < 700 and ARV LTV > 75% (%)	0.0	Max	5.0
FICO Not Available (%)	0.5	Max	3.0
Leverage (%)			
NZ WA AIV LTV	70.7	Max	85.0
AIV LTV > 80%	25.7	Max	45.0
NZ WA ARV LTV	63.8	Max	70.0
ARV LTV > 80%	0.0	Max	5.0
ARV LTV > 75%	0.9	Max	15.0
NZ WA LTC	76.2	Max	85.0
Project Size (%)			
Bridge Only	20.3	Max	30.0
Large & Heavy (Construction Budget 50+% of ARV)	4.9	Max	15.0
Ground-Up Construction	9.3	Max	10.0
Multifamily/Mixed Use Ground-Up Construction	0.0	Max	0.0
Property Liquidity Ratio[4]			
Single Family Residence PLR >3x (%)	2.3	Max	15.0

Revolving Pool Attributes[1]	Initial Mortgage Loans[2]	Criteria for Additional Mortgage Loans	
Borrower Experience			
Borrower Experience <3, Project Size <50% of ARV (%)	32.9	Max	40.0
Borrower Experience <3, Project Size >50% of ARV (%)	1.4	Max	10.0
Liquid Reserves ($)			
WA Liquid Reserves	n/a	n/a	
Extension (%)[5]			
Extension >12 months	0.0	Max	10.0
Draw Funding (%)			
Unfunded Commitment Amounts	14.4	Max	35.0
Loan Amount			
Original Loan Amount ($ million)	5.9	Max	7.5
Original Loan Amount > $1M (%)	23.3	Max	40.0
Original Loan Amount > $2M (%)	8.4	Max	20.0
Original Loan Amount > $3M (%)	3.7	Max	10.0
Property Type (%)			
Single Family (incl. PUD & TH)	80.9	Min	65.0
2 to 4 Family	16.1	Max	25.0
Multifamily 5+ and Mixed Use	0.6	Max	5.0
Loan Purpose (%)			
Cash-Out Refinance	24.5	Max	25.0
Geographic Concentration (%)			
State 1	24.6 (CA)	Max	50.0
State 2	10.0 (CO)	Max	30.0
State 3	9.4 (MA)	Max	20.0
Performance (when added to securitization) (%)			
Current Loans	100.0	Min	100.0
Modification	0.0	Max	0.0
Subservicing (%)			
RCN	9.0	Max	10%
Third Party Review Criteria			
TPR Sample Size (Credit and Property Valuation)	100.0	Min	100.0
TPR C and D Loan Grades	0.0	Max	0.0

Notes:
1The concentrations in the table reflect the percent of the mortgage loans in the revolving portfolio by the aggregate UPB.
2 The Initial Mortgage Loans figures are as reported in the transaction documents. Morningstar DBRS uses the eligibility criteria to create the adverse for its RTL analysis.
3 A cross collateralized loan refers to one loan backed by more than one property.
4 Morningstar DBRS uses Black Knight data to calculate the PLR, which differs from Toorak's PLR calculation, which uses Zillow data.
5 An amortization event will be triggered when extensions greater than 12 months exceed 10.0% of the revolving portfolio UPB for three consecutive months. In its adverse pool analysis, Morningstar DBRS considers potential extensions subject to the trigger event.

Adverse Pool

Morningstar DBRS created an adverse pool based on the eligibility criteria. The adverse pool includes loans with risk layers and barbelled distributions of certain characteristics. Morningstar DBRS also reviewed historical data on Toorak's acquisitions and its acquisition criteria to evaluate certain loan characteristics and create the adverse pool.

Morningstar DBRS used its proprietary RMBS Insight model to derive probability of default, loss severity, and expected loss assumptions for the TRK 2024-RRTL1 adverse pool. The figures below represent the default probabilities, loss severities, and expected losses on the portfolio, generally stepped up from the raw model results.

Morningstar DBRS Default Probability, Loss Severity, and Expected Loss for TRK 2024-RRTL1

Credit Rating	Probability of Default (%)	Loss Severity (%)	Expected Loss (%)
A (low) (sf)	44.34	55.26	24.50
BBB (low) (sf)	34.83	49.52	17.25
BB (low) (sf)	25.67	41.87	10.75
B (low) (sf)	12.63	25.74	3.25

Key Probability of Default Drivers for the Adverse Pool

LTV Ratios and Future Equity

The eligibility criteria incorporates maximum NZ WA AIV LTV, LTC, and ARV LTV ratios, as well as limits on higher LTV buckets. The adverse pool that Morningstar DBRS created has a barbelled distribution of AIV LTV and ARV LTV and considers the maximum NZ WA AIV LTV of 85.0% and maximum NZ WA ARV LTV of 70.0%.

In its RTL analysis, Morningstar DBRS uses both the AIV LTV and ARV LTV as inputs to assess default risk. The AIV LTV is generally calculated as (1) the initial loan amount excluding construction draws divided by (2) the AIV. The ARV LTV is generally calculated as (1) the maximum loan amount including construction draws divided by (2) the ARV.

The AIV and ARV for Toorak RTL are generally full appraisals, and a secondary value in the form of an AVM is typically ordered to support the AIV.

Morningstar DBRS calculates future equity (in two years) for every loan using its ZIP code-level base house price forecast model and applies additional market value decline (MVD) assumptions by rating category (described further in the Key Loss Severity Drivers section).

Property Liquidity Ratio

The PLR compares the ARV of the mortgaged property to a mean property value within the same ZIP code area provided by Black Knight. The ratio measures the marketability of the subject property. Higher PLR warrants a greater default penalty as the property may be considered expensive compared with an average house in the area and thus potentially more difficult to sell.

TRK 2024-RRTL1 has a concentration limit of 15.0% for loans with PLR greater than 3 times (x) using Zillow data, which is a different data source than what Morningstar DBRS uses in its PLR calculation. In conjunction with the eligibility criteria, Morningstar DBRS reviewed the PLR for Toorak's historical RTL acquisitions using Black Knight data and assumed a stressed PLR distribution in its adverse pool analysis.

Borrower Experience

In Morningstar DBRS' RTL analysis, borrower experience is measured by the number of qualifying rehab projects completed within the past 36 months. Qualifying projects may include rehab followed by property sales or conversion into a rental property (and a refinance of the RTL into a traditional mortgage). Borrowers with greater experience are considered less risky.

The eligibility criteria includes cross-bucket concentration limits, which considers borrower experience along with project size. Borrowers with lower experience (less than three projects) are limited to certain concentrations, depending on the project size. The adverse pool incorporates the borrower experience and project size cross-buckets.

Project Size

Project size is calculated as the ratio of the rehab budget amount to the ARV. This ratio measures the size and/or complexity of the project. Generally speaking, the larger and more complex the project, the riskier it is.

In addition to the cross-buckets with borrower experience, the eligibility criteria also dictates concentration limits solely on project size, which is incorporated in the adverse pool. Ground-up construction is limited as well, which is qualitatively considered in Morningstar DBRS' RTL analysis, in conjunction with project size.

Liquid Reserves

Borrowers, such as professional real estate investors and/or construction companies, may avail their liquid reserves to help fund initial property acquisition and support ongoing rehab/construction projects. Higher liquid reserves generally lead to lower default probabilities.

The eligibility criteria does not consider liquid reserves. Morningstar DBRS evaluated Toorak's acquisition criteria and historical liquid reserves requirements from the RTL dataset to make an assumption for the adverse pool.

Bridge Only

Bridge only loans are RTL with no repairs or rehab/construction, as evidenced by no project size or ARV. These loans may include RTL originated under bridge or stabilized bridge programs where mortgagors generally seek temporary financing of unrehabilitated properties before commencing construction or exploring other exit options. Some borrowers taking out such loans might have attempted to start the construction and ran into difficulties, causing the project timelines to extend.

Bridge only loans on properties that have been fully or substantially rehabilitated and are ready to be sold or leased at the time of origination may pose lower credit risk than the above-described bridge only loans.

The eligibility criteria limits bridge only and Morningstar DBRS evaluated the impact of bridge only loans on the adverse pool.

Extensions

Toorak RTL may be extended, which provides additional time for borrowers to repay their mortgage beyond the original maturity date. At its discretion, the Servicer may grant such extensions for (1) loans that have been otherwise performing or (2) loans where the borrower is making progress with the renovation project. In Morningstar DBRS' analysis, extensions are measured by the number of months the original loan term was extended. Although there may be some benefit to the borrower in providing a few extra months to sell or refinance their property, generally longer extensions are considered riskier because it could signify a borrower has run into trouble disposing of or refinancing the property.

Although extensions are not limited by the eligibility criteria, if extensions greater than 12 months exceed 10.0% of the revolving portfolio UPB for three months, an amortization event will be triggered. In its adverse pool analysis, Morningstar DBRS considers potential extensions subject to the trigger event.

Borrower Credit

The eligibility criteria minimum non-zero (NZ) WA FICO score of 715 indicates near-prime borrower credit profiles. Although FICO scores for the revolving pool can be as low as 575, the eligibility criteria also includes limits on lower FICO buckets and minimum NZ WA FICOs for those buckets. The adverse pool incorporates such NZ WA minimums and tail limits, which results in a barbelled distribution of FICO scores.

In Toorak's RTL acquisition guides, the credit score generally incorporates the primary guarantor's middle of three or lower of two FICO scores.

Concentration Risk

Morningstar DBRS measures concentration risk by a Herfindahl index calculated on both a geographic (metropolitan statistical area level) and loan-size basis. The concentration measure, along with credit quality, derives the level of asset correlation, which is an important factor in the determination of credit rating category stresses.

The TRK 2024-RRTL1 eligibility criteria limits several attributes, the result of which supports diversification of the loans and maintains a moderate level of concentration risk for the revolving pool. These factors include:

- Maximum geographic (state) concentrations.
- Minimum loan count.
- Maximum original loan amount.
- Maximum single borrower concentration.
- Maximum cross-collateralized (multiproperty) loan concentration.

For TRK 2024-RRTL1, Morningstar DBRS assumed an asset correlation that is elevated compared with a traditional residential mortgage-backed securities (RMBS) pool.

Additional Default Considerations for the Adverse Pool

Property Type

The eligibility criteria dictates minimum concentrations for single-family residences, including townhomes and planned unit developments, as well as maximum concentrations for two- to four-unit, multifamily, and mixed-use properties. Morningstar DBRS considered these limits in the creation of the adverse pool and applied default penalties for riskier property types accordingly.

Investment Properties

RTL borrowers are real estate investors who rehabilitate properties to sell for a profit or refinance to rent. Such properties are generally unoccupied throughout the life of the loans. Investor occupancy is a standard treatment in the Morningstar DBRS RTL model, but represents a default penalty when compared with traditional owner-occupied mortgages.

Product Type

In the revolving portfolio, RTL comprise fixed-rate first-lien mortgages with original terms to maturity of six to 36 months. All of the loans will be IO balloons with full principal repayment due at maturity. The affordability nature of crisis-era IO balloon products has resulted in truly adverse performance of such loans in the traditional mortgage space. In addition, a large payment obligation at maturity may introduce the potential for severe payment shock in the event a property cannot be sold or refinanced in time. In its RTL analysis, Morningstar DBRS considers IO balloon product types as baseline assumptions, which receive a default penalty when compared with traditional fully amortizing mortgage loans.

Key Loss Severity Drivers

Morningstar DBRS calculates loss severity as follows:

1. A recovery value is estimated from the statistical recovery model. To derive a recovery value, Morningstar DBRS first estimates an updated property value at liquidation, which includes the following considerations:
    - The number of months each subject loan takes to migrate through the delinquency, foreclosure, and real estate owned (REO) timeline;
    - A ZIP code-level house price forecast; and
    - An MVD stress by credit rating category.
2. Loss is calculated as the shortfall of recovery to loan balance outstanding.

MVD (by Credit Rating Level)

In its standard assumptions, Morningstar DBRS generally applies an MVD to all property values across all credit rating levels, ranging from 27% in the AAA scenario to 5% in the B scenario, as specified in its *RMBS Insight 1.3: U.S. Residential Mortgage-Backed Securities Model and Rating Methodology*.

Interest Advancing

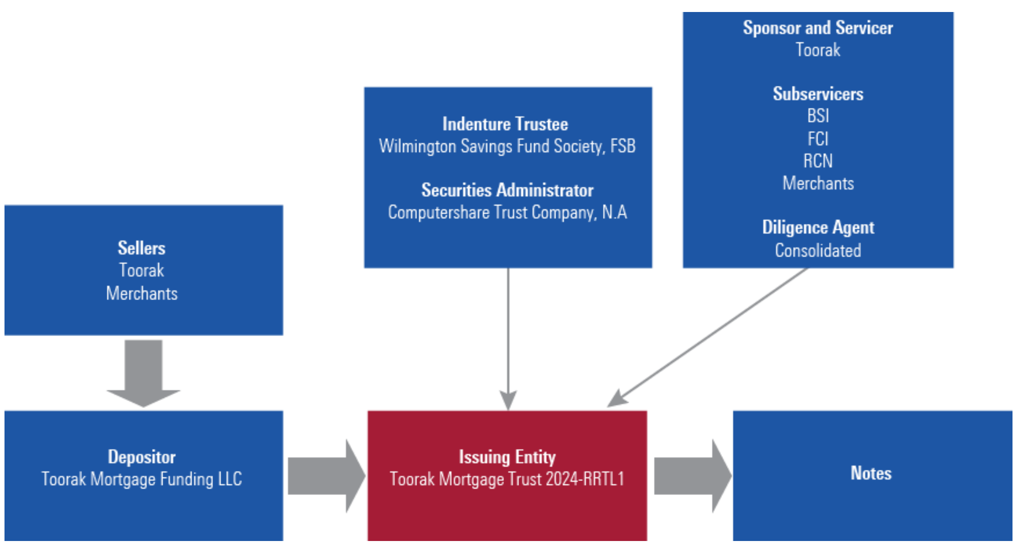
None of the transaction parties will advance scheduled interest on DQ mortgages. This will likely result in lower loss severities when compared with full advancing transactions because the advanced interest will not have to be reimbursed from the trust upon liquidation of the mortgages. However, generally, no advancing frameworks may also increase the possibility of periodic interest shortfalls to the securityholders.

To mitigate potential interest shortfalls, principal proceeds can be used to pay interest shortfalls to the securities. In addition, subordination levels are greater than expected losses, which may provide for payment of interest to the securities. Morningstar DBRS ran cash flow scenarios that incorporated no interest advancing for defaulted loans.

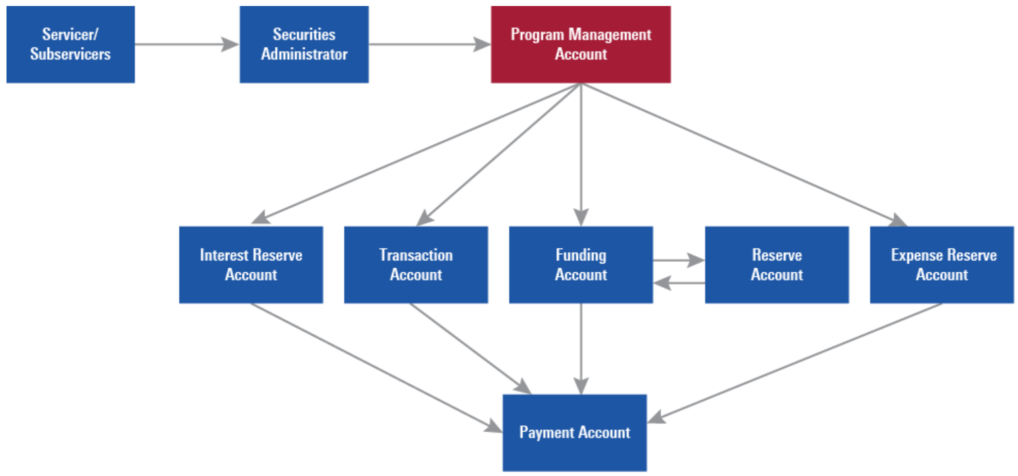
Qualified Mortgage Treatment

The portfolio comprises mortgages loans made to investors for business purposes and are not subject to the Qualified Mortgage/Ability-to-Repay rules.

Transaction Structure



Flow of Funds Summary



Account Descriptions

Program Management Account

The Program Management Account is an account that holds loan payoff amounts, regular interest remittances, and other fees and expenses. Loan payoff amounts and regular interest collections will be held for no longer than two business days in the Program Management Account before being transferred to the Transaction Account and Funding Account.

Transaction Account

The Transaction Account is an eligible account that holds funds to be used to (1) reimburse the Servicer for Servicing Advances (excluding construction draw advances, interest draw advances, and purchase advances) and (2) make payments according to the priority of payments. The Transaction Account is replenished from amounts transferred from the Program Management Account from time to time.

Funding Account

The Funding Account is an eligible account that exists only during the revolving period and holds funds to be used to (1) reimburse the Servicer for construction draw advances, interest draw advances, and purchase advances, (2) fund the purchase of additional mortgage loans, and (c) make payments according to the priority of payments as applicable. Funds may not be withdrawn from the Funding Account if it causes the effective advance rate to be greater than 96.0%. The Funding Account is replenished from the transaction cash flow waterfall, after payment of interest to the Notes, to maintain a minimum required funding balance. Once the revolving period ends, amounts in the Funding Account will be used to pay principal to the Notes in accordance with the priority of payments. Such account is funded upfront in an amount equal to $41,551,492.

Reserve Account

The Reserve Account is an eligible account that exists only during the revolving period and holds funds to be used to fund purchases of additional mortgage loans from Merchants. Funds may not be withdrawn from the Reserve Account if it causes the effective advance rate to be greater than 96.0%. The Reserve Account is replenished from the Funding Account at the direction of the Depositor. Once the revolving period ends, amounts in the Reserve Account will be moved to the Funding Account and then used to pay principal to the Notes in accordance with the priority of payments.

Interest Reserve Account

The Interest Reserve Account is an eligible account which holds amounts to be disbursed as Available Funds on or before the initial Payment Date. Such account is funded upfront in an amount equal to $1,700,000.

Expense Reserve Account

The Expense Reserve Account is an eligible account that holds amounts to cover transaction party fees paid at the top of the cash flow waterfall. Such account is funded upfront in an amount equal to $100,000. The Expense Reserve Account is replenished from the transaction cash flow waterfall, prior to payment of interest to the Notes, to maintain the minimum required reserve balance of $100,000 (Target Expense Reserve Balance).

Payment Account

The Payment Account is an eligible account that holds funds that are transferred from the Funding Account, Transaction Account, and Available Funds, as applicable. Amounts from the Payment Account will be disbursed in accordance with the priority of payments.

Cash Flow Structure and Features

Available Funds

For each related payment period, available funds will generally include:

- Payments of principal, interest, late payment fees, prepayment penalties, repurchase prices, and other proceeds

Net of:

- The amount of any fees payable to the Subservicers withheld from amounts remitted to the Program Management Account and any amounts representing reimbursement of Servicing Advances (including Construction Advances, Interest Draw Advances and Purchase Advances) made by or on behalf of the Servicer and
- The amount of any withdrawals from the Funding Account for the purpose of funding the purchase price of additional mortgage loans (directly or through reimbursement of Reserve Account advances) since the immediately preceding Payment Date (or, in the case of the first Payment Date, since the Closing Date).

Priority of Payments

Available funds will be applied in the following order of priority:

1. Pay transaction fees and expenses to the applicable transaction parties
2. Pay any unreimbursed Servicing Advances and other expenses to the Servicer
3. Pay the Servicer Fee:
    a. If Toorak is the Servicer:
        i. In an amount of any applicable fees, to the Subservicers
        ii. Any remainder, to Class P
    b. If Toorak is no longer the Servicer, to the replacement servicer
4. Pay any amounts needed to reach the Target Expense Reserve Balance to the Expense Reserve Account
5. Pay the related note interest payment amount and any unpaid interest amounts to Class A-1
6. Pay the Class A-1 Parity Principal Distribution Amount to Class A-1, until reduced to zero
7. Pay the related note interest payment amount and any unpaid interest amounts to Class A-2
8. Pay the Class A-2 Parity Principal Distribution Amount to Class A-1 and A-2, sequentially, until reduced to zero
9. Pay the related note interest payment amount and any unpaid interest amounts to Class M-1
10. Pay the Class M-1 Parity Principal Distribution Amount to Class A-1, A-2, and M-1, sequentially, until reduced to zero
11. Pay the related note interest payment amount and any unpaid interest amounts to Class B-1
12. During the revolving period, pay the lesser of (a) the remaining available funds and (b) the excess of (i) the required funding balance over (ii) the funding balance to the Funding Account
13. On the Redemption Date or after the revolving period, pay the principal payment amount to Class A-1, A-2, M-1, and B-1 sequentially as principal, until reduced to zero
14. From amounts otherwise payable to Class P, pay (a) an amount up to the aggregate Cap Carryover Amount for the Notes to the Cap Carryover Reserve Account and then (b) from amounts on deposit in the Cap Carryover Reserve Account, any unpaid Cap Carryover Amounts, to Class A-1, A-2, M-1, and Class B-1, sequentially
15. Pay (a) the excess subservicing fee to the applicable Subservicer via the Servicer and (b) any unpaid amounts beyond the annual cap to the applicable transaction parties, pro rata
16. Pay remaining amounts as set forth in the indenture to Class P, and
17. Pay remaining amounts in accordance with the trust agreement to Class R

In the event that the Exchange Notes have been exchanged for the Exchangeable Notes, such Exchangeable Notes will be paid in the same priority as the related Exchange Notes in accordance with the priority of payments. Such Exchange Notes are entitled to a proportionate share of the amounts otherwise allocable to the Exchangeable Notes.

Application of Losses

Realized losses and note write down amounts will not be applied to the Notes. To the extent that the transaction does not generate sufficient cashflow, any shortfalls or losses will be absorbed by the securities in a reverse sequential order (Class P, B-1, M-1, A-2, and A-1) at maturity.

Amortization Events

During the revolving period, the occurrence of an amortization event will cause the transaction structure to cease revolving and principal will be paid to the Notes in accordance with the priority of payments. After the revolving period until the Payment Date in August 2026, the occurrence of an amortization event will cause more principal to be redirected to more senior classes. Such amortization events include the following:

- Trigger events:
    - Three month average 60+ day DQ is greater than 10.0% for each of the last three months
    - Three month average default rate is greater than 5.0% for each of the last three months
    - Extensions longer than 12 months is greater than 10.0% for each of the last three months
    - Effective advance rate is greater than 96.0%.
- A Servicer default
- An event of default.

Revolving Period Termination Date

The revolving period ends on the revolving period termination date, which is the earlier of (1) the payment date in February 2026 and (2) an amortization event.

Parity Principal Distribution Amounts

In the event the transaction becomes undercollateralized, the parity principal distribution amounts are paid in accordance with the priority of payments in order to bring the applicable Note amounts into parity with the performing collateral balance. During the revolving period, undercollateralization would cause an early amortization event because it breaches the effective advance rate trigger, so parity principal distribution amounts would only be applied during the amortization period.

Principal Payment Amounts

During the revolving period, the Notes will not receive principal payment amounts. Once the revolving period ends, principal payment amounts will be paid to the Notes in accordance with the priority of payments.

The principal payment amount equals the excess of:

- (1) the Class A-1, A-2, M-1, and B-1 Note amounts minus (2) the Class A-1, A-2, and M-1 Parity Principal Distribution Amounts
  Over
- (1) the UPB minus (2) the required overcollateralization amount.

Step Up Event

A step up event will occur if the Issuer does not redeem the Notes on or prior to the Payment Date in August 2026. If a step up event occurs, the fixed rates for Class A-1 and A-2 will step up by 1.000% on the following Payment Date and the required overcollateralization amount changes, which causes more principal to be redirected to more senior classes, as described in the next section below.

Required Overcollateralization Amount

On or prior to a step up event or prior to an amortization event, the required overcollateralization amount is equal to the lower:

- $8,000,000, and
- the UPB plus amounts in the Funding Account and the Reserve Account.

After a step up event or on or after an amortization event, the required overcollateralization amount is equal to the UPB plus amounts in the Funding Account and the Reserve Account.

Cash Flow Analysis

Morningstar DBRS generally undertakes a detailed structural analysis that encompasses eight cash flow scenarios. The cash flow assumptions focus on the following risk factors:

- Prepayment speeds.
- Draw rates.
- Timing of defaults and liquidations.
- Interest rate stresses (when there is a mismatch between collateral and bond coupons).

Morningstar DBRS incorporates a dynamic cash flow analysis in its credit rating process. As indicated in the table below, a baseline of two prepayment scenarios under the Standard[2] Intex convention, two draw scenarios, one default timing curve, and one liquidation vector was applied to test the resilience of the rated classes. Recoveries were assumed to occur in the same period as liquidations. No interest stresses were run because the collateral is fixed-rate and the bonds are subject to Net WAC. Morningstar DBRS, therefore, ran a total of four cash flow scenarios at each credit rating level for this transaction.

2. Standard: The standard prepayment rate consists of voluntary prepayments only. The prepayment amount and default amount are applied to the loans independently.

Four Cash Flow Scenarios Applied by Morningstar DBRS for TRK 2024-RRTL1

Scenario	Prepayments (%)	Draw (%)	Default Timing	Liquidation Timing
1	15 CPR	10 CPR	RTL Default Timing Curve	3 to 18 months
2	15 CPR	20 CPR	RTL Default Timing Curve	3 to 18 months
3	40 CPR	10 CPR	RTL Default Timing Curve	3 to 18 months
4	40 CPR	20 CPR	RTL Default Timing Curve	3 to 18 months

For this transaction, the Servicer will not advance any interest payments on DQ mortgages to the securitization Trust. When performing cash flow analysis, Morningstar DBRS applied a default timing curve and a liquidation lag. This would result in principal and interest collections being shut off when loans default until they are liquidated. Additionally, WAC deterioration stresses were incorporated into the runs.

For a revolving structure, Morningstar DBRS assumes the eligibility criteria controls the risk exposure of the transaction throughout the revolving period. Morningstar DBRS then assesses the cash flows during the amortization period, assuming the adverse pool will exist once the revolving period ends. Morningstar DBRS reviewed Toorak’s eligibility criteria, historical paydowns, and historical draw rates to create collateral replines used in the cash flow analysis, as well as the prepayment and draw assumptions.

Credit Rating Category Analysis

Morningstar DBRS employs various home price assumptions in its credit analysis at each credit rating category. Although an important driver of defaults and loss severities, home prices alone do not necessarily warrant credit rating changes. Many other factors, including economic measures and prepayment behaviors, can also cause changes in transaction performance. Higher credit rating levels by design have the ability to withstand increasing stresses more than the lower credit rating levels.

Credit Rating Category Stresses

Morningstar DBRS incorporates home prices, asset correlation, and simulation in determining credit rating category stresses. Associated with each credit rating category is a home price or MVD scenario. All future house values are adjusted downward by this percentage. This adjustment is applied on top of the base house price forecast. The table below illustrates the MVD assumptions for each credit rating category, as specified in Morningstar DBRS’ U.S. RMBS credit rating methodology.

Market Value Decline by Credit Rating Category

Credit Rating Category	Market Value Decline (%)
AAA (sf)	27
AA (sf)	22
A (sf)	18
BBB (sf)	14
BB (sf)	8
B (sf)	5

Asset correlation is determined by the level of concentration (in geography and loan size) and credit quality. A simulation approach is used to determine the portfolio-level distribution of default and recovery. Simulations are run until the probability of exceeding the estimated credit rating stress level is less than a target value, or confidence interval, as established by the Morningstar DBRS idealized default table.

Aggregator

Toorak Capital Partners LLC

Morningstar DBRS conducted a review of Toorak's residential mortgage platform and believes the company is an acceptable mortgage loan aggregator.

Toorak, a privately owned company formed in 2016, acquires business purpose loans secured by residential and small multifamily properties originated to its proprietary guidelines through a nationwide network of correspondents. Toorak's loan programs include residential and multifamily/mixed-use RTL (also known as bridge loans), ground-up construction, intermediate-term investor loans, and 30-year investor loans based on debt service coverage ratio (DSCR). With offices in Summit, New Jersey, and Tampa, Florida, Toorak also has a wholly owned subsidiary, Toorak Capital Partners (UK) LTD, that is based in and acquires RTL loans in the UK. Toorak is funded with more than $500 million in capital commitments from entities managed by KKR, a leading global investment firm with $420 billion in assets under management.

Since inception through December 31, 2023, Toorak has acquired more than 30,000 business purpose loans totaling over $12.0 billion in 47 states and the UK. The company has more than $3.1 billion in assets under management and is composed of 54% U.S. RTL, 31% U.S. DSCR, and 13% UK RTL. To date, the company has issued 12 residential RTL and DSCR loan securitizations totaling over $3.0 billion.

Toorak's senior management team averages 25 years of industry experience and four years with the company. As of December 31, 2023, the company had approximately 115 dedicated full-time equivalent (FTE) employees, including 46 in the U.S., four in the UK, and approximately 65 dedicated FTEs at Finac Plus Outsourcing Private Limited (Finac) in Hyderabad, India, who perform back office functions. The Finac staff is integrated into the company's U.S.-based teams and managed by U.S.-based managers. All key decision-making functions are performed in the U.S. Toorak employees and Finac staff receive annual training including compliance coursework of 20 hours. In addition, Toorak offers optional training sessions that focus on specific operational areas within the company.

Toorak acquires closed loans through its nationwide network of more than 100 approved (38 active correspondents) in the U.S. Prospective new correspondents are reviewed by Toorak with assistance from a third-party consultant. The correspondent review process includes origination channels, marketing strategy, underwriting process, collateral valuation approach, property management experience, background checks on the company and key principals, licensing and regulatory compliance, performance history, and a review of loan documentation forms.

Approved correspondents submit loans to Toorak for a prescreening review. Toorak reviews the loan data with a proprietary model that verifies the loan meets its program guidelines. Toorak also checks the property and appraisal, using comparables for the loan type and property attributes. If a loan is approved following the prescreening review, a third-party due diligence vendor performs a full review of the loan including data integrity, credit underwriting, and valuation. For the data integrity check, the due diligence vendor compares source documents from the closing and underwriting files with the loan data to identify and report any variances for correction. The credit underwriting review includes a comparison with underwriting criteria, a borrower/guarantor credit and background check, confirmation of insurance requirements and a fraud review. Appraisals are reviewed for compliance with guideline requirements and to confirm that the valuation is supported. Following the due diligence vendor's review, Toorak completes a validation of the vendor's results as well as key data fields prior to acquiring the loan. Any exceptions to program guidelines must be approved by Toorak and are subject to additional pricing adjustments. In addition to a 100% prefunding review by the due diligence vendor, Toorak performs a post-closing quality control (QC) review on a random sample of 10% of monthly acquisitions.

Appraisals and broker price opinions are obtained by originators from appraisal management companies (AMCs) or directly from appraisers that are approved by Toorak and are Uniform Standards of Professional Appraisal Practice (USPAP) and Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) compliant. For each property, a supplemental valuation report, such as an AVM, is also obtained. Appraisals for one- to four-family properties must conform to Fannie Mae and Freddie Mac guidelines. For vacant properties, rent estimates submitted as part of the loan application are compared with the rent estimate listed on the appraisal addendum. All appraisals and supplemental valuations are reviewed by Toorak's loan acquisitions team. Properties with a 10% adverse variance between the appraisal and AVM, or where no AVM is available, are subject to a desktop review by a dedicated valuation specialist that has 30 years' experience as a licensed appraiser, and the reconciled value is used for the LTV calculation.

Toorak also oversees various tasks performed by the subservicers of the loans in its portfolio. The company's oversight includes setup and onboarding of loans to the relevant servicing systems, establishing delegated authority, curing of DQ loans, overseeing protective escrow advances, approving extensions of loans, reviews of full and partial payoffs, and administering the draws on RTL/bridge loans. Toorak makes critical workout decisions (e.g., reinstatement, extensions, forbearance, short sale, etc.) on DQ loans and determines the appropriate action steps for each subservicer. The company also manages all REO activities supporting all property types.

ToorakConnect is the company's proprietary loan purchase system that guides the loan buying process from submission to purchase. Loan sellers can use the company's portal to submit loans and access loan information through the acquisition lifecycle. The company has instituted machine learning for automatic tagging and extraction of information from loan documents to facilitate the loan review process. Toorak's IT infrastructure is managed by a third-party service provider. All back office data is backed up in a Microsoft Azure cloud hosting solution with integrated storage and security. In addition, all data is stored on Toorak's distributed, redundant servers. Disaster recovery and business continuity tests are performed annually, with last successful test being conducted in the first quarter of 2023.

Toorak Acquisition Criteria

Characteristic	Criteria
Maximum LTARV	50%-75% depending on experience, rehab, and purpose
Maximum LTAIV	60%-85% depending on experience, rehab, bridge, and purpose
Maximum LTC	60%-85% depending on experience, bridge, and purpose
Minimum FICO	650
Minimum Loan Amount	Single Family/Condo: $50k 2-4 Family: $75k
Maximum Loan Amount	$2MM (up to $7.5MM in some cases)
Loan Type	FRM, ARM
Loan Features	IO Balloon
Loan Terms	12 months (24 months if approved by Toorak)
Extensions	Permitted
Construction Holdback	Released only after inspection and review process is complete
Interest Reserve Account	Required for certain loans, depending on borrower liquidity
Minimum Reserves	6 months IO payment + 10% of rehab loan amount + other applicable conditions
Asset Verification	1-2 months account statements
Mortgage History	No current DQ 0x120+x24
Prior Bankruptcy	36 months
Prior Foreclosure	36 months
Prior Deed-in-Lieu	36 months
Prior Short Sale	36 months
Property Type	• Single-family residences • 2-4 family residences • Condominiums • Townhomes
Asset Documentation	• Bank, money market, closing escrow or securities account statement • Cash value of a life insurance or annuity policy • 50% of the value of 401(k) or IRA plans • 10% of cash out loan proceeds • Trust/business assets • Written verification of deposit, completed by the financial institution • Personal income
Credit Report/Score	Middle of three, lower of two of Primary Guarantor
Age of Credit Report/Score	90 days of loan origination
Appraisals	• Interior Appraisal • Hybrid Appraisal for loan amounts <$750k
Age of Appraisals	5 months of closing
Borrowing Entity	A legal entity domiciled in the United States or one or more natural persons who are not Foreign Nationals Foreign National guarantors are allowed (with approved U.S. legal entity)
Prepay Penalties	6 months prepay penalty permitted
Cross Collateralized Loans	One loan backed by multiple properties permitted

Characteristic	Criteria
Cross Collateralized Loans—Collateral Release	• 125% of allocated max loan amount • Condo: max (125% of allocated max loan amount, 90% of gross sale proceeds)

Originators and Subservicers

Originator and Subservicer: Merchants Mortgage & Trust Corporation, LLC

Morningstar DBRS performed a phone review of Merchants' residential mortgage origination and servicing platform and believes the company is an acceptable mortgage loan originator and subservicer.

Merchants, a privately owned company formed in 1961, originates and finances first-mortgage business purpose loans to real estate investors on non-owner-occupied investment properties. In January 2022, Roemanu LLC (Roemanu), a Delaware limited liability company that is funded with capital commitments from entities managed by KKR & Co, Inc., acquired Merchants. The company offers lending products secured by one- to four-family residences through five primary programs, which include RTL, fix-and-hold loans, single-family rental, construction, and multifamily products (five or more units). The company primarily originates RTL that are predominantly used for property rehabilitation directly to private investors. Merchants has originated more than 2,200 loans with an aggregate balance of approximately $1 billion during the past two years. As of August 31, 2023, the portfolio consisted of approximately 739 outstanding loans totaling $360 million of UPB, 94% of which are RTL, 4% ground-up construction, and the remaining 2% consisting of multifamily, commercial, land, or other loan types.

Merchants is headquartered in Greenwood Village, Colorado, and, as of September 30, 2023, employs approximately 54 FTE employees in the U.S. and has four dedicated FTEs at an outsourcing company in Hyderabad who perform various back office functions. All employees are required to complete compliance and risk management training annually, which includes cybersecurity and anti-money laundering. Training for each job-specific role is performed by the applicable supervisors/managers for each department.

The company is led by an experienced executive management team and staffed with employees that have strong mortgage, construction management, and credit experience. The executive management team currently averages more than 23 years of industry experience and has grown since the 2022 Roemanu acquisition, with changes to the heads of operations, credit, IT, and marketing.

Merchants maintains an adequate internal control environment. The company uses its internal procedures as a means to monitor and maintain proper quality control. This process includes conducting checks and balances between the accounting, operations, and processing departments. The operations department performs both pre- and post-closing quality reviews prior to selling each loan. Merchants does not have a formal internal audit staff but successfully completed a Uniform Single Attestation Program (USAP) audit in September 2023. Legal staff and external counsel ensure that the company is complying with applicable laws.

Merchants originates loans directly to borrowers in 41 states and the District of Columbia. The company uses a full spectrum of marketing initiatives (direct mail, social/google targeting, event sponsorship, exposure at industry events, and social awareness programs) to develop client relationships and increase production. In addition, the company has a dedicated research coordinator on staff to conduct data mining and client research efforts. While Merchants does not currently source many loans through brokers, a referral program is currently under development.

Merchants uses FICS' Loan Producer system for its loan origination activities. The company performs all underwriting activities centrally at its Colorado home office location. Prospective borrowers submit loan applications, which support acquiring properties that typically involve undertaking renovation work. Merchants' loan offerings are designed for borrowers who generally have good credit histories, the ability to service the debt either from future income or existing liquidity, and prior renovation experience with a reasonable plan for the property's rehabilitation. The company uses this information, in addition to the borrower's credit score, to determine the appropriate loan-to-cost and LTV ratios in the approval process. Each borrower is generally required to provide a written, itemized estimate of improvements contemplated for the property renovation, as well as income, liquidity, and/or net worth. If the property is titled in a partnership, limited liability company, or corporation, Merchants will typically obtain the entity's governing documents. The company's credit committee reviews and approves all loans (including construction budgets) prior to funding.

All appraisals are sourced directly through Merchants' existing relationships with appraisers and approved AMCs. For borrowers seeking a loan that incorporates any proposed renovation or rehabilitation work on the property, Merchants will generally use "as completed" appraisals or other valuations provided by independent appraisers and approved AMCs in making its underwriting decisions. Appraisals are internally reviewed by the credit department as part of the closing process, and Merchants' internal credit committee often lists its approval of the appraisal as a condition to funding the loan.

Loan draws to fund renovation costs are administered by Merchants and compared with the approved rehabilitation plan. The progress of improvements is measured using third-party inspectors. The company's internal construction draw department reviews borrower draw requests and facilitates the funding process by working closely with the servicer and loan owners.

Merchants has a servicing department of 20 FTEs, which includes eight staff members in collections and loss mitigation. The company uses the SilverLake servicing system for all loans. Collection activity begins on the fifth day of delinquency with a majority of borrower contact efforts through email until day 20, when a calling campaign starts. If the loan delinquency is not resolved and the foreclosure process is initiated, Merchants may continue to service or, in some instances, act as an intermediary for the primary servicer and loan owner in managing third-party foreclosure attorneys. In the event a loan transitions to a REO property, the loan owner typically assumes the responsibility of the management of the property, although Merchants has the capability to assist in the sale if needed.

For this transaction, Merchants is responsible for collecting borrower payments (approximately 99% are made through the automated clearing house (ACH)) and remitting those payments to the named subservicer within two business days. If the loan payment is not received and the servicer is unsuccessful in establishing contact with the borrower, the servicer may ask Merchants to intervene in the collection process in order to leverage its pre-existing relationship with the borrower. If Merchants' contact and collection efforts are also unsuccessful, the named servicer will reassume all collection activities including any workout programs (reinstatement, extension, forbearance, short sale, etc.), foreclosure proceedings, and REO management.

Merchants uses File Assist as its cloud-based file storage system. The company has data servers on-site that are backed up twice each day and to the cloud nightly. The company is in the process of implementing a formal business continuity and disaster recovery plan, as well as a customer portal to provide borrowers with tools to view and manage their loans.

Other Originators

Various other originators have contributed and/or may contribute RTL to the revolving pool. In accordance with its criteria, Morningstar DBRS did not conduct an operational risk assessment on such originators specifically for this transaction because of their relatively small contributions to the initial pool. In addition, Morningstar DBRS reviewed Toorak's residential mortgage platform and deems it to be an acceptable mortgage loan aggregator.

Subservicer: Servis One, Inc. dba BSI Financial Services

Morningstar DBRS performed an operational risk review of BSI's loan servicing operations and believes that the company is an acceptable loan subservicer for Morningstar DBRS-rated transactions.

BSI Financial Holdings, Inc. was incorporated in Delaware in 2012. Its primary subsidiary is BSI, which was originally formed in 1986 and bought by Servis in 2006. The company's principal business is servicing, subservicing, and performing QC reviews of mortgage loans on behalf of various investors, clients, and business process-outsourcing entities. BSI is approved as a servicer by Fannie Mae, Freddie Mac, the Federal Housing Administration, and the U.S. Department of Veterans Affairs. The company is headquartered in Irving, Texas, with operations centers in Titusville, Pennsylvania; Concord, San Diego, and Irvine, California; Hollywood, Florida; and Hunt Valley, Maryland. As of July 31, 2023, BSI serviced approximately 237,366 mortgage loans totaling $56.6 billion, including 8,823 RTL totaling $3.2 billion. BSI has three primary operating divisions: loan servicing, mortgage origination and mortgage servicing rights acquisition, and loan review and due-diligence services. The company's principal business is servicing, subservicing, and performing QC reviews of mortgage loans on behalf of investors, clients, and business process-outsourcing entities. BSI's operations leverage a number of subsidiaries, including one in India that performs back office servicing and reporting functions. Other subsidiaries perform REO management, valuations and valuation reviews, nonjudicial foreclosure processing in four states, escrow closings for loan originations in California, and title and title support services.

Over the past year, BSI has hired new executive managers into the roles of president, chief operating officer, and senior vice president of agency servicing. Senior management averages 15 years of industry experience, including seven years with the company. The company has approximately 570 FTE employees, including 244 U.S.-based servicing personnel plus 140 offshore FTE employees in India who perform back office non-customer-facing functions. BSI leverages a number of external resources in its training programs, including VRM University, VA Talent Management System, and Mortgage Bankers Association. Depending on the job functions, new hires receive between 40 and 80 hours of job-specific training in addition to 40 hours of mandatory new-hire training. Employees complete annual recertification training that averages a minimum of 20 hours. In addition, ad hoc training sessions are held based on the training needs identified by operational leads.

BSI maintains an adequate system of internal controls. Its regulatory compliance department monitors industry alerts as well as new state and federal laws and regulations that require changes to existing processes. The regulatory compliance department tracks the implementation of required process changes and works collaboratively with the appropriate operational units to ensure that written action plans are developed and implementation efforts are completed in a timely and effective manner. The QC department monitors operational processes to ensure that they are operating effectively and in compliance with policies and procedures, investor guidelines, and applicable laws and regulations. The regulatory compliance department leverages QC's testing to determine if the operations are adhering to applicable laws and regulations. QC testing includes call monitoring and monthly assessments of work products in the operational units. More than 50 process-specific reviews span various areas including conversions, payment processing, escrow, default, adjustable-rate mortgages (ARMs), cease and desist, foreclosure, bankruptcy, and lien release. In addition, the company leverages its proprietary Asset360 and Libretto applications, which are analytics engines that check all loans in its servicing data warehouse for nearly 800 exceptions every day with exception reports routed to operations, administration, and onboarding teams for resolution.

BSI's internal audit function is outsourced to a third-party vendor that reports directly to BSI's board with a dotted line to the company's controller. The board, in conjunction with executive management, sets a budget and selects areas for audit each fiscal year based on an assessment of perceived risks. Management may also request that targeted audits be conducted during the year. The third-party vendor reports its findings to the board on a quarterly basis, including recommendations, management responses, and action plans. The issues management department manages the completion of action plans and verifies that they have been successfully implemented.

BSI maintains adequate loan administration capabilities for new loan boarding, cash management, escrow administration, investor reporting, and customer service. Loans are electronically boarded to the company's servicing system with robust quality assurance (QA)/QC processes in place. BSI's pre- and post-boarding QA includes more than 130 data validation fields. The company also performs a postboarding document-to-system review on 100% of special products, including ARM loans and 10% of fixed-rate loans. If the error rate on the fixed-rate loans reviewed exceeds 5%, the sample is increased. All loans are assigned a single point of contact (SPOC) at the time of boarding.

BSI receives payments through various channels, including a lockbox for physical checks, ACH, pay-by-phone, Interactive Voice Response (IVR), mobile application, its website, and Western Union. Approximately 45% of payments for RTL are made by ACH. As of July 31, 2023, BSI's lockbox at PNC Bank was responsible for processing 87% of the checks received, averaging between 13,000 and 14,000 checks each month. Payment-clearing accounts are reconciled daily, and bank reconciliations are completed within 45 days, except government-sponsored entity-related bank reconciliations, which are completed within 30 days. BSI manages the cash disbursement process for RTL draws. For draw requests received on loans that are DQ past the grace period, BSI will take direction from the client if it should proceed with the disbursement or contact the borrower for payment prior to the disbursement. BSI outsources its real estate tax and insurance processes to third-party vendors.

BSI's customer care department uses IVR authentication and skills-based routing. A borrower portal that leverages Asset360, BSI's proprietary data warehouse and reporting application, enables consumers to receive loan statements and documents through its ePresentment capability. In addition, a proprietary mobile application enables borrowers to manage their mortgage loans using mobile devices. Borrowers can verify loan payments, view transaction history, identify future payment dates and amounts, make ACH payments, and request loan verifications and payoff statements using the app. In addition, it allows DQ borrowers to monitor events and milestones in the loss mitigation process and communicate with their BSI representative. Borrowers with multiple loans serviced by BSI also have the ability to view all of their loan information, ePresentment, and payment options under one account.

Early-stage collection calls begin on the fourth day of delinquency, using manual and automated contact attempts. The core servicing system is effectively augmented with a cloud-based IVR and call center system. Skip tracing is completed for loans for which BSI cannot establish a right-party contact through phone or mail attempts. BSI proactively attempts to contact borrowers in areas where Federal Emergency Management Agency disasters have been declared. If an imminent default is determined, the collector transfers the call to the SPOC.

BSI's SPOCs each handle a pool of approximately 140 loans and are assigned on an investor-specific basis to focus on workout strategies based on the investor's guidelines. BSI also has a dedicated SPOC team for nonconsumer business purpose loans. Borrowers can complete a loss mitigation application online through BSI's borrower portal. The SPOCs are supported by processors who handle loss mitigation documentation. Loan modification processing is centralized in the company's Irvine location. The loan modification fulfillment department standardizes functions in processing, underwriting, and compliance so financial packages can be reviewed within 48 hours of receipt and required letters can be sent out in a timely manner. A QA analyst monitors loss mitigation timelines to identify exceptions and escalate for resolution. BSI has a dedicated team of collectors and loss mitigation agents to focus on DQ borrowers not actively engaged in the loss mitigation process. Collectors attempt to re-engage these borrowers and connect them with their SPOCs to pursue workout options.

A foreclosure checklist incorporating loss mitigation department approval is completed prior to referral to outside counsel. Bankruptcy processing is handled in-house to facilitate coordination with the loss mitigation and loan administration departments. A third-party vendor scrubs BSI's servicing portfolio monthly to check for new bankruptcy filings and to update existing bankruptcy cases. Asset360 exception and pipeline reports are used to monitor compliance and timeline effectiveness. Attorney performance is monitored with scorecards.

BSI maintains a national network of approved real estate brokers for disposing of REO properties with broker compliance and performance monitored through scorecards. Once an REO property is vacant, BSI obtains interior valuations. Depending on the investor, two or three valuations are obtained, which may include an appraisal. An asset manager will complete a desktop reconciliation and recommend a value and disposition strategy to the investor for approval if required. REO strategies can include repair, lease and hold, auction, bulk sale, or listing the property as is. As of July 31, 2023, BSI had 80 REO properties totaling $16.6 million, including 54 RTL REO properties totaling $9.5 million.

BSI uses Sagent's LoanServ as its core servicing system. In addition, BSI has developed ancillary proprietary applications that are utilized enterprisewide. BSI CARES, a proprietary software, is the company's platform used for servicing QC and conducting due diligence. Loan servicing functions are connected via a central hub, BSI's Asset360, a proprietary digital analytics platform. Asset360 is designed to perform surveillance and QA/exception-based processing and also serves as BSI's investor-reporting portal. BSI continues to enhance Asset360's exception reporting to ensure that discrepancies are captured.

The company functions in a cloud-based environment, which provides flexibility for increasing the scale of the servicing portfolio. Primary data storage is backed up nightly and replicated from the main data center in Titusville to the backup data center in Richardson, Texas. Disaster recovery tests are conducted annually.

Subservicer: FCI Lender Services, Inc.

Morningstar DBRS performed an operational risk review of FCI's mortgage loan subservicing operations and believes that the company is an acceptable mortgage loan subservicer for Morningstar DBRS-rated transactions.

FCI is a privately owned corporation established in 1982 and headquartered in Anaheim Hills, California. The company initially offered foreclosure processing and loan servicing for California properties to mortgage brokers and private investors. FCI grew through the acquisition of other foreclosure processing and loan servicing companies and, in 2002, expanded nationally. In 2003, the company created a dedicated nonperforming loan servicing division. FCI is an approved servicer for Freddie Mac and the U.S. Department of Veterans Affairs, and is licensed to service loans in all 50 states and the District of Columbia. FCI does not originate, purchase, or broker mortgage loans and does not own any mortgage servicing rights. The company provides various servicing options to meet the needs of its clients, including full servicing, subservicing, and interim servicing for residential, commercial, manufactured housing, and land secured loans to more than 7,700 clients comprising private lenders and investors, each of whom own the mortgage servicing rights on the loans. Residential loan types include prime, non-QM, business purpose, and home equity lines of credit. Business purpose loans include residential transition, investor DSCR, bridge, and construction loans. As of June 30, 2023, FCI serviced approximately 38,000 loans totaling more than $16.0 billion, which included approximately 22,000 RTL totaling more than $9.8 billion.

FCI's senior management team averages more than 36 years of industry experience, including 21 years of company tenure. The company has approximately 176 FTE employees. FCI does not outsource or offshore any servicing functions. All employees must complete mandatory annual training requirements, and most of the servicing staff is cross-trained on various servicing functions. The company leverages Bankers Edge for training materials.

FCI maintains an adequate system of internal controls. The company's Compliance Management System (CMS) is overseen by the business unit directors and the chief executive officer (CEO), and includes weekly compliance meetings with senior management. The CMS incorporates process changes, IT enhancements and initiatives, and policy and procedure issues. Compliance functions are managed by the Audit, Compliance, and IT Departments, which report all risk-based findings to the business unit managers for input and corrective actions, as applicable. All findings and recommendations for systems or process changes are reported to the CEO for approval. The Compliance and Audit Departments assist the business units with integrating compliance requirements into established processes and practices, with periodic testing by the Audit Department to ensure significant compliance risks within a business unit are adequately addressed. Monthly loan servicing audits are performed for loan boarding, ARMs, Consumer Financial Protection Bureau compliance for consumer loans, servicing transfers, payoff demands, lien releases, and borrower phone calls.

FCI offers the following Loan Servicing Programs:

- Standard Basic Loan Servicing— for performing loans and newly originated private money loans. This is primarily a payment processing program that includes sending late notices, but does not include collection calls or loss mitigation efforts, as they are done by the clients, except as is required for regulatory compliance.
- High Touch Performing Loan Servicing—includes the Standard Basic Loan Servicing with the addition of collection calls and regulatory compliance actions for covered loans. Following expiration of the grace period, collection calls are made approximately every three days until the loan is current or becomes 90 or more days DQ. No collection calls are made on loans that are 90 or more days DQ.
- Specialty Loan Servicing—for loans that are 90 or more days DQ, FCI facilitates loan resolution options according to the client's directions by presenting loss mitigation alternatives or providing foreclosure support. Following expiration of the grace period, collection calls are made approximately every three days until the loan is current or the delinquency is otherwise resolved.

- Full Servicing and Securitization Servicing—includes payment processing, escrow, collection calls, advances, loss mitigation, and bankruptcy and foreclosure coordination. REO management may be provided for Securitization Servicing. There are two categories:
    - Newly originated, performing, or nonperforming non-QM loans, including BPL, RTL, bridge, and construction loans.
    - Nonperforming and reperforming QM loans.
- Backup Loan Servicing—to take over loan servicing if a primary servicer cannot perform its duties based on specific trigger events.

FCI boards new or transferring loans into its proprietary servicing system developed with Centurion Servicing Software (Centurion) either electronically or manually. As part of the boarding process, the company scans all loan documents and uploads the images to be maintained as part of the servicing file. Loan Boarding Coordinators review all data entered into the servicing system using a loan boarding checklist to verify accuracy, completeness, and compliance with applicable laws and regulations. In addition, all loans are audited post-boarding by the Audit Department.

FCI receives payments through various channels including an internal lockbox for physical checks, ACH, check by phone, MoneyGram, and online express payment. Approximately 49% of payments for RTL are made by ACH. Payment-clearing accounts are reconciled daily, and bank reconciliations are completed within 30 days. For Full Servicing clients, FCI manages the cash disbursement process for RTL draws after the draw requests are reviewed and approved by the client. FCI outsources certain real estate tax and insurance processes to third-party vendors.

FCI's customer service department is staffed with approximately 30 FTE employees while its collections and loss mitigation departments are staffed with nine and three FTE employees, respectively. Outbound collections calls are made according to the loan servicing program and options selected by the client. Loans are assigned to an SPOC at 45 days DQ. The SPOC is responsible for discussing the borrower's reason for default, intentions toward the property, and financial situation if the borrower is unable to bring the loan current. FCI obtains property inspections on a monthly basis for DQ loans. For RTL, managing and completing repairs or renovations following default is managed by the clients.

FCI obtains bankruptcy filing information through a daily file from LexisNexis Banko Solutions and uses Public Access to Court Electronic Records to monitor bankruptcy status and verify case information. Bankruptcy activities are coordinated with attorneys using electronic data interchange. Defaulted loans are referred for foreclosure at the direction of the clients, and prior to referral, are reviewed for eligibility using a standardized preforeclosure checklist. Bankruptcy and foreclosure attorneys must be on FCI's approved attorney list or must be vetted by FCI. Bankruptcy and foreclosure milestones are tracked in FCI's proprietary servicing system. Foreclosure bidding instructions are provided by the clients. For REO properties, FCI can coordinate with its clients to provide loan and property information to the clients' REO service providers, but FCI does not manage the REO process except as contracted for in Securitization Servicing.

FCI uses its proprietary Centurion Servicing System with full API connectivity that FCI developed with Centurion Servicing Software which incorporates process automation and compliance matrices for state and other servicing requirements. The company's website for clients provides real-time access to information in the servicing system through customizable views and reports. In addition, the servicing system is linked to a private blockchain, with real-time updates of servicing transactions. FCI's primary data center is in Anaheim Hills. The servicing system is on redundant servers with full backups running continuously and is also backed up every 15 minutes to FCI's disaster recovery site in Las Vegas. All of FCI's systems are backed up on a nightly basis, including a full system backup performed weekly. Disaster recovery tests are performed annually.

Other Subservicer

RCN acts as subservicer for less than 10.0% of the initial mortgage loans. In addition, the eligibility criteria limits RCN-subserviced loans to 10.0% of the pool by UPB. In accordance with Morningstar DBRS criteria, Morningstar DBRS did not conduct an operational risk assessment on RCN as a subservicer specifically for this transaction because of its relatively small contribution to the revolving portfolio.

Securities Administrator

Computershare Trust Company, N.A. (Computershare Trust Company)

Computershare Trust Company will act as Securities Administrator for this transaction. Computershare Trust Company is a national banking association and a wholly owned subsidiary of Computershare Limited, an Australian financial services company with approximately $6.1 billion in assets as of June 30, 2023. Computershare Limited and its affiliates have been engaging in financial service activities, including stock transfer-related services, since 1997, and corporate trust-related services since 2000. Computershare Trust Company provides corporate trust, custody, securities transfer, cash management, investment management, and other financial and fiduciary services, and has been engaged in providing financial services, including corporate trust services, since 2000.

Under the terms of the Indenture, Computershare Trust Company is responsible for securities administration, which includes pool performance calculations, distribution calculations, and the preparation of monthly distribution reports. With its acquisition of the CTS business from Wells Fargo Bank on November 1, 2021, Computershare Trust Company acquired a business that has been engaged in the business of securities administration since June 30, 1995. As of June 30, 2023, Computershare Trust Company was acting as securities administrator or paying agent with respect to approximately 4,767 residential mortgage transactions with an aggregate outstanding principal balance of approximately $305 billion.

As a result of Computershare Trust Company not being a deposit-taking institution, any accounts that the Securities Administrator are required to maintain will be established and maintained with one or more institutions in a manner satisfying the requirements of the Indenture, including any applicable eligibility criteria for account banks.

Third-Party Due Diligence

Consolidated Analytics, Inc. (the TPR firm) is the Diligence Agent for this transaction. Morningstar DBRS has conducted a review of the TPR firm and believes that the company has the capability to effectively perform residential mortgage due-diligence reviews.

For this transaction, 100.0% of the initial mortgage loans were reviewed for credit and property valuation, as well as data integrity. The Diligence Agent will also review the additional mortgage loans for conformance with the eligibility criteria, which includes credit and property valuation reviews and data integrity checks. Because RTL are business purpose investor loans, a regulatory compliance review is not part of the TPR scope.

The scope of the review includes the following:

1. **Credit**. The mortgage loan documents and underwriting file are reviewed for conformity with the acquisition criteria, including recalculation of certain fields. Additional mortgage loans will be reviewed to determine whether they constitute an eligible mortgage loan.
2. **Valuation**. The review includes making a reasonable assessment of whether the appraisal is thorough and complete, and the appraised value appears to be supported. Specifically, the review incorporates secondary valuations ordered by Toorak in the form of AVMs to support the AIV.

None of the initial mortgage loans had C or D grades for credit or valuation review. If the Diligence Agent gives an additional mortgage loan a C or D grade, such loan will be removed from the revolving portfolio within 60 days of the additional transfer date. In conjunction with its TPR analysis, Morningstar DBRS also reviewed Toorak's acquisition criteria in detail and assessed the sufficiency of the underwriting process.

For this transaction, the TPR firm provided Morningstar DBRS with a written attestation that generally includes the following:

- The due-diligence review was conducted without influences from the sponsor of the transaction.
- The review was completed in accordance with Morningstar DBRS third-party due-diligence criteria.
- The reviewers have the appropriate level of experience to complete the due-diligence review.
- Ample time was given to the firm to perform the review and report the findings to Morningstar DBRS.

Representations and Warranties

Each Seller will make certain R&W with respect to the related mortgage loans included in the revolving portfolio. Morningstar DBRS reviewed the various aspects of the R&W framework in this transaction, and in conjunction with a detailed analysis of (1) the nature, purpose, and credit quality of RTL; (2) the TPR framework; and (3) financial assessments of the entities providing R&W, Morningstar DBRS deems such R&W framework acceptable.

Below, is a summary of the R&W framework. Details of the review procedures and enforcement mechanism, among other features, can be found in the related transaction documents.

R&W Framework	
Transaction R&W	24 R&W with content acceptable to Morningstar DBRS
R&W Providers	The Sellers: Toorak and Merchants
Sunset Provisions	None
Enforcement Mechanism	1. Depositor, Issuer, or Servicer has knowledge of defective or missing document 2. Depositor, Issuer, Servicer, or Subservicer discovers a breach
Breach Reviewer	None
Breach Material Evaluator	Depositor, Issuer, Diligence Agent, or Servicer
Remedy	1. Cure 2. Repurchase 3. Remit make-whole payment for liquidated loans
Dispute Resolution	Binding Arbitration
Knowledge Qualifiers	4
Remedy Standard	Material and Adverse

Enforcement Mechanism

To the extent that the Depositor, the Issuer, or the Servicer has actual knowledge of a defective or missing mortgage loan document and such missing document or defect is preventing or materially delaying the (1) realization against the related Mortgaged Property through foreclosure or similar loss mitigation activity or (2) processing of any title claim under the related title insurance policy, such party will give written notice to the other parties and to the applicable Seller.

To the extent that the Depositor, the Issuer, the Diligence Agent, or the Servicer has actual knowledge of a material breach, the party with such knowledge will give written notice to the Depositor, the Issuer, the Diligence Agent, the Servicer, the Indenture Trustee, the Securities Administrator, and the applicable Seller.

Breach Remedies

In the event a breach of any R&W materially and adversely affects the value of a mortgage loan or the interests of the Noteholders in such mortgage loan, the related Seller will be required to:

- Cure the breach.
- Repurchase the affected mortgage loan from the trust.
- For liquidated loans, remit an indemnity payment equal to the make-whole amount.

Methodologies

The following are the methodologies Morningstar DBRS applied to assign credit ratings to the above-referenced transaction. Such methodologies can be found on dbrs.morningstar.com under Methodologies & Criteria. Alternatively, please contact info-DBRS@morningstar.com or contact the primary analysts whose information is listed in this report.

- *RMBS Insight 1.3: U.S. Residential Mortgage-Backed Securities Model and Rating Methodology*
- *Assessing U.S. RMBS Pools Under the Ability-to-Repay Rules*

- *Interest Rate Stresses for U.S. Structured Finance Transactions*
- *Third-Party Due-Diligence Criteria for U.S. RMBS Transactions*
- *Representations and Warranties Criteria for U.S. RMBS Transactions*
- *Legal Criteria for U.S. Structured Finance*
- *Operational Risk Assessment for U.S. RMBS Originators*
- *Operational Risk Assessment for U.S. RMBS Servicers*
- *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings*

In accordance with the operational risk framework outlined in the Morningstar DBRS *RMBS Insight 1.3: U.S. Residential Mortgage-Backed Securities Model and Rating Methodology*, the framework takes into consideration aspects of Morningstar DBRS' originator and servicer assessment, the results of the third-party due-diligence review, and the strength of the R&W provided, which may result in a credit or penalty applied to the default and loss severity rates of a mortgage pool.

The transaction assumptions consider Morningstar DBRS' baseline macroeconomic scenarios for rated sovereign economies, available in its commentary *Baseline Macroeconomic Scenarios for Rated Sovereigns: December 2023 Update*, published on December 19, 2023. These baseline macroeconomic scenarios replace Morningstar DBRS' moderate and adverse coronavirus pandemic scenarios, which were first published in April 2020.

Monitoring and Surveillance

The transaction will be monitored in accordance with the Morningstar DBRS *U.S. RMBS Surveillance Methodology*.

Notes:
All figures are in U.S. dollars unless otherwise noted.

This report is based on information as of February 15, 2024. Subsequent information may result in material changes to the credit rating assigned herein and/or the contents of this report.

Appendix A—Environmental, Social, and Governance (ESG) Factors

ESG Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis:	Y/N	Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	**N**	**N**
	Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
	Carbon and GHG Costs	Do the costs or risks related to GHG emissions result in higher default risk or lower recoveries of the securitized assets?	N	N
		Are there potential benefits of GHG-efficient assets on affordability, financeability, or future values (recoveries)?	N	N
		Carbon and GHG Costs:	**N**	**N**
	Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries?	N	N
Social		**Overall:**	**N**	**N**
	Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
		Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and society, and does this result in different default rates and/or recovery expectations?	N	N
		Considering changes in consumer behavior or secular social trends: does this affect the default and/or loss expectations for the securitized assets?	N	N
		Social Impact of Products and Services:	**N**	**N**
	Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
		Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
		Human Capital and Human Rights:	**N**	**N**
	Product Governance	Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in the risk of financial penalties or losses to the issuer?	N	N
Governance		**Overall:**	**N**	**N**
	Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
		Considering the alignment of interest between the transaction parties and noteholders: does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
		Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
		Considering how the transaction structure provides for timely and appropriate performance and asset reporting: does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
		Consolidated ESG Criteria Output:	**N**	**N**

ESG Considerations

Environmental

There were no Environmental factors that had a relevant or significant effect on the credit analysis. For more details about which Environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social

There were no Social factors that had a relevant or significant effect on the credit analysis. For more details about which Social factors could have an effect on the credit analysis, please refer to the checklist above.

Governance

There were no Governance factors that had a relevant or significant effect on the credit analysis. For more details about which Governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could affect the Issuer's credit profile and, therefore, the credit ratings of the Notes. They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how Morningstar DBRS considers ESG factors within the Morningstar DBRS analytical framework can be found in the *Morningstar DBRS Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at https://dbrs.morningstar.com/research/427030.

Appendix B—Scope and Meaning of Financial Obligations

Morningstar DBRS’ credit ratings on the Notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For information on the associated financial obligations, please refer to the corresponding press release published for this credit rating action.

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