PRELIMINARY OFFERING MEMORANDUM STRICTLY CONFIDENTIAL IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS MEETING THE QUALIFICATIONS DESCRIBED IN THE ATTACHED PRELIMINARY OFFERING MEMORANDUM (this "OFFERING MEMORANDUM").

IMPORTANT: You must read the following before continuing. The following applies to the Offering Memorandum following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Memorandum. In accessing the Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE ACQUISITION AND TRANSFER OF THE NOTES ARE SUBJECT TO ANY ADDITIONAL RESTRICTIONS DESCRIBED IN THE OFFERING MEMORANDUM.

EXCEPT AS SET FORTH IN THE OFFERING MEMORANDUM, THE OFFERING MEMORANDUM MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT, IN WHOLE OR IN PART, IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. THE OFFERING MEMORANDUM HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THE OFFERING MEMORANDUM MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED, AND YOU MAY NOT, NOR ARE YOU AUTHORIZED TO, DELIVER THE OFFERING MEMORANDUM TO ANY OTHER PERSON.

Confirmation of your Representation Regarding Qualified Institutional Buyer or Non-U.S. Person Status: In order to be eligible to view the Offering Memorandum, investors must be (i) qualified institutional buyers (within the meaning of Rule 144A under the Securities Act) or (ii) non-"U.S. Persons," as defined in Regulation S under the Securities Act. The Offering Memorandum is being sent at your request, and, by accepting this email and accessing the Offering Memorandum, you shall be deemed to have represented to us that you are either (i) a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act) or (ii) non-"U.S. Persons," as defined in Regulation S under the Securities Act, and that you consent to delivery of the Offering Memorandum by electronic transmission.

This Offering Memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Performance Trust Capital Partners, LLC, Mizuho Securities USA LLC, Nomura Securities International, Inc., Morgan Stanley & Co. LLC or ATLAS SP Securities, a division of Apollo Global Securities, LLC, or any director, officer, employee or agent of Performance Trust Capital Partners, LLC, Mizuho Securities USA LLC, Nomura Securities International, Inc., Morgan Stanley & Co. LLC or ATLAS SP Securities, a division of Apollo Global Securities, LLC, or any of the affiliates of Performance Trust Capital Partners, LLC, Mizuho Securities USA LLC, Nomura Securities International, Inc., Morgan Stanley & Co. LLC or ATLAS SP Securities, a division of Apollo Global Securities, LLC accepts any liability or responsibility whatsoever in respect of any difference between the Offering Memorandum distributed to you in electronic format and the hard copy version available to you on request from Performance Trust Capital Partners, LLC, Mizuho Securities USA LLC, Nomura Securities International, Inc., Morgan Stanley & Co. LLC or ATLAS SP Securities, a division of Apollo Global Securities, LLC.

$221,500,000

(Approximate)

New York Mortgage Trust, Inc.
Sponsor and Trust Manager

NYMT Loan Financing, LLC
Depositor

NYMT Loan Trust Series 2024-BPL2,
a separate series of Residential Mortgage Aggregation Trust, as Issuer

Mortgage-Backed Notes, Series 2024-BPL2
Payable monthly, commencing in June 2024

The Issuer Will Issue—

- Three classes of notes: the Series 2024-BPL2 Class A1 Notes (the "Class A1 Notes"), the Series 2024-BPL2 Class A2 Notes (the "Class A2 Notes," and, together with the Class A1 Notes, the "Class A Notes") and the Series 2024-BPL2 Class M Notes (the "Class M Notes," and, together with the Class A Notes, the "Offered Notes" or the "Notes"); and
- One class of residual interest certificate, the Residual Interest Certificate (the "Residual Interest Certificate").
- The size and basic payment characteristics of the Notes are described in the table set forth on page 15 of this Offering Memorandum (the "Securities Table"). The Residual Interest Certificate is not offered.

The Assets of the Issuer Consist of—

- A pool of 502 fixed-rate, performing business purpose mortgage loans (the "Initial Mortgage Loans") with balloon payments due at the end of the terms of the loans, and secured by first liens on non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects. As of the Initial Cut-off Date (as defined herein), the aggregate Unpaid Principal Balance (as defined herein) of the Initial Mortgage Loans was approximately $208,996,014 and the aggregate Principal Limit (as defined herein) of the Initial Mortgage Loans was approximately $247,656,893 as of their respective originations. Mortgage Loan terms may be extended, subject to certain conditions described in "*Description of the Mortgage Loans*" in this Offering Memorandum.
- To the extent permitted by the terms of the applicable Mortgage Loans, a Borrower will be entitled to request additional funds, in connection with identified repair, construction or rehabilitation projects, which will either be (i) funded from the related Rehab Escrow Account (as defined herein) maintained by the related Asset Manager, Servicer or Subservicer subject to the related asset management or servicing agreement, as applicable, or (ii) with respect to Construction Advance Mortgage Loans (as defined herein), funded by the related Asset Manager or Servicer subject to the related asset management agreement or servicing agreement, as applicable, (i) from Collections then on deposit in any related Custodial Account, (ii) from its own funds, as a reimbursable advance or (iii) from funds advanced by the Trust Manager on behalf of the Issuer, following the Trust Manager's receipt of written notice by such Asset Manager or Servicer (or its Subservicer) within the time required under the related Asset Management Agreement or Servicing Agreement, as applicable, in the event that there are insufficient Collections in any related Custodial Account to fund such Construction Advance or in the event that the related Asset Management Agreement or Servicing Agreement otherwise requires the Trust Manager to pre-fund such amounts. See "*Description of the Mortgage Loans—Rehabilitation Disbursement Requests; Reimbursement of the Construction Advance Shortfall Amounts*" in this Offering Memorandum.
- Additional mortgage loans purchased by the Issuer during the Reinvestment Period (as defined herein) (the "Additional Mortgage Loans," and together with the Initial Mortgage Loans, the "Mortgage Loans") with characteristics as described herein. See "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum.
- Any amounts from time to time on deposit in the Accumulation Account, the Rehab Escrow Account, the Interest Reserve Account, the Expense Reserve Account and the Redemption Account (each, as defined herein).

You should carefully consider the risk factors beginning on page 49 in this Offering Memorandum.

None of the Notes or the Mortgage Loans are insured or guaranteed by any governmental agency or instrumentality.

The Notes are secured by the assets of the Issuer only and will not be obligations in, or represent interests in, any other entity.

Credit Enhancement Will Consist of—

- Overcollateralization: If, on any date of determination, the sum of the aggregate Unpaid Principal Balance of the Mortgage Loans and the cash on deposit in the Accumulation Account exceeds the Note Amount of the Notes, there will be overcollateralization available to absorb losses on the Mortgage Loans before such losses affect payments on the Notes. The aggregate Unpaid Principal Balance of the Initial Mortgage Loans (as of the Cut-off Date) and the initial amount of cash deposited into the Accumulation Account on the Closing Date will not exceed the aggregate initial Note Amount of the Notes divided by 88.60%, and as a result, initially there will be 11.40% initial overcollateralization.
- Excess Interest: On each Payment Date (as defined herein), any interest received on the Mortgage Loans in excess of Transaction Party Expenses (as defined herein) up to the Annual Expense Cap (as defined herein), certain amounts owed to any Asset Manager or any Servicer, the Trust Manager, the Depositor and other transaction parties, amounts needed to fund the Accumulation Account, the Rehab Escrow Account, the Interest Reserve Account, the Expense Reserve Account or the Redemption Account (as defined herein), and amounts needed to pay interest accrued on the Notes at the applicable Note Rate will be available to absorb losses and pay principal on the Notes. See "*Summary Information—Credit Enhancement*" in this Offering Memorandum.
- Interest Reserve Account. On each Payment Date, during the Reinvestment Period, to the extent Available Funds would otherwise be insufficient to pay the related Interest Payment Amounts for the Notes pursuant to clauses *fifth* through *seventh* of the Priority of Payments, the Paying Agent will first withdraw the amount of such deficiency from amounts on deposit in the Interest Reserve Account, to the extent available, and will deposit such amounts into the Payment Account for distribution to the related Noteholders.
- Available Funds in the Redemption Account and the Accumulation Account: On the first Payment Date following the end of the Reinvestment Period and all Payment Dates thereafter, the Notes will have the benefit of available funds released from the Accumulation Account in excess of outstanding Construction Advance Shortfall Reimbursement Amounts and aggregate Unfunded Draw Amounts (as defined herein) to reduce the Note Amount of the Notes.
- Subordination: To the extent that the property of the Issuer does not generate enough cash-flow to satisfy the Issuer's payment obligations, any shortfalls or losses will be absorbed *first* by the holders of the

Residual Interest Certificate, *second* by the holders of the Class M Notes, to the extent amounts are due to them, *third* by the holders of the Class A2 Notes, to the extent amounts are due to them and *fourth* by the holders of the Class A1 Notes, to the extent amounts are due to them. See "*Summary Information—Credit Enhancement*" in this Offering Memorandum.

The Optional Redemption—
- The Issuer may redeem the outstanding Notes on any date after the earlier of (a) the date on which the Note Amount is reduced to an amount that is less than or equal to 25% of the Initial Note Amount of the Notes as of the Closing Date (as defined herein) and (b) following the termination of the Reinvestment Period, on any Payment Date (the "Optional Redemption Date") by purchasing all of the outstanding Notes (the "Optional Redemption") at the Redemption Price (as defined herein).

The Reinvestment Period—
- Prior to the end of the Reinvestment Period, the Issuer may purchase Additional Mortgage Loans that satisfy Eligibility Criteria (as defined herein), subject to the Concentration Limits (as defined herein), and fund Unfunded Draw Amounts. See "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum.
- Following the end of the Reinvestment Period, the Issuer may continue to fund Unfunded Draw Amounts using amounts on deposit in the applicable Custodial Account or in the Accumulation Account.

THE NOTES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND ARE BEING OFFERED ONLY (1) IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A ("RULE 144A") OF THE SECURITIES ACT OR (2) ONLY IN THE CASE OF THE CLASS A1 NOTES AND CLASS A2 NOTES, OUTSIDE THE UNITED STATES TO ENTITIES WHICH ARE NOT "U.S. PERSONS" (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) ACQUIRING THE SECURITIES IN "OFFSHORE TRANSACTIONS" IN COMPLIANCE WITH REGULATION S.

The information contained herein is confidential and may not be reproduced in whole or in part. Each of Performance Trust Capital Partners, LLC ("Performance Trust"), Mizuho Securities USA LLC ("Mizuho"), Nomura Securities International, Inc. ("Nomura"), Morgan Stanley & Co. LLC ("Morgan Stanley") and ATLAS SP Securities, a division of Apollo Global Securities, LLC ("ATLAS SP") (each, an "Initial Purchaser" and together, the "Initial Purchasers") has agreed to use their reasonable best efforts to identify investors, and will be obligated to purchase from the Depositor only the Notes for which investors have entered into agreements to purchase such Notes from the Initial Purchasers on or prior to the Closing Date. Placement of the Notes may be effected privately from time to time in negotiated transactions at varying prices to be determined in each case at the time of sale. As a result, the purchase price paid by any investor in a portion of the Notes may be higher or lower than the price paid by different investors in the same class sold in this offering. The Residual Interest Certificate (which is not offered by this Offering Memorandum) will initially be held by the Depositor or another majority-owned affiliate of the Sponsor as of the Closing Date. For the purposes of the EU Securitization Regulation and the UK Securitization Regulation (each as defined herein), the Sponsor will undertake that it will retain exposure to the Residual Interest Certificate (the "EU/UK Retained Interest") for the purposes of the risk retention requirements under the EU Securitization Regulation and the UK Securitization Regulation (each as of the Closing Date) and the Issuer will provide information intended to satisfy the Transparency Requirements (as of the Closing Date, and as defined herein). The Depositor or one or more affiliates of the Sponsor may retain all or a portion of any class of Notes. Transfer of all Notes will be subject to certain restrictions as described herein. It is expected that delivery of the Notes will be made on or about May 29, 2024 (the "Closing Date"). The information contained herein is confidential and may not be reproduced in whole or in part.

PERFORMANCE TRUST
(*Structuring Lead, Joint Bookrunner*)

NOMURA	MORGAN STANLEY	MIZUHO	ATLAS SP
(*Joint Bookrunner*)	(*Joint Bookrunner*)	(*Joint Bookrunner*)	(*Joint Bookrunner*)

Dated [●], 2024

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This Offering Memorandum contains information concerning the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originator, the Indenture Trustee, the Owner Trustee, the Custodian, the Trust Manager, the Notes, the Mortgage Loans and the obligations of the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Indenture Trustee, the Owner Trustee, the Custodian, the Trust Manager and others. Potential investors are urged to review this Offering Memorandum in its entirety. The obligations of the parties with respect to the transactions contemplated in this Offering Memorandum are set forth in and will be governed by certain documents described in this Offering Memorandum, and all of the statements and information in this Offering Memorandum are qualified in their entirety by reference to such documents.

Cross-references are included in this Offering Memorandum to captions where you can find additional information. The "*Table of Contents*" in this Offering Memorandum provides the locations of these captions.

PROSPECTIVE PURCHASERS ARE NOT TO CONSTRUE THE CONTENTS OF THIS OFFERING MEMORANDUM OR ANY PRIOR OR SUBSEQUENT COMMUNICATIONS FROM THE SPONSOR, ANY ORIGINATOR, THE DEPOSITOR, THE ISSUER, THE TRUST MANAGER, ANY ASSET MANAGER, ANY SUBSERVICER, ANY SERVICER, THE CUSTODIAN, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE, THE PAYING AGENT, THE NOTE REGISTRAR, THE OWNER TRUSTEE OR ANY OF THEIR OFFICERS, EMPLOYEES OR AGENTS AS INVESTMENT, LEGAL, ACCOUNTING OR TAX ADVICE. PRIOR TO INVESTING IN THE NOTES, A PROSPECTIVE PURCHASER SHOULD CONSULT WITH ITS ATTORNEY AND ITS INVESTMENT, ACCOUNTING, REGULATORY AND TAX ADVISORS TO DETERMINE THE CONSEQUENCES OF AN INVESTMENT IN THE NOTES AND ARRIVE AT AN INDEPENDENT EVALUATION OF SUCH INVESTMENT.

THE ISSUER HAS BEEN STRUCTURED SO AS NOT TO CONSTITUTE A "COVERED FUND" FOR PURPOSES OF THE VOLCKER RULE UNDER THE DODD-FRANK ACT. THE NOTES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND THE ISSUER IS NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE RESALE OR TRANSFER OF THE NOTES IS RESTRICTED BY THE TERMS THEREOF AND BY THE TERMS OF THE INDENTURE. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE NOTES WILL BE OFFERED (1) IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A OF THE SECURITIES ACT OR (2) ONLY IN THE CASE OF THE CLASS A1 NOTES AND THE CLASS A2 NOTES, OUTSIDE THE UNITED STATES TO ENTITIES WHICH ARE NOT "U.S. PERSONS" ACQUIRING THE SECURITIES IN "OFFSHORE TRANSACTIONS" IN COMPLIANCE WITH REGULATION S, EACH TO WHOM THIS OFFERING MEMORANDUM HAS BEEN FURNISHED. THE NOTES WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES OR "BLUE SKY" LAWS AND ARE BEING OFFERED AND SOLD IN RELIANCE UPON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THE TRANSFER OF THE NOTES IS SUBJECT TO CERTAIN ADDITIONAL RESTRICTIONS AND CONDITIONS. SEE "*NOTICE TO INVESTORS*" IN THIS OFFERING MEMORANDUM. THERE IS NO MARKET FOR THE NOTES AND THERE IS NO ASSURANCE THAT ONE WILL DEVELOP. RESALES OF THE NOTES MAY BE MADE (I) (A) IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A OR (B) ONLY IN THE CASE OF THE CLASS A1 NOTES AND THE CLASS A2 NOTES, OUTSIDE THE UNITED STATES TO ENTITIES WHICH ARE NOT "U.S. PERSONS" (WITHIN THE MEANING OF REGULATION S) ACQUIRING THE SECURITIES IN "OFFSHORE TRANSACTIONS" IN COMPLIANCE WITH REGULATION S, (II) ONLY PURSUANT TO THE REQUIREMENTS OF, OR AN EXEMPTION UNDER, APPLICABLE STATE SECURITIES LAWS AND (III) ONLY IN ACCORDANCE WITH THE OTHER RESTRICTIONS ON TRANSFER SET FORTH IN THE INDENTURE AND DESCRIBED HEREIN.

THE NOTES HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE OR FOREIGN SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE OR FOREIGN SECURITIES COMMISSION REVIEWED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE NOTES ARE SECURED BY THE ASSETS OF THE ISSUER. NEITHER THE NOTES NOR THE MORTGAGE LOANS WILL REPRESENT INTERESTS IN OR OBLIGATIONS OF ANY ORIGINATOR, THE SPONSOR, THE DEPOSITOR, THE TRUST MANAGER, ANY ASSET MANAGER, ANY SUBSERVICER, ANY SERVICER, THE CUSTODIAN, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE, THE PAYING AGENT, THE NOTE REGISTRAR, THE OWNER TRUSTEE OR ANY OF THEIR AFFILIATES. NEITHER THE NOTES NOR THE MORTGAGE LOANS WILL BE GUARANTEED OR INSURED BY ANY GOVERNMENTAL AGENCY OR INSTRUMENTALITY OR ANY OTHER ENTITY. THE MORTGAGE LOANS WILL BE THE SOLE SOURCE OF PAYMENT ON THE NOTES AND THERE WILL BE NO RECOURSE TO THE ORIGINATORS, THE SPONSOR, THE DEPOSITOR, THE TRUST MANAGER, THE ASSET MANAGERS, ANY SUBSERVICER, ANY SERVICER, THE CUSTODIAN, THE INITIAL PURCHASERS, THE INDENTURE TRUSTEE, THE PAYING AGENT, THE NOTE REGISTRAR, THE OWNER TRUSTEE OR ANY OF THEIR AFFILIATES OR ANY OTHER ENTITY IN THE EVENT THAT PAYMENTS ON THE MORTGAGE LOANS ARE INSUFFICIENT OR OTHERWISE UNAVAILABLE TO MAKE ALL PAYMENTS PROVIDED FOR UNDER THE NOTES.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS OFFERING MEMORANDUM AND ANY TERM SHEET PROVIDED TO YOU BY THE DEPOSITOR OR THE INITIAL PURCHASERS PRIOR TO THE DELIVERY OF THIS OFFERING MEMORANDUM AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE NOTES. THIS OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY, NOR WILL THERE BE ANY SALE OF THE NOTES, IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF SUCH STATE OR OTHER JURISDICTION. THE DELIVERY OF THIS OFFERING MEMORANDUM AT ANY TIME DOES NOT IMPLY THAT INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE. THE DEPOSITOR AND THE INITIAL PURCHASERS RESERVE THE RIGHT TO REJECT ANY OFFER TO PURCHASE THE NOTES, IN EACH CASE IN WHOLE OR IN PART, FOR ANY REASON, OR TO SELL LESS THAN THE FULL NOTE AMOUNT OF SUCH NOTES OFFERED HEREBY.

NO TRANSFER OF A CLASS A NOTE OR ANY INTEREST THEREIN WILL BE MADE TO ANY "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) THAT IS SUBJECT TO TITLE I OF ERISA, ANY "PLAN" (AS DEFINED IN SECTION 4975(e)(1) OF THE CODE) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, AN ENTITY OR ACCOUNT THAT IS DEEMED TO HOLD PLAN ASSETS OF ANY OF THE FOREGOING BY VIRTUE OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN THE ENTITY OR ACCOUNT (EACH, A "BENEFIT PLAN"), ANY GOVERNMENTAL, CHURCH OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR OTHER LAW THAT IS SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") OR TO ANY PERSON PURCHASING OR HOLDING SUCH NOTE OR INTEREST THEREIN ON BEHALF OF, OR USING ASSETS OF, ANY BENEFIT PLAN OR SUCH PLAN SUBJECT TO SIMILAR LAW, IF ANY SUCH TRANSFER WILL RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW. ACCORDINGLY, BY ACQUIRING A CLASS A NOTE OR INTEREST THEREIN, EACH PURCHASER OR TRANSFEREE OF A CLASS A NOTE WILL BE DEEMED TO REPRESENT AND WARRANT THAT, FOR SO LONG AS IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN, EITHER (I) IT IS NOT AND IS NOT ACQUIRING AND WILL NOT HOLD SUCH NOTE OR INTEREST THEREIN ON BEHALF OF, OR USING ASSETS OF, A BENEFIT PLAN OR ANY GOVERNMENTAL, CHURCH OR OTHER PLAN SUBJECT TO SIMILAR LAW OR (II) (A) SUCH CLASS A NOTES HAVE NOT BEEN CHARACTERIZED AS OTHER THAN INDEBTEDNESS UNDER APPLICABLE LOCAL LAW AND (B) ITS ACQUISITION, TRANSFER AND HOLDING OF SUCH NOTE OR ANY INTEREST THEREIN WILL NOT CONSTITUTE OR OTHERWISE RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION IN VIOLATION OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A VIOLATION OF SIMILAR LAW.

NO TRANSFER OF A CLASS M NOTE MAY BE MADE TO ANY BENEFIT PLAN OR ANY GOVERNMENTAL, CHURCH OR OTHER PLAN SUBJECT TO SIMILAR LAW. ACCORDINGLY, BY ACQUIRING A CLASS M NOTE OR INTEREST THEREIN, EACH PURCHASER OR TRANSFEREE OF A CLASS M NOTE WILL BE DEEMED TO REPRESENT AND WARRANT THAT, FOR SO LONG AS IT HOLDS SUCH NOTE OR ANY INTEREST THEREIN, IT IS NOT AND IS NOT ACQUIRING AND WILL NOT HOLD SUCH NOTE OR INTEREST THEREIN ON BEHALF OF, OR USING ASSETS OF, A BENEFIT PLAN OR ANY GOVERNMENTAL, CHURCH OR OTHER PLAN SUBJECT TO SIMILAR LAW.

THIS OFFERING MEMORANDUM IS PERSONAL TO EACH OFFEREE AND DOES NOT CONSTITUTE AN OFFER TO ANY OTHER PERSON OR TO THE PUBLIC GENERALLY TO SUBSCRIBE FOR OR OTHERWISE ACQUIRE THE NOTES. DISTRIBUTION OF THIS OFFERING MEMORANDUM TO ANY PERSON OTHER THAN THE OFFEREE AND THOSE PERSONS, IF ANY, RETAINED TO ADVISE SUCH OFFEREE WITH RESPECT THERETO IS UNAUTHORIZED, AND ANY DISCLOSURE OF ANY OF THE CONTENTS THEREOF OR HEREOF WITHOUT THE PRIOR WRITTEN CONSENT OF THE ISSUER IS PROHIBITED. EACH PROSPECTIVE PURCHASER, BY ACCEPTING DELIVERY OF THIS OFFERING MEMORANDUM, AGREES TO THE FOREGOING AND THAT IT WILL NOT MAKE ANY COPIES OF, NOR FORWARD, THIS OFFERING MEMORANDUM OR ANY DOCUMENTS REFERRED TO HEREIN AND, IF THE OFFEREE DOES NOT PURCHASE ANY NOTES OR THIS OFFERING IS TERMINATED, TO RETURN TO THE DEPOSITOR THIS OFFERING MEMORANDUM, AND ALL DOCUMENTS DELIVERED HEREWITH. NOTWITHSTANDING THE FOREGOING, PROSPECTIVE INVESTORS (AND EACH EMPLOYEE, REPRESENTATIVE OR OTHER AGENT OF SUCH INVESTORS) MAY DISCLOSE TO ANY AND ALL PERSONS, WITHOUT LIMITATION OF ANY KIND, THE FEDERAL, STATE AND LOCAL TAX TREATMENT AND TAX STRUCTURE OF THIS TRANSACTION AND ALL MATERIALS OF ANY KIND (INCLUDING OPINIONS OR OTHER TAX ANALYSES) THAT ARE PROVIDED TO THE INVESTORS RELATING TO SUCH FEDERAL, STATE AND LOCAL TAX TREATMENT AND TAX STRUCTURE.

EACH TRANSFEREE OF A BENEFICIAL INTEREST IN A CLASS M NOTE (INCLUDING THE INITIAL TRANSFEREE) WILL HAVE TO PROVIDE THE DEPOSITOR, THE ISSUER, THE INDENTURE TRUSTEE, THE NOTE REGISTRAR, THE PAYING AGENT, THE SPONSOR AND THE OWNER TRUSTEE WITH A TRANSFEREE CERTIFICATION SUBSTANTIALLY IN THE FORM OF ANNEX C ATTACHED TO THIS OFFERING MEMORANDUM, AND UPON ACCEPTING A BENEFICIAL INTEREST IN A CLASS M NOTE, WILL BE DEEMED TO HAVE MADE THE FOLLOWING CERTIFICATIONS, REPRESENTATIONS AND WARRANTIES (AS SET FORTH IN ANNEX C ATTACHED TO THIS OFFERING MEMORANDUM):

(I) EITHER (A) IT IS NOT AND WILL NOT BECOME FOR U.S. FEDERAL INCOME TAX PURPOSES A PARTNERSHIP, SUBCHAPTER S CORPORATION OR GRANTOR TRUST (EACH SUCH ENTITY A "FLOW-THROUGH ENTITY") OR (B) IF IT IS OR BECOMES A FLOW-THROUGH ENTITY, THEN (I) NONE OF THE DIRECT OR INDIRECT BENEFICIAL OWNERS OF ANY OF THE INTERESTS IN SUCH FLOW-THROUGH ENTITY HAS OR EVER WILL HAVE MORE THAN 50% OF THE VALUE OF THEIR INTEREST IN SUCH FLOW-THROUGH ENTITY ATTRIBUTABLE TO THE BENEFICIAL INTEREST OF SUCH FLOW-THROUGH ENTITY IN CLASS M NOTES OR ANY OTHER EQUITY INTEREST IN THE ISSUER AND (II) IT IS NOT AND WILL NOT BE A PRINCIPAL PURPOSE OF THE ARRANGEMENT INVOLVING THE FLOW-THROUGH ENTITY'S BENEFICIAL INTEREST IN ANY CLASS M NOTE TO PERMIT ANY ENTITY TO SATISFY THE 100-PARTNER LIMITATION OF SECTION 1.7704-1(h)(1)(ii) OF THE TREASURY REGULATIONS NECESSARY FOR SUCH ENTITY TO NOT BE CLASSIFIED AS A PUBLICLY TRADED PARTNERSHIP FOR U.S. FEDERAL INCOME TAX PURPOSES;

(II) IT (A) IS NOT ACQUIRING ANY BENEFICIAL INTEREST IN ANY CLASS M NOTE, (B) WILL NOT SELL, TRANSFER, ASSIGN, PARTICIPATE, OR OTHERWISE DISPOSE OF ANY BENEFICIAL INTEREST IN ANY CLASS M NOTE, AND (C) WILL NOT CAUSE ANY BENEFICIAL INTEREST IN ANY CLASS M NOTE TO BE MARKETED, IN EACH CASE, ON OR THROUGH AN "ESTABLISHED SECURITIES MARKET" WITHIN THE MEANING OF SECTION 7704 OF THE CODE, WHICH INCLUDES, WITHOUT LIMITATION, (A) A NATIONAL SECURITIES EXCHANGE REGISTERED UNDER SECTION 6 OF THE SECURITIES EXCHANGE ACT OF 1934, (B) A NATIONAL SECURITIES EXCHANGE EXEMPT FROM REGISTRATION UNDER SECTION 6 OF THE SECURITIES EXCHANGE ACT OF 1934 BECAUSE OF THE LIMITED VOLUME OF TRANSACTIONS, (C) A FOREIGN SECURITIES EXCHANGE THAT, UNDER THE

LAW OF THE JURISDICTION WHERE IT IS ORGANIZED, SATISFIES REGULATORY REQUIREMENTS THAT ARE ANALOGOUS TO THE REGULATORY REQUIREMENTS UNDER THE SECURITIES EXCHANGE ACT DESCRIBED IN THE FOREGOING CLAUSES (A) AND (B) (SUCH AS THE LONDON INTERNATIONAL FINANCIAL FUTURES EXCHANGE, THE MARCHE A TERME INTERNATIONAL DE FRANCE, THE INTERNATIONAL STOCK EXCHANGE OF THE UNITED KINGDOM AND THE REPUBLIC OF IRELAND, LIMITED, THE FRANKFURT STOCK EXCHANGE AND THE TOKYO STOCK EXCHANGE), (D) A REGIONAL OR LOCAL EXCHANGE, AND (E) AN INTERDEALER QUOTATION SYSTEM THAT REGULARLY DISSEMINATES FIRM BUY OR SELL QUOTATIONS BY IDENTIFIED BROKERS OR DEALERS BY ELECTRONIC MEANS OR OTHERWISE;

(III) ITS BENEFICIAL INTEREST IN THE CLASS M NOTES IS NOT AND WILL NOT BE IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THE CLASS M NOTES SET FORTH IN THE INDENTURE, AND IT DOES NOT AND WILL NOT HOLD ANY BENEFICIAL INTEREST IN THE CLASS M NOTE ON BEHALF OF ANY PERSON WHOSE BENEFICIAL INTEREST IN THE CLASS M NOTES IS IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THE CLASS M NOTES SET FORTH IN THE INDENTURE. IT WILL NOT SELL, TRANSFER, ASSIGN, PARTICIPATE, OR OTHERWISE DISPOSE OF ANY BENEFICIAL INTEREST IN THE CLASS M NOTES OR ENTER INTO ANY FINANCIAL INSTRUMENT OR CONTRACT THE VALUE OF WHICH IS DETERMINED BY REFERENCE IN WHOLE OR IN PART TO ANY CLASS M NOTE, IN EACH CASE IF THE EFFECT OF DOING SO WOULD BE THAT THE BENEFICIAL INTEREST OF ANY PERSON IN A CLASS M NOTE WOULD BE IN AN AMOUNT THAT IS LESS THAN THE MINIMUM DENOMINATION FOR THE CLASS M NOTES SET FORTH IN THE INDENTURE;

(IV) IT WILL NOT TRANSFER ANY BENEFICIAL INTEREST IN THE CLASS M NOTE (DIRECTLY, THROUGH A PARTICIPATION THEREOF, OR OTHERWISE) UNLESS, PRIOR TO THE TRANSFER, THE TRANSFEREE SHALL HAVE EXECUTED AND DELIVERED TO THE DEPOSITOR, THE ISSUER, THE INDENTURE TRUSTEE, THE NOTE REGISTRAR, THE PAYING AGENT, THE SPONSOR, THE OWNER TRUSTEE AND ANY OF THEIR RESPECTIVE SUCCESSORS OR ASSIGNS, A TRANSFEREE CERTIFICATION SUBSTANTIALLY IN THE FORM OF ANNEX C ATTACHED TO THIS OFFERING MEMORANDUM;

(V) IT WILL NOT USE ANY CLASS M NOTE AS COLLATERAL FOR THE ISSUANCE OF ANY SECURITIES OR FINANCING THAT COULD CAUSE THE ISSUER (OR ANY PORTION THEREOF) TO BE CLASSIFIED AS A "TAXABLE MORTGAGE POOL", A "PUBLICLY TRADED PARTNERSHIP" TAXABLE AS A CORPORATION, OR AN ASSOCIATION TAXABLE AS A CORPORATION, EACH FOR U.S. FEDERAL INCOME TAX PURPOSES, PROVIDED THAT IT MAY ENGAGE IN ANY REPURCHASE TRANSACTION (REPO) THE SUBJECT MATTER OF WHICH IS A CLASS M NOTE, PROVIDED THE TERMS OF SUCH REPURCHASE TRANSACTION ARE GENERALLY CONSISTENT WITH PREVAILING MARKET PRACTICE;

(VI) IT WILL NOT TAKE ANY ACTION THAT COULD CAUSE, AND WILL NOT OMIT TO TAKE ANY ACTION WHICH OMISSION COULD CAUSE, THE ISSUER (OR ANY PORTION THEREOF) TO BE CLASSIFIED AS A "TAXABLE MORTGAGE POOL", A "PUBLICLY TRADED PARTNERSHIP" TAXABLE AS A CORPORATION, OR AN ASSOCIATION TAXABLE AS A CORPORATION, EACH FOR U.S. FEDERAL INCOME TAX PURPOSES;

(VII) THE TRANSFEREE UNDERSTANDS THAT TAX COUNSEL TO THE DEPOSITOR HAS PROVIDED AN OPINION SUBSTANTIALLY TO THE EFFECT THAT THE ISSUER (OR ANY PORTION THEREOF) WILL NOT BE CLASSIFIED AS A "TAXABLE MORTGAGE POOL", A "PUBLICLY TRADED PARTNERSHIP" TAXABLE AS A CORPORATION, OR AN ASSOCIATION TAXABLE AS A CORPORATION, EACH FOR U.S. FEDERAL INCOME TAX PURPOSES, AND THAT THE VALIDITY OF SUCH OPINION IS DEPENDENT IN PART ON THE ACCURACY OF THE REPRESENTATIONS HEREIN;

(VIII) IN CONNECTION WITH THE TRANSFER, SUCH TRANSFEREE IS PROVIDING THE REQUISITE IDENTIFYING INFORMATION NECESSARY FOR THE ISSUER TO PROVIDE TO SUCH TRANSFEREE STATEMENTS OF A PARTNERSHIP AS DESCRIBED IN CODE SECTIONS 6221(b) AND 6226(a)(2). IT WILL ALSO PROVIDE ANY REASONABLY REQUESTED INFORMATION,

DOCUMENTATION OR MATERIAL TO ENABLE THE ISSUER TO MAKE ANY OF THE ELECTIONS DESCRIBED IN CODE SECTION 6221(b) AND 6226(a)(2) OR TO OTHERWISE COMPLY WITH SECTIONS 6221 AND 6241 OF THE CODE;

(IX) A TRANSFEREE CERTIFICATION SUBSTANTIALLY IN THE FORM OF ANNEX C ATTACHED TO THIS OFFERING MEMORANDUM HAS BEEN DULY EXECUTED AND DELIVERED AND CONSTITUTES THE LEGAL, VALID AND BINDING OBLIGATION OF THE TRANSFEREE, ENFORCEABLE AGAINST THE TRANSFEREE IN ACCORDANCE WITH ITS TERMS, EXCEPT AS SUCH ENFORCEABILITY MAY BE LIMITED BY BANKRUPTCY, INSOLVENCY, REORGANIZATION, MORATORIUM OR SIMILAR LAWS OR EQUITABLE PRINCIPLES AFFECTING THE ENFORCEMENT OF CREDITORS' RIGHTS GENERALLY AND GENERAL PRINCIPLES OF EQUITY, AND INDEMNIFICATION SOUGHT IN RESPECT OF SECURITIES LAWS VIOLATIONS MAY BE LIMITED BY PUBLIC POLICY;

(X) THE TRANSFEREE ACKNOWLEDGES AND AGREES THAT BENEFICIAL OWNERSHIP OF THE CLASS M NOTES MAY BE TRANSFERRED ONLY TO A PERSON THAT IS A "UNITED STATES PERSON" AS DEFINED IN SECTION 7701(A)(30) OF THE CODE (AN "ELIGIBLE U.S. PERSON"); AND

(XI) IT ACKNOWLEDGES THAT THE DEPOSITOR, THE ISSUER, THE INDENTURE TRUSTEE, THE NOTE REGISTRAR, THE PAYING AGENT, THE SPONSOR, THE OWNER TRUSTEE AND OTHERS WILL RELY ON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND WARRANTIES, AND AGREES THAT IF IT BECOMES AWARE THAT ANY OF THE FOREGOING MADE BY IT OR DEEMED TO HAVE BEEN MADE BY IT ARE NO LONGER ACCURATE, IT SHALL PROMPTLY NOTIFY THE ISSUER.

EACH PURCHASER AND TRANSFEREE OF A BENEFICIAL INTEREST IN A CLASS M NOTE (INCLUDING THE INITIAL TRANSFEREE AT CLOSING) WILL BE REQUIRED TO PROVIDE THE DEPOSITOR, THE NOTE REGISTRAR, THE INDENTURE TRUSTEE, THE PAYING AGENT AND THE ISSUER WITH A TIMELY AND PROPERLY COMPLETED INTERNAL REVENUE SERVICE FORM W-9.

THIS OFFERING MEMORANDUM HAS BEEN PREPARED BY THE DEPOSITOR SOLELY FOR USE IN CONNECTION WITH THE SALE OF THE NOTES. NONE OF THE ISSUER, THE SPONSOR, THE DEPOSITOR, ANY ASSET MANAGER, ANY SUBSERVICER, ANY SERVICER, ANY ORIGINATOR, THE INDENTURE TRUSTEE, THE CUSTODIAN, THE TRUST MANAGER, THE PAYING AGENT, THE NOTE REGISTRAR, THE OWNER TRUSTEE OR THE INITIAL PURCHASERS MAKES ANY REPRESENTATIONS OR WARRANTIES AS TO THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN.

INVESTORS INTERESTED IN PARTICIPATING IN THIS OFFERING SHOULD CONDUCT AN INDEPENDENT INVESTIGATION OF THE RISKS POSED BY AN INVESTMENT IN THE NOTES. REPRESENTATIVES OF THE DEPOSITOR WILL BE AVAILABLE TO ANSWER QUESTIONS CONCERNING THE MORTGAGE LOANS AND WILL, UPON REQUEST, MAKE AVAILABLE SUCH OTHER INFORMATION AS INVESTORS MAY REASONABLY REQUEST.

THE APPROPRIATE CHARACTERIZATION OF THE NOTES UNDER VARIOUS LEGAL INVESTMENT RESTRICTIONS, AND THUS THE ABILITY OF INVESTORS SUBJECT TO THESE RESTRICTIONS TO PURCHASE SUCH NOTES, IS SUBJECT TO SIGNIFICANT INTERPRETIVE UNCERTAINTIES. ACCORDINGLY, INVESTORS WHOSE INVESTMENT AUTHORITY IS SUBJECT TO LEGAL RESTRICTIONS SHOULD CONSULT THEIR OWN LEGAL ADVISORS TO DETERMINE WHETHER AND TO WHAT EXTENT THE NOTES CONSTITUTE LEGAL INVESTMENTS FOR THEM.

FORWARD-LOOKING STATEMENTS

THIS OFFERING MEMORANDUM CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT. IN ADDITION, CERTAIN STATEMENTS MADE IN PRESS RELEASES AND IN ORAL AND WRITTEN STATEMENTS MADE BY OR WITH THE DEPOSITOR'S APPROVAL MAY CONSTITUTE FORWARD-LOOKING STATEMENTS. SPECIFICALLY,

FORWARD-LOOKING STATEMENTS, TOGETHER WITH RELATED QUALIFYING LANGUAGE AND ASSUMPTIONS, ARE FOUND IN THE MATERIAL (INCLUDING TABLES) UNDER THE HEADINGS "*RISK FACTORS*" AND "*PREPAYMENT AND YIELD CONSIDERATIONS*." FORWARD-LOOKING STATEMENTS ARE ALSO FOUND IN OTHER PLACES THROUGHOUT THIS OFFERING MEMORANDUM, AND MAY BE IDENTIFIED BY, AMONG OTHER THINGS, ACCOMPANYING LANGUAGE, SUCH AS "EXPECTS," "INTENDS," "ANTICIPATES," "ESTIMATES" OR ANALOGOUS EXPRESSIONS, OR BY QUALIFYING LANGUAGE OR ASSUMPTIONS. THESE STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER IMPORTANT FACTORS THAT COULD CAUSE THE ACTUAL RESULTS OR PERFORMANCE TO DIFFER MATERIALLY FROM THE FORWARD-LOOKING STATEMENTS. THESE RISKS, UNCERTAINTIES AND OTHER FACTORS INCLUDE, AMONG OTHERS, GENERAL ECONOMIC AND BUSINESS CONDITIONS, AN INCREASE IN DELINQUENCIES (INCLUDING INCREASES DUE TO WORSENING OF ECONOMIC CONDITIONS), CHANGES IN POLITICAL, SOCIAL AND ECONOMIC CONDITIONS, REGULATORY INITIATIVES AND COMPLIANCE WITH GOVERNMENTAL REGULATIONS, CUSTOMER PREFERENCE AND VARIOUS OTHER MATTERS, MANY OF WHICH ARE BEYOND THE DEPOSITOR'S CONTROL.

THESE FORWARD-LOOKING STATEMENTS SPEAK ONLY AS OF THE DATE OF THIS OFFERING MEMORANDUM. THE DEPOSITOR EXPRESSLY DISCLAIMS ANY OBLIGATION OR UNDERTAKING TO DISSEMINATE ANY UPDATES OR REVISIONS TO ANY FORWARD-LOOKING STATEMENTS TO REFLECT CHANGES IN THE DEPOSITOR'S EXPECTATIONS WITH REGARD TO THOSE STATEMENTS OR ANY CHANGE IN EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH ANY FORWARD-LOOKING STATEMENT IS BASED.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act in connection with sales of the Notes, the Indenture Trustee will be required to furnish, upon the request of any holder of the Notes, to such holder and a prospective purchaser designated by such holder, the information required to be delivered under Rule 144A(d)(4) under the Securities Act provided such information has been furnished to it by the Depositor.

U.S. CREDIT RISK RETENTION

Pursuant to the credit risk retention requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "<u>Dodd-Frank Act</u>") and for the period of time described herein under "*U.S. Credit Risk Retention*" in this Offering Memorandum, the Sponsor or one or more majority-owned affiliates of the Sponsor will retain an "eligible horizontal residual interest" in an amount (that is, with a fair value) equal to not less than 5% of the aggregate fair value of the Notes and the Residual Interest Certificate as determined using the fair value measurement framework under generally accepted accounting principles ("<u>GAAP</u>"). See "*Summary Information—U.S. Credit Risk Retention*" and "*U.S. Credit Risk Retention*" in this Offering Memorandum.

EU SECURITIZATION REGULATION AND UK SECURITIZATION REGULATION

The Sponsor will undertake, on an ongoing basis and for as long as any Notes are outstanding, to retain exposure to the Residual Interest Certificate (the "<u>EU/UK Retained Interest</u>"), which represents overcollateralization of not less than 5% of the nominal value of the securitized Mortgage Loans, which will constitute a material net economic interest in this securitization of not less than 5% of the nominal value of the securitized exposures in accordance with paragraph (d) of Article 6(3) of each of (i) the EU Securitization Regulation (as in effect on the Closing Date) and the UK Securitization Regulation (as in effect on the Closing Date), as further described in "*EU and UK Risk Retention*." The Sponsor will also undertake to not sell, hedge or mitigate its credit risk under or associated with the EU/UK Retained Interest, except to the extent permitted in accordance with the EU Securitization Rules and the UK Securitization Rules.

The Issuer will undertake to provide on at least a quarterly basis:

(a) information on each of the Mortgage Loans (in the form of Annex 2 "Underlying exposures – residential real estate" of the disclosure technical standards published as of the Closing Date by the European

Securities and Markets Authority for securitizations, or, to the extent agreed by the Issuer, any updated form required pursuant to the Transparency Requirements (as defined herein) and/or published by the European Securities and Markets Authority or other applicable regulator or permitted under the Securitization Rules); and

(b) a report in the form of Annex 12 "Investor Report – Non-ABCP securitisation" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority for securitizations or, to the extent agreed by the Issuer, any updated form required pursuant to the Transparency Requirements (as defined herein) and/or published by the European Securities and Markets Authority or other applicable regulator or permitted under the Securitization Rules),

except (in each case) (i) information that is not required to be disclosed because the relevant template allows a "non-disclosure option" and (ii) information that is subject to a confidentiality undertaking or personal data (such confidential information will only be made available to an Affected Investor after such Affected Investor has sent to the Issuer a signed non-disclosure agreement in the form scheduled to the Risk Retention Agreement).

The term "EU Securitization Regulation" means the European Union Regulation 2017/2402, as amended, supplemented or replaced, from time to time.

The term "UK Securitization Regulation" means Regulation (EU) 2017/2402, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended ("EUWA"), and as amended by the Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/660) and as may be further amended, supplemented or replaced, including by the UK Securitisation Regulations 2024.

The term "EU Securitization Rules" means the EU Securitization Regulation and all related regulatory and/or implementing technical standards adopted by the European Commission and official guidance published in relation thereto; and the term "UK Securitization Rules" means the UK Securitization Regulation together with (a) all applicable binding technical standards made under the UK Securitization Regulation, (b) any EU regulation technical standards or implementing technical standards relating to the EU Securitization Regulation (including, without limitation, such regulatory technical standards or implementing technical standards which are applicable pursuant to any transitional provisions of the EU Securitization Regulation) forming part of the domestic law of the UK by operation of the EUWA, (c) all relevant guidance, policy statements or directions relating to the application of the UK Securitization Regulation (or any binding technical standards) published by the Prudential Regulation Authority (the "PRA") and/or the Financial Conduct Authority (the "FCA") (or their successors), (d) any guidelines relating to the application of the EU Securitization Regulation which are applicable in the UK, (e) any other transitional, saving or other provision relevant to the UK Securitization Regulation by virtue of the operation of the EUWA, and (f) any other applicable laws, acts, statutory instruments, rules, guidance or policy statements published or enacted relating to the UK Securitization Regulation, in each case, as may be further amended, supplemented or replaced, from time to time. The term "Securitization Rules" refers to both the UK Securitization Rules and the EU Securitization Rules.

Although the Sponsor has structured this transaction with the intention of enabling Affected Investors to satisfy their applicable Due Diligence Requirements under the Securitization Regulations (as in effect on the Closing Date), each prospective investor in the Offered Notes that is an Affected Investor is required to assess independently and to determine whether: (i) the undertaking by the Sponsor to retain exposure to the EU/UK Retained Interest (as described in this Offering Memorandum), and (ii) the information in this Offering Memorandum and the information to be provided in any reports provided to investors in relation to the transaction described in this Offering Memorandum are sufficient to comply with the Securitization Rules or any corresponding national measures which may be relevant. None of the transaction parties, their respective affiliates or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose or that the structure of the Offered Notes, the Sponsor (including its exposure to the EU/UK Retained Interest) and the transactions described herein are compliant with the Securitization Rules or any other applicable legal, regulatory or other requirements, and no such person will have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transaction or structure contemplated hereby to comply with or otherwise satisfy such requirements, any subsequent change in law, rule or regulation or any other applicable legal, regulatory or other requirements or any failure by any investor that is an Affected Investor to satisfy the applicable Due Diligence Requirements. See *"EU and UK Risk Retention"* and *"Risk Factors—EU Due Diligence*

Requirements and UK Due Diligence Requirements Will Affect Certain Potential Investors" in this Offering Memorandum.

For additional information regarding the EU Securitization Regulation and the UK Securitization Regulation, see "*Risk Factors—EU Due Diligence Requirements and UK Due Diligence Requirements Will Affect Certain Potential Investors*" in this Offering Memorandum.

NOTICE TO CANADIAN INVESTORS

THE NOTES MAY BE SOLD ONLY TO PURCHASERS IN THE PROVINCES OF ALBERTA, BRITISH COLUMBIA, ONTARIO AND QUEBEC PURCHASING, OR DEEMED TO BE PURCHASING, AS PRINCIPALS THAT ARE ACCREDITED INVESTORS, AS DEFINED IN NATIONAL INSTRUMENT 45-106 PROSPECTUS EXEMPTIONS OR SUBSECTION 73.3(1) OF THE SECURITIES ACT (ONTARIO), AND ARE PERMITTED CLIENTS, AS DEFINED IN NATIONAL INSTRUMENT 31-103 REGISTRATION REQUIREMENTS, EXEMPTIONS AND ONGOING REGISTRANT OBLIGATIONS. ANY RESALE OF THE NOTES MUST BE MADE IN ACCORDANCE WITH AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE PROSPECTUS REQUIREMENTS OF APPLICABLE SECURITIES LAWS.

SECURITIES LEGISLATION IN CERTAIN PROVINCES OR TERRITORIES OF CANADA MAY PROVIDE A PURCHASER WITH REMEDIES FOR RESCISSION OR DAMAGES IF THIS OFFERING MEMORANDUM (INCLUDING ANY AMENDMENT HERETO) CONTAINS A MISREPRESENTATION, PROVIDED THAT THE REMEDIES FOR RESCISSION OR DAMAGES ARE EXERCISED BY THE PURCHASER WITHIN THE TIME LIMIT PRESCRIBED BY THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY. THE PURCHASER SHOULD REFER TO ANY APPLICABLE PROVISIONS OF THE SECURITIES LEGISLATION OF THE PURCHASER'S PROVINCE OR TERRITORY FOR PARTICULARS OF THESE RIGHTS OR CONSULT WITH A LEGAL ADVISOR.

PURSUANT TO SECTION 3A.3 (OR, IN THE CASE OF SECURITIES ISSUED OR GUARANTEED BY THE GOVERNMENT OF A NON-CANADIAN JURISDICTION, SECTION 3A.4) OF NATIONAL INSTRUMENT 33-105 *UNDERWRITING CONFLICTS* (NI 33-105), NEITHER INITIAL PURCHASER IS REQUIRED TO COMPLY WITH THE DISCLOSURE REQUIREMENTS OF NI 33-105 REGARDING UNDERWRITER CONFLICTS OF INTEREST IN CONNECTION WITH THIS OFFERING.

NOTICE TO RESIDENTS OF JAPAN

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE FINANCIAL INSTRUMENTS AND EXCHANGE LAW OF JAPAN, AS AMENDED (THE "FIEL"), AND DISCLOSURE UNDER THE FIEL HAS NOT BEEN AND WILL NOT BE MADE WITH RESPECT TO THE NOTES. NO REPRESENTATION IS MADE AS TO WHETHER THE TRANSACTION DESCRIBED HEREIN WOULD COMPLY WITH THE JAPANESE FINANCIAL SERVICES AGENCY (THE "JFSA") RISK RETENTION RULE (AS MORE FULLY DESCRIBED UNDER "*JAPANESE RETENTION REQUIREMENT*" HEREIN) AND NO PARTY TO THE TRANSACTION DESCRIBED HEREIN HAS COMMITTED TO RETAIN A NET ECONOMIC INTEREST IN THE SECURITIZATION CALCULATED FOR THE PURPOSE OF COMPLYING WITH SUCH REQUIREMENTS.

NOTICE TO INVESTORS

Because of the following restrictions, prospective investors in the Notes are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Notes.

Each prospective purchaser of Notes, by accepting delivery of this Offering Memorandum, will be deemed to have represented and agreed as follows:

(i) It acknowledges that this Offering Memorandum is personal to it and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes other than pursuant to Rule 144A or, only in the case of the Class A1 Notes and the Class A2 Notes, outside the United States to entities which are not "U.S. Persons" (within the meaning of Regulation S) acquiring the securities in "offshore transactions" in compliance with Regulation S. Distribution of this Offering Memorandum, or disclosure of any of its contents to any person other than those persons, if any, retained to advise it with respect thereto and other persons meeting the requirements of Rule 144A or only in the case of the Class A1 Notes and the Class A2 Notes, Regulation S is unauthorized, and any disclosure of any of its contents, without the prior written consent of the Depositor, except as expressly permitted in this Offering Memorandum with respect to the federal income tax treatment of the Notes, is prohibited.

(ii) The Notes are being offered only (1) in the United States to "qualified institutional buyers" in reliance on Rule 144A, or (2) only in the case of the Class A1 Notes and the Class A2 Notes, outside the United States to entities which are not "U.S. Persons" acquiring the securities in "offshore transactions" under Regulation S. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except (i) (a) in the United States to "qualified institutional buyers" in reliance on Rule 144A or (b) only in the case of the Class A1 Notes and the Class A2 Notes, outside the United States to entities which are not "U.S. Persons" acquiring the securities in "offshore transactions" under Regulation S and (ii) in accordance with the other restrictions on transfer set forth in the Indenture and described below. The Indenture will provide that no transfer of any Note will be registered by the Indenture Trustee or the Note Registrar unless certain required certifications are provided to the Indenture Trustee, the Paying Agent and the Note Registrar, at the expense of the transferor and transferee, with respect to their compliance with the foregoing restrictions. Investors transferring interests in the Notes will be deemed to have made such certifications. The Indenture provides that transfers to any investor that do not meet the foregoing requirements will be void *ab initio*.

(iii) Pursuant to the Indenture, no sale, pledge or other transfer of any Note or any beneficial interest therein may be made by any person unless such sale, pledge or other transfer complies with the requirements of the Indenture. Any holder of a Note desiring to effect a transfer of such Note or any beneficial interest therein will, by acceptance thereof, be deemed to have agreed to indemnify the Issuer, the Sponsor, the Depositor, the Owner Trustee, the Custodian, the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar and the Initial Purchasers against any liability that may result if the transfer is not exempt from the registration requirements of the Securities Act or is not made in accordance with such applicable federal and state laws and the Indenture. None of the Issuer, the Sponsor, the Depositor, the Indenture Trustee, the Custodian, the Trust Manager, the Paying Agent, the Note Registrar, the Owner Trustee, the Initial Purchasers or any of their affiliates will be required to register the Notes under the Securities Act, qualify the Notes under the securities laws of any state, or provide registration rights to any purchaser.

(iv) Pursuant to the Indenture, the transferee or owner of a beneficial interest in a Note will be deemed to have made certain representations regarding ERISA and Similar Law. See "*Certain Considerations for ERISA and Other U.S. Employee Benefit Plans*" in this Offering Memorandum. In addition, pursuant to the Indenture, each transferee or owner of a beneficial interest in the Notes will be required to provide the appropriate IRS Form W-9 or IRS Form W-8 (or applicable successor form), as required by the Indenture.

(v) Beneficial ownership of the Class M Notes may be transferred only to transferees who are "United States persons" as defined in Section 7701(a)(30) of the Code. Any purported transfer of a Class M Note (or an interest therein), including a transfer to an initial transferee at closing, will be void ab initio unless the transferee thereof delivers (i) a written certification in the form of Annex C to this Offering Memorandum to the Depositor, the Issuer, the Indenture Trustee, the Note Registrar, the Paying Agent, the Sponsor and the Owner Trustee in which it makes certain representations, including that it will not market the Class M Notes (or interest therein) on an "established securities market" within the meaning of Section 7704(b)(1) of the Code. and (ii) a properly completed Internal Revenue Service Form W-9 to the Depositor, the Indenture Trustee, the Note Registrar, the Paying Agent and the Issuer.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

The Notes are not intended to be offered, sold or otherwise made available to, and should not be offered, sold or otherwise made available to any EEA Retail Investor in the European Economic Area (the "EEA"). For these purposes, an "EEA Retail Investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II");

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended, the "EU Prospectus Regulation").

Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to EEA Retail Investors in the EEA has been prepared, and therefore offering or selling the Notes or otherwise making them available to any EEA Retail Investor in the EEA may be unlawful under the EU PRIIPs Regulation.

This Offering Memorandum is not a prospectus for the purposes of the EU Prospectus Regulation.

NOTICE TO UNITED KINGDOM INVESTORS

PROHIBITION ON SALES TO UK RETAIL INVESTORS

The Offered Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any UK Retail Investor in the United Kingdom (the "UK"). For these purposes, a "UK Retail Investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 (as amended) as it forms part of UK domestic law by virtue of the EUWA.

Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (as amended, the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to UK Retail Investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any UK Retail Investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK FINANCIAL PROMOTION REGIME

The Issuer may constitute a "collective investment scheme" as defined by Section 235 of the FSMA that is not a "recognized collective investment scheme" for the purposes of the FSMA and that has not been authorized, regulated or otherwise recognized or approved. As an unregulated scheme, the offered notes cannot be marketed in the UK to the general public, except in accordance with the FSMA.

The distribution of this Offering Memorandum (a) if made by a person who is not an authorized person under the FSMA, is being made only to, or directed only at, persons who (i) are outside the UK, or (ii) have professional experience in matters relating to investments and qualify as investment professionals in accordance with Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Financial Promotion Order"), or (iii) are persons falling within Article 49(2)(a) through (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order (all such persons together being referred to as "FPO Persons"); and (b) if made by a person who is an authorized person under the FSMA, is being made only to, or directed only at, persons who (i) are outside the UK, or (ii) have professional experience in matters relating to investments and qualify as investment professionals in accordance with Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the "Promotion of Collective Investment Schemes Exemptions Order"), or (iii) are persons falling within Article 22(2)(a) through (d) ("high net worth companies, unincorporated associations, etc.") of the Promotion of Collective Investment Schemes Exemptions Order, or (iv) are persons to whom the Issuer may lawfully be promoted in accordance with Chapter 4.12 of the U.K. Financial Conduct Authority's Conduct of Business Sourcebook (all such persons together being referred to as "PCIS Persons" and, together with the FPO Persons, the "Relevant Persons").

This Offering Memorandum must not be acted on or relied on by persons who are not Relevant Persons. Any investment or investment activity to which this Offering Memorandum relates, including the Offered Notes, is available only to Relevant Persons and will be engaged in only with Relevant Persons. Any persons other than Relevant Persons should not act or rely on this Offering Memorandum.

Potential investors in the UK are advised that all, or most, of the protections afforded by the UK regulatory system will not apply to an investment in the Offered Notes and that compensation will not be available under the UK financial services compensation scheme.

NYMT Loan Trust Series 2024-BPL2,
Mortgage-Backed Notes, Series 2024-BPL2

SECURITIES TABLE

Structure Overview											
Class	**Initial Note Amount(1)**	**Coupon Type**	**Note Rate**	**Expected WAL (years)(4)**	**Expected Principal Window (months)(4)**	**Expected Initial Credit Enhancement(5)**	**Expected Optional Redemption Date**	**Stated Final Maturity Date**	**144A CUSIP**	**Reg S CUSIP**	**Ratings (Morningstar DBRS)(7)**
Class A1 Notes	$186,250,000	Fixed Rate	[●]%(2)	2.31	25 – 30	25.50%	November 2026	May 2039	67120T AA8	U66906 AA3	A (low)
Class A2 Notes	$18,125,000	Fixed Rate	[●]%(2)	2.49	30 – 30	18.25%	November 2026	May 2039	67120T AB6	U66906 AB1	BBB (low)
Class M Notes	$17,125,000	Fixed Rate	[●]%(3)	2.49	30 – 30	11.40%	November 2026	May 2039	67120T AC4	U66906 AC9	BB (low)
Residual Interest Certificate(6)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	67120T AD2	N/A	NR
Total Offered Amount	$221,500,000										

(1) Approximate balances as of the Closing Date. The "Initial Note Amount" of each class of Notes shown above is subject to a variance of *plus* or *minus* 5%.

(2) The Note Rate of each class of Class A Notes for each Accrual Period relating to a Payment Date on or prior to the Step-Up Date will be equal to the applicable fixed rate *per annum* set forth above. For each Accrual Period relating to a Payment Date following the Step-up Date, the Note Rate of the Class A Notes will equal the sum of the Note Rate of such Class A Notes as of the Closing Date and 1.000%.

(3) The Note Rate for the Class M Notes for each Accrual Period will be equal to the applicable fixed rate *per annum* set forth above.

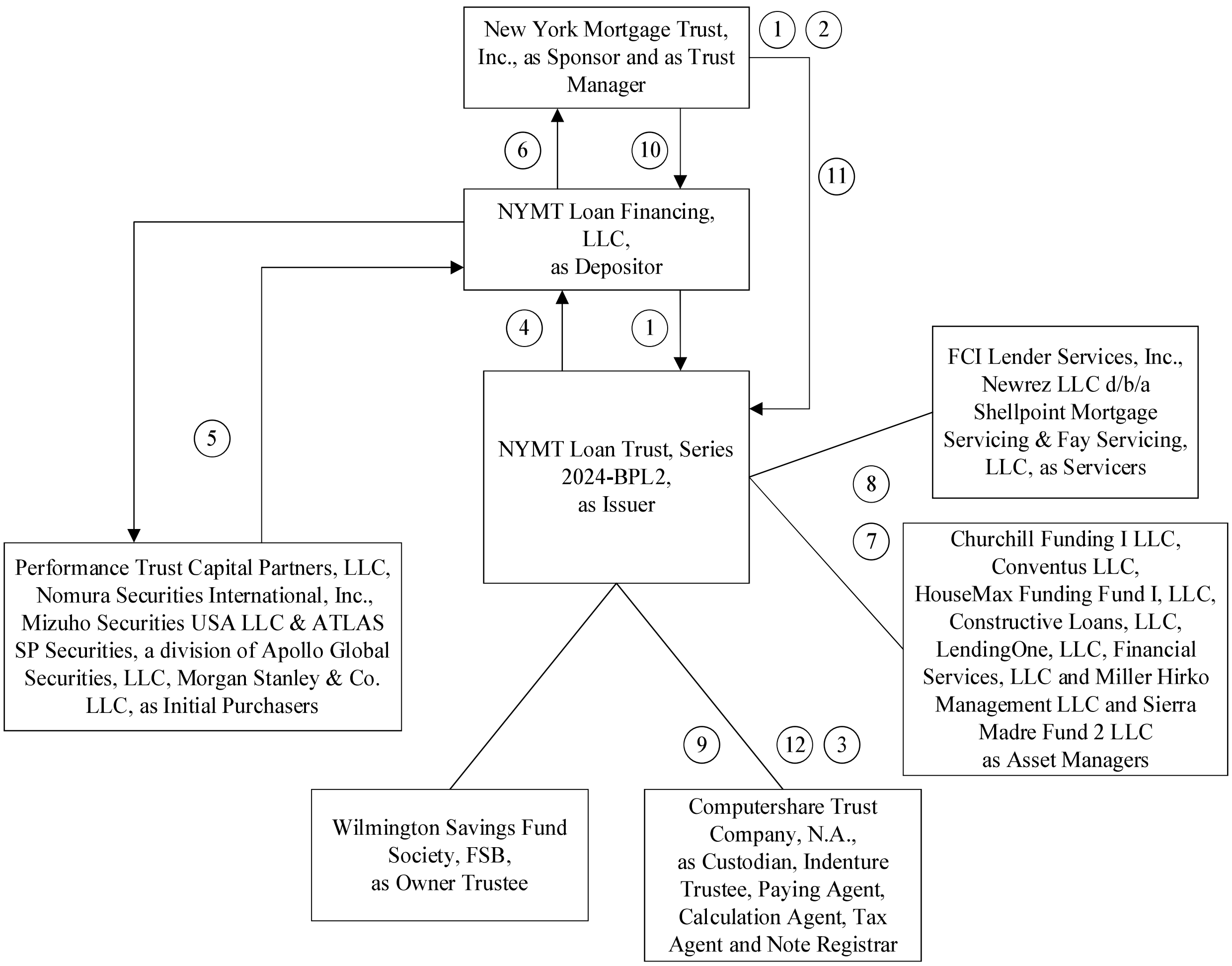
(4) The "Expected Weighted Average Lives" ("WAL") and "Expected Principal Windows" are determined based on the pricing scenario to the expected Optional Redemption Date, as described under "*Structuring Assumptions*" in this Offering Memorandum. The actual final Payment Date may differ from the expected Optional Redemption Date, which is the Step-Up Date.

(5) The expected initial credit enhancement for a class of Notes will equal the quotient of (i) the excess of (a) the aggregate Unpaid Principal Balance of the Initial Mortgage Loans as of the Initial Cut-off Date, *plus* any amounts held in the Accumulation Account as of the Closing Date *over* (b) the aggregate Initial Note Amount of such class of Notes and any more senior class or classes of Notes *divided by* (ii) the aggregate Unpaid Principal Balance of the Initial Mortgage Loans as of the Initial Cut-off Date, *plus* any amounts held in the Accumulation Account as of the Closing Date.

(6) Not offered hereby.

(7) The Notes will not be issued unless they receive at least the ratings set forth in this table from DBRS, Inc. ("Morningstar DBRS") or the "Rating Agency". See "Ratings" herein.

The transaction structure is illustrated below:



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1. On the Closing Date, the Sponsor will cause the Initial Mortgage Loans to be transferred from a separate series of the Residential Mortgage Aggregation Trust (the "Trust"), which previously acquired such Initial Mortgage Loans, to a separate series of the Trust known as NYMT Loan Trust Series 2024-BPL2 (the "Issuer") constituting the Issuer pursuant to a master reallocation agreement, and such reallocation shall constitute a sale and contribution by the Sponsor to the Depositor, and by the Depositor to the Issuer, of such Initial Mortgage Loans (including the amounts on deposit in any applicable Rehab Escrow Account maintained by a Servicer).

2. During the Reinvestment Period, the Issuer may acquire Additional Mortgage Loans using funds on deposit in the Accumulation Account.

3. The Issuer pledges the Mortgage Loans and other assets in the Trust Estate to the Indenture Trustee to secure the Issuer's payment obligations in respect of the Notes.

4. The Issuer issues the Notes and the Residual Interest Certificate to the Depositor.

5. The Depositor sells the Notes (other than any Notes retained by the Depositor or an affiliate) to the Initial Purchasers in return for cash, pursuant to a note purchase agreement.

6. The Depositor distributes to the Sponsor or its designee the proceeds of the sale of the Notes (other than any Notes retained by the Depositor or an affiliate) on the Closing Date.

7. The Asset Managers are engaged by the Issuer to provide certain management and advisory services with respect to the Initial Mortgage Loans. The Servicers are engaged by the Issuer to service the Initial Mortgage Loans.

   Following the Closing Date, the Trust Manager, on behalf of the Issuer, may engage one or more new Asset Managers or Servicers to administer and service the Mortgage Loans (as described herein).

   Each Asset Manager, each Servicer and the Trust Manager remits any Collections received by such party with respect to the related Mortgage Loans, net of certain amounts permitted to be withheld by such party pursuant to the terms of the related asset management agreement or servicing agreement (including amounts in respect of Construction Advances made by such party on behalf of the Issuer and reimbursable from Collections), into the Payment Account. During the Reinvestment Period, the Paying Agent remits all Collections on deposit in the Payment Account representing principal payments from the Payment Account into the Accumulation Account, each established by the Paying Agent on behalf of Indenture Trustee, for the benefit of the Noteholders, as described under "*Indenture—Accounts*" in this Offering Memorandum. Amounts on deposit in the Accumulation Account will be withdrawn and distributed as described under "*Indenture—Accounts*" in this Offering Memorandum.

8. The Servicer deposits Collections with respect to the Mortgage Loans and REO Properties into such party's (or its Subservicer's) custodial or general trust account (each, a "<u>Custodial Account</u>"). Any of the Trust Manager, the related Asset Manager or the related Servicer may fund Servicing Advances on behalf of the Issuer or request funds from the Trust Manager in order to make Servicing Advances pursuant to the related asset management agreement or servicing agreement, as applicable, as described under "*The Asset Management Agreements and the Servicing Agreements—Advances*" in this Offering Memorandum. The Asset Manager or Servicer may seek reimbursement from the Trust Manager for any Servicing Advances funded by such party, or a Servicer may be entitled to net such reimbursement amounts from monthly remittances by such Servicer to the Payment Account.

9. On each Payment Date, the Paying Agent uses the remittances on the Mortgage Loans from the Asset Manager or any Servicer and amounts on deposit in the Accumulation Account, Expense Reserve Account and/or the Interest Reserve Account to make payments on the Notes pursuant to the Priority of Payments described herein.

10. The Sponsor makes certain representations and warranties about the Mortgage Loans to the Depositor, which are assigned to the Issuer pursuant to the Master Reallocation Agreement as described under "*The Master Reallocation Agreement—Mortgage Loan Representations and Warranties*" in this Offering Memorandum.

11. The Trust Manager will perform certain collateral management and oversight actions on behalf of the Issuer and provide instructions to the Asset Managers and Servicers in connection with the Mortgage Loans and the Rehabilitation Disbursement Request disbursement process as described under "*The Administration Agreement—Trust Administration*" in this Offering Memorandum.

12. The Indenture Trustee may enforce certain remedies on behalf of the Issuer (under the circumstances described in and in accordance with terms of the Indenture) in the event of an Event of Default, as applicable.

    For simplicity and clarity, this diagram omits certain parties and steps.

SUMMARY INFORMATION

This summary highlights selected information from this Offering Memorandum, but does not contain all of the information that you should consider in making your investment decision. Please read this entire Offering Memorandum carefully for additional information about the Notes.

Capitalized terms used in this Offering Memorandum may be defined when first used or will have the meanings ascribed to them in "*Annex A—Glossary of Defined Terms*" to this Offering Memorandum and may be located using the "Index of Defined Terms" in this Offering Memorandum.

THE NOTES

NYMT Loan Trust Series 2024-BPL2, the Series 2024-BPL2 Class A1 Notes (the "Class A1 Notes"), the Series 2024-BPL2 Class A2 Notes (the "Class A2 Notes" and, together with the Class A1 Notes, the "Class A Notes") and the Series 2024-BPL2 Class M Notes (the "Class M Notes" and, together with the Class A Notes, the "Notes"). The Residual Interest Certificate is not offered hereby. It is expected that the Depositor will initially retain the Residual Interest Certificate. The Depositor or one or more affiliates of the Sponsor may retain all or a portion of any class of Notes. Information about the Residual Interest Certificate is included in this Offering Memorandum to assist you in understanding the Notes.

RELEVANT PARTIES

Issuer

NYMT Loan Trust Series 2024-BPL2 (the "Issuer") is a separate series of Residential Mortgage Aggregation Trust, a Delaware statutory trust organized in series (the "Trust"). The Issuer will be governed by a second amended and restated trust agreement, dated as of November 2, 2021, together with a series supplement to the amended and restated trust agreement (the "Trust Supplement"), dated as of the Closing Date (as amended, restated or modified, collectively, the "Trust Agreement"). The assets allocated to any such other series of the Trust will not be available to make payments on the Notes, and may be pledged to one or more warehouse, repurchase or other similar credit facilities. Similarly, the assets allocated to the Issuer will not be available to satisfy the obligations of any other series of the Trust. The ownership interest in the Issuer will be evidenced by the Residual Interest Certificate. The Residual Interest Certificate is not offered hereby. See "*The Trust Agreement*" herein.

Depositor

NYMT Loan Financing, LLC (the "Depositor"), a Delaware limited liability company, is the Depositor. The Depositor was formed in June 2013.

Sponsor and Trust Manager

New York Mortgage Trust, Inc., a Maryland corporation, is the Sponsor of the NYMT Loan Trust 2024-BPL2 securitization transaction (in such capacity, the "Sponsor").

Pursuant to a master reallocation agreement, dated as of the Closing Date, by and among the Sponsor, the Depositor and the Issuer (as such agreement may be amended, modified, superseded or supplemented from time to time, the "Master Reallocation Agreement"), on the Closing Date, the Sponsor will (i) cause the related Asset Manager or related Servicer to deposit into any related Rehab Escrow Account the amounts in respect of each Initial Mortgage Loan to be used to fully fund Rehabilitation Disbursement Requests for the related Initial Mortgage Loans, as applicable, and (ii) cause the Initial Mortgage Loans to be transferred from a separate series of the Trust that previously acquired the Initial Mortgage Loans to the Issuer. During the Reinvestment Period, the Sponsor may, from time to time, cause Additional Mortgage Loans that satisfy the Eligibility Criteria to be transferred to the Issuer under the Master Reallocation Agreement and will simultaneously cause the Asset Manager, any related Servicer or Subservicer, as applicable, to reserve funds or to deposit into any related Rehab Escrow Account any escrowed funds in respect of each Additional Mortgage Loan to be used to fully fund Rehabilitation Disbursement Requests for the related Additional Mortgage Loans. See "*Description of the Mortgage Loans—Assignment of Initial Mortgage Loans*".

New York Mortgage Trust, Inc. is also the Trust Manager (in such capacity, the "Trust Manager"). The Trust Manager will provide certain asset management and servicing oversight functions on behalf of the

Issuer in connection with the Mortgage Loans and REO Properties, including the Rehabilitation Disbursement Request disbursement process, as described in this Offering Memorandum.

Originators and Asset Managers

As of the Initial Cut-off Date, Churchill Funding I LLC ("Churchill"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 23.09% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); Conventus LLC ("Conventus"), a California limited liability company, or one of its affiliates originated or acquired, and manages approximately 19.98% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); LendingOne, LLC ("LendingOne"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 19.85% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); CV3 Financial Services, LLC ("CV3"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 17.75% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); HouseMax Funding Fund I, LLC, a Texas limited liability company, and ACI Fund 2, LLC, a Delaware limited liability company (collectively, "HouseMax") or one of their affiliates originated or acquired, and manages approximately 16.23% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); Constructive Loans, LLC ("Constructive"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 2.17% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); and Miller Hirko Management LLC and Sierra Madre Fund 2 LLC (together, "Corridor**"** and together with Churchill, Conventus, LendingOne, CV3, HouseMax and Constructive, each an "Initial Originator" and any third-party originators, together with the Initial Originators, the "Originators"), each, a Delaware limited liability company, or one of their affiliates originated or acquired, and manages approximately 0.93% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); and were acquired by the Trust. These Originators may also serve as asset managers for such Initial Mortgage Loans for the benefit of the Trust (the "Initial Asset Managers"). Following the Closing Date, the Issuer may acquire Additional Mortgage Loans originated or acquired by various other third-party originators, subject to the Eligibility Criteria and Concentration Limits.

All of the Initial Mortgage Loans were underwritten in accordance with the underwriting guidelines of the applicable Originator (each, the related "Underwriting Guidelines") and, in certain cases, based on exceptions to those guidelines with compensating factors, and were originated by the Originators, which, to the Sponsor's knowledge, either maintain a license in the states that require licensing or are exempt from licensing in certain states where such Originator is not required to be licensed.

For additional information regarding the Originators, see "*The Originators*" in this Offering Memorandum.

The Trust Manager on behalf of the Issuer may, from time to time, engage one or more third-party asset managers with respect to the Mortgage Loans (each such party, together with the Initial Asset Managers, an "Asset Manager") and negotiate the terms and conditions of the related asset management agreement, mortgage loan purchase agreement and/or assignment, assumption and recognition agreement or similar agreement, including any applicable compensation arrangements (each such assignment, together with each such applicable agreement between the Issuer and the Initial Asset Managers, an "Asset Management Agreement") pursuant to which the Asset Manager will undertake certain servicing obligations, including handling Rehabilitation Disbursement Requests. The Asset Managers will be permitted to delegate their obligations with respect to the Mortgage Loans to the extent permitted under the related Asset Management Agreement, provided that such Asset Manager remains liable to the Issuer for the performance of its obligations under the applicable Asset Management Agreement. The Asset Managers are entitled to receive an Asset Management Fee and certain Ancillary Fees, as described in the "*The Asset Management Agreements and the Servicing Agreements*" in this Offering Memorandum.

Each Servicer and Asset Manager will be required to meet the Accepted Servicing Criteria as defined below and as described under "*The Sponsor and The Trust Manager—Trust Management and Accepted Servicing Criteria*" in this Offering Memorandum, solely to the extent applicable and within the scope of such party's duties under the related Asset Management Agreement or Servicing Agreement.

For additional information regarding the Asset Managers, see "*The Asset Managers*" in this Offering Memorandum.

Servicers

As of the Initial Cut-off Date, FCI Lender Services, Inc. ("FCI"), a California corporation, will service approximately 77.98% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) pursuant to a loan servicing agreement, to be dated as of the Closing Date (as amended, modified or supplemented from time to time, and as modified by an addendum to the loan servicing agreement, dated as of the Closing Date, the "FCI Servicing Agreement"). As of the Initial Cut-off Date, Newrez LLC d/b/a Shellpoint Mortgage Servicing ("Shellpoint") a Delaware limited liability company, will service approximately 19.85% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) pursuant to a loan servicing agreement, to be dated as of the Closing Date (as amended, modified or supplemented from time to time, and as modified by an addendum to the loan servicing agreement, dated as of the Closing Date, the "Shellpoint Servicing Agreement"). As of the Initial Cut-off Date, Fay Servicing, LLC ("Fay" and, together with FCI and Shellpoint, each an "Initial Servicer"), a Delaware limited liability company, will service approximately 2.17% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) pursuant to a flow servicing agreement, dated as of January 6, 2022 (as amended, modified or supplemented from time to time, and as modified by an addendum to the flow servicing agreement, dated as of the Closing Date, the "Fay Servicing Agreement").

The Trust Manager on behalf of the Issuer may, from time to time, engage one or more third-party loan servicers with respect to the Mortgage Loans (each such party, together with the Initial Servicers, a "Servicer") and negotiate the terms and conditions of the related servicing agreement and/or assignment, assumption and recognition agreement or similar agreement, including any applicable compensation arrangements (each such agreement, together with the FCI Servicing Agreement, the Fay Servicing Agreement and the Shellpoint Servicing Agreement, a "Servicing Agreement"). Any Servicer may be permitted to delegate its servicing obligations with respect to the Mortgage Loans to a Subservicer. With respect to certain Mortgage Loans, the Trust Manager may approve one or more arrangements with third-party vendors in order to supplement the services provided by the related Servicer.

The Servicers are entitled to receive a Servicing Fee and may be entitled to retain certain Ancillary Fees under the applicable Servicing Agreement, as described in "*The Asset Management Agreements and the Servicing Agreements*" in this Offering Memorandum.

Each Servicer will be required to meet the following criteria ("Accepted Servicing Criteria"), solely to the extent applicable and within the scope of such party's duties under the related Asset Management Agreement or Servicing Agreement: (i) having the proper licenses, if applicable, to service the related Mortgage Loans and collect debt from the respective Borrowers; (ii) maintaining servicing and accounting systems to accurately report relevant loan servicing data points to the Trust Manager, the Issuer and, if requested by the Issuer or the Trust Manager or required under the Servicing Agreement, the Paying Agent, of which such data points include, but are not limited to, the unpaid principal balance, undrawn construction holdback, monthly payment amounts, fees, and servicing advances; (iii) retaining all relevant documentation related to the Mortgage Loans that are in its possession pursuant to all applicable law and regulations; (iv) collecting payments and fees from the relevant Borrowers and segregating such funds in one or more bank accounts established solely for the benefit of the Issuer; (v) paying taxes and insurance for certain Mortgage Loans as and when identified as outstanding; (vi) effecting, releasing or overseeing construction draw disbursements conditional upon receipt of an inspection report, contractor invoices and lien releases, where and as applicable; (vii) remitting amounts from the respective Custodial Account to the Payment Account pursuant to the applicable Servicing Agreement; (viii) having special servicing capabilities, which include loss mitigation practices, foreclosure administration and REO management; (ix) establishing proper protocol and systems to ensure Borrower non-public personal information is secure, as required by the Issuer or the Trust Manager on behalf of the Issuer, and applicable law and regulations; (x) complying with the applicable Mortgage Loan Documents and (xi) conforming to applicable market-standard asset management and/or servicing practices for the relevant Mortgage Loans. A Servicer may engage Subservicers to assist in complying with the Accepted Servicing Criteria. In the event that a Mortgage Loan is managed and serviced by a combination of a particular Asset Manager and/or Servicer, compliance with the Accepted Servicing Criteria can be met by such parties as a group, together with Trust Manager and any other vendors engaged by the Trust Manager on behalf of the Issuer in order to supplement the services provided by the related Asset Manager or Servicer.

Subservicers

An Asset Manager or Servicer may from time to time engage other Subservicers, provided that such Asset Manager or Servicer, as applicable, will remain liable to the Issuer for the performance of its obligations under the related Asset Management Agreement or Servicing Agreement, and for supervising such Subservicers' servicing of the Mortgage Loans. See "*The Asset Management Agreements and the Servicing Agreements—Subservicing Agreements*" in this Offering Memorandum.

Securitization Diligence Provider

Each of the Initial Mortgage Loans was reviewed by Resolute Diligence Solutions (the "Securitization Diligence Provider") with respect to various aspects of the Initial Mortgage Loans, including reviews of the underwriting of the Mortgage Loans and verification of certain aspects of the Mortgage Loans, which the Sponsor used in order to evaluate conformance of the Initial Mortgage Loans with the Originator's Underwriting Guidelines. The Sponsor utilizes the services of the Securitization Diligence Provider or other third-party mortgage loan diligence firm regularly engaged to conduct third-party mortgage loan diligence in similar transactions, including, without limitation, Recovco Mortgage Management, LLC, AMC Diligence, LLC, Clayton Services LLC, Infinity IPS, Inc., Opus Capital Markets Consultants, LLC, Selene Diligence LLC, Consolidated Analytics or Resolute Diligence Solutions (collectively, the "Eligible Securitization Diligence Providers"), in order to confirm whether the Mortgage Loans conform to the Sponsor's current Acquisition Guidelines or to the related Originator's Underwriting Guidelines. During the Reinvestment Period, the Trust Manager will confirm that any Additional Mortgage Loans satisfy the Eligibility Criteria prior to acquisition by the Issuer, including based on its evaluation of reports previously obtained by the Sponsor from an Eligible Securitization Diligence Provider, and will be obligated to utilize the services of any Eligible Securitization Diligence Provider to conduct a review of the Additional Mortgage Loans similar in nature and scope to the Pre-Offering Review conducted with respect to the Initial Mortgage Loans in order to evaluate conformance with the Eligibility Criteria. The Eligible Securitization Diligence Providers will conduct a review of the Additional Mortgage Loans but such review may not be completed until up to thirty (30) days following the Additional Transfer Date. The applicable Seller will be required to repurchase any Additional Mortgage Loan that does not obtain a grade of "A" or "B" if such Seller cannot cure any Diligence Defect or other issue with respect to such Additional Mortgage Loan within thirty (30) days.

Owner Trustee

Wilmington Savings Fund Society, FSB, a federal savings bank ("WSFS Bank"), is the trustee of the Issuer under the Trust Agreement (in such capacity, the "Owner Trustee").

Paying Agent, Indenture Trustee, Note Registrar, Tax Agent, Calculation Agent and Custodian

Computershare Trust Company, N.A. ("Computershare Trust Company") is the custodian under the Custodial Agreement (in such capacity, the "Custodian") and the Paying Agent (in such capacity, the "Paying Agent"), Indenture Trustee (in such capacity, the "Indenture Trustee"), Tax Agent (in such capacity, the "Tax Agent"), the Calculation Agent (in such capacity, the "Calculation Agent") and note registrar (the "Note Registrar") under the Indenture.

Characteristics of Series Trusts under Delaware Law

The Trust is a Delaware statutory trust organized in series. Delaware law allows a statutory trust to establish separate series within one legal entity, with segregated assets and liabilities. The Trust is formed and will be operated in a manner such that each series is liable only for obligations attributable to such series, and the shares of a series are not subject to the losses or liabilities of any other series. If any creditor or shareholder asserted against a series a valid claim with respect to its indebtedness or shares, the Trust has been established in series so that, under the related trust agreement and Delaware law, the creditor or shareholder is only able to recover money from that particular series and its assets. Accordingly, the debts, liabilities, obligations and expenses (collectively, "Claims") incurred, contracted for or otherwise existing solely with respect to a particular series of a properly formed series trust are enforceable under the related trust agreement and Delaware law only against the assets of that series, and not against any other series or the Trust generally, or any of their respective assets. Any Claims (including, without limitation, indemnification obligations) or reserves of the Trust that are not readily identifiable as being held with respect to any particular series will be allocated and charged by the Trust Manager to and among any one or more of the series in such manner and on such basis as the Trust Manager in its sole discretion deems fair and equitable. The assets of each series include only those funds and other assets that are paid to, held by or distributed to the series on account of and for the benefit of that series, including, without limitation, funds delivered to the series by any Servicer that represent the payments with respect to any Mortgage Loan. This limitation on liability is referred to as the "Inter-Series Limitation on Liability." The Inter-Series Limitation on Liability is expressly provided for under the Delaware Statutory Trust Act, 12 Del. C. 3801 *et. seq.* (the "DSTA"), which provides that, if certain conditions (as set forth in Section 3804(a)) of the DSTA are met, then the debts of any particular series will be enforceable only against the assets of such series and not against the assets of any other series or the Trust generally. See "*—Risks Relating to Series Trusts*" herein.

CUT-OFF DATE

The "Cut-off Date" will be the Initial Cut-off Date, with respect to the Initial Mortgage Loans, and the related Additional Cut-off Date, with respect to the Additional Mortgage Loans.

The "Initial Cut-off Date" for the Mortgage Loans transferred to the Issuer on the Closing Date will be the close of business on April 30, 2024. All payments received in respect of Mortgage Loans after the related Cut-off Date will be assets of the Issuer. The collateral statistics presented in this Offering Memorandum are based on the Unpaid Principal Balances of the Initial Mortgage Loans as of the Initial Cut-off Date (unless stated otherwise).

The "Additional Cut-off Date" will be the applicable cut-off date designated by the Sponsor with respect to the related Additional Mortgage Loans.

CLOSING DATE

On or about May 29, 2024.

PAYMENT DATES

The 25th day of each month or, if such day is not a Business Day, the next succeeding Business Day, commencing in June 2024 (each, a "Payment Date").

COLLECTION PERIOD

The "Collection Period" means, with respect to any Payment Date and the Mortgage Loans, the immediately preceding calendar month; *provided*, *however*, that for the first Payment Date following the acquisition date of the related Mortgage Loan, the Collection Period will mean the period from the Initial Cut-off Date, with respect to the Initial Mortgage Loans, or the Additional Cut-off Date, with respect to any Additional Mortgage Loans, as applicable, through the last day of the immediately preceding calendar month.

REINVESTMENT PERIOD

The "Reinvestment Period" is the period beginning on the Closing Date and ending on the earlier to occur of (i) the day following the Payment Date occurring in May 2026 and (ii) the occurrence of a Class A Early Amortization Event. There will only be one Reinvestment Period, and such period cannot be recommenced or continued after it has been terminated.

From time to time during the Reinvestment Period pursuant to the Master Reallocation Agreement, the Sponsor may cause Additional Mortgage Loans that are Eligible Mortgage Loans to be transferred to the Issuer and cause the related Asset Manager, Servicer or Subservicer to reserve funds or to deposit into any related Rehab Escrow Account the amounts to be used to fully fund Rehabilitation Disbursement Requests in connection with the related Additional Mortgage Loans that are Rehab Escrowed Mortgage Loans.

RECORD DATE

The "Record Date" will be, for the first Payment Date and any Notes, the close of business on the Closing Date, and, for each Payment Date after the first Payment Date, (A) for any Notes that are in global form, the close of business on the Business Day immediately preceding such Payment Date and (B) for any Notes that are in definitive certificated form, the close of business of the last Business Day in the calendar month immediately preceding the calendar month in which such Payment Date occurs.

THE TRANSACTION

On the Closing Date, the Sponsor will cause the Initial Mortgage Loans with an aggregate Unpaid Principal Balance of approximately $208,996,014 as of the Initial Cut-off Date to be transferred from a separate series of the Trust which previously acquired such Initial Mortgage Loans to the Issuer, pursuant to a master reallocation and warranty agreement (the "Master Reallocation Agreement"). The Sponsor may, from time to time during the Reinvestment Period, cause Additional Mortgage Loans that satisfy the Eligibility Criteria to be transferred to the Issuer pursuant to the Master Reallocation Agreement, and will simultaneously cause the Asset Manager, any related Servicer or Subservicer, as applicable, to deposit related escrowed funds into any related Rehab Escrow Account to be used to fully fund Rehabilitation Disbursement Requests in connection with the related Additional Mortgage Loans that are Rehab Escrowed Mortgage Loans. The Sponsor will make certain representations and warranties in the Master Reallocation Agreement regarding the Mortgage Loans transferred to the Issuer as of the related date of transfer. Legal title to the Mortgage Loans will be held by the Owner Trustee, not in its individual capacity, but solely as trustee of the Issuer. See "*Mortgage Loan Representations and Warranties*" in this Offering Memorandum.

The Notes will be issued pursuant to an indenture, dated as of the Closing Date (the "Indenture"), among the Issuer, the Indenture Trustee, the Paying Agent and the Note Registrar. Pursuant to the Indenture, the Issuer will pledge the Mortgage Loans and its ownership interest in certain other assets (the "Trust Estate") to the Indenture Trustee for the benefit of the Noteholders. The Indenture Trustee will hold the Trust Estate for the benefit of the Noteholders, and the Paying Agent will be required to calculate payments and provide certain other information regarding the Notes and Mortgage Loans to the Noteholders.

The Mortgage Loans will be managed and serviced pursuant to the terms of the related Asset Management Agreement and/or Servicing Agreement.

On the Closing Date, the Paying Agent, on behalf of the Indenture Trustee for the benefit of the Noteholders, will establish and maintain the Accumulation Account (the "Accumulation Account"). On the Closing Date, the Sponsor (or its affiliated designee) will remit approximately $41,003,986 to the Accumulation Account. The Paying Agent will invest funds in the Accumulation Account in Eligible Investments pursuant to the written direction of the Trust Manager, provided that in the absence of such written direction, funds in the Accumulation Account will remain uninvested. Amounts on deposit in the Accumulation Account may be used (A) to purchase Additional Mortgage Loans and to acquire or fund any related Rehab Escrow Accounts, (B) to fund Unfunded Draw Amounts or Construction Advance Shortfall Amounts on any date, upon request from any Asset Manager or Servicer to the Trust Manager and (C) to reimburse the Trust Manager any Construction Advance Shortfall Reimbursement Amounts remaining outstanding as of each Payment Date.

Following the Closing Date, the Trust Manager may remove any Asset Manager or Servicer and/or engage one or more new Servicers, and remove any such new Asset Managers or Servicers with respect to the Mortgage Loans. Each Asset Manager and Servicer will manage or service the related Mortgage Loans, as applicable, in accordance with and pursuant to the related Asset Management Agreement or Servicing Agreement and Accepted Servicing Criteria solely to the extent applicable and within the scope of such party's duties under the related Asset Management Agreement or Servicing Agreement. Each Mortgage Loan may be managed and serviced by any combination of Asset Managers and Servicers, together with the Trust Manager, and any related REO Properties may be managed by the Trust Manager or any Asset Manager, Servicer or vendor engaged by the Trust Manager. Pursuant to each such Asset Management Agreement and Servicing Agreement, the related Asset Manager or Servicer, as applicable, will assume certain servicing obligations, including handling Rehabilitation Disbursement Requests. Pursuant to the related Asset Management Agreement or Servicing Agreement, the Asset Manager or Servicer, as applicable, may be permitted to delegate its management or servicing obligations with respect to the Mortgage Loans to a Subservicer.

In the event that a Mortgage Loan is managed and serviced by a combination of a particular Asset Manager and/or Servicer, compliance with the Accepted Servicing Criteria can be met by such parties as a group, together with Trust Manager and any other vendors engaged by the Trust Manager on behalf of the Issuer in order to supplement the services provided by the related Asset Manager or Servicer. See "*The Sponsor and The Trust Manager—Trust Management and Accepted Servicing Criteria*" in this Offering Memorandum.

The Trust Manager will provide certain asset management and servicing oversight services on behalf of the Issuer in connection with the Mortgage Loans, including Rehabilitation Disbursement Request disbursement process, pursuant to the Indenture and an administration agreement, dated as of the Closing Date (the "Administration Agreement"), between the Trust Manager and the Issuer, including: (i) engaging one or more new Servicers, Asset Managers or vendors with respect to the Mortgage Loans and related REO Properties on behalf of the Issuer; (ii) reviewing, negotiating and approving any new Servicing Agreement or Asset Management and related compensation arrangements for the Issuer's execution following the Closing Date, and confirming the related Servicer or Asset Manager will be required pursuant to the terms thereof to comply with applicable Accepted Servicing Criteria; (iii) providing guidance and necessary approvals with respect to asset-related decisions on behalf of the Issuer, including to the extent required or permitted under any Asset Management Agreement or any Servicing Agreement, and including any determinations related to loss mitigation, liquidations and REO Property management, repairs or rentals; (iv) causing the Issuer to create one or more bankruptcy-remote, special purpose entities to own and hold titles to REO Properties (each, an "REO Company") and to pledge its ownership interests in each REO Company to the Indenture Trustee pursuant to the Indenture; (v) managing, or engaging vendors to manage, REO Properties on behalf of the Issuer or any REO Company, without any Servicer or Asset Manager; (vi) to the extent permitted under the related Servicing Agreement, the Asset Management Agreement or the Custodial Agreement, exercising the right to terminate (or direct the termination of) any Servicers, the Asset Managers and/or the Custodian with respect to some or all of the Mortgage Loans or REO Properties and appointing a successor thereto, as applicable; (vii) causing the reconciliation and standardization of the final monthly reports received from each Servicer or Asset Manager; (viii) approving the purchase of Additional Mortgage Loans by the Issuer; (ix) reviewing Additional Mortgage Loans to test for compliance with the Concentration Limits and certain criteria for Eligible Mortgage Loans, as described in "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum, including (A) calculating the criteria for Eligible Mortgage Loans and confirming that the Additional Mortgage Loans comply with such Eligible Mortgage Loan criteria, and (B) reviewing the Eligible Securitization Diligence Providers' reports with respect to certain Additional Mortgage Loans proposed to be sold to the Issuer during the Reinvestment Period and confirming that no materially adverse diligence findings exist with respect to such Additional Mortgage Loans and (x) subject to the limitations set forth in the Indenture, facilitating sales of Mortgage Loans or any related REO Properties to third-party purchasers or to the Depositor or its affiliates, in each case from time to time on behalf of the Issuer. See "*The Asset Management Agreements and the Servicing Agreements*" in this Offering Memorandum.

From time to time, after a Borrower submits a Rehabilitation Disbursement Request, the related Asset Manager or Servicer, as applicable, may fund such request, and the Trust Manager on behalf of the Issuer may fund any Construction Advance Shortfall Amounts, as described in "*The Asset Management Agreements and the Servicing Agreements—Rehabilitation Disbursement Requests Process; Reimbursement of the Construction Advance Shortfall Amounts*" in this Offering Memorandum.

The Custodian will be required to hold the mortgage files and will have other administrative duties under a custodial agreement, dated as of the Closing Date by and among the Custodian, the Indenture Trustee and the Issuer (as such agreement may be amended, modified, superseded or supplemented from time to time, the "Custodial Agreement"). The Custodian will also be required to hold, with respect to each Mortgage Loan, the related Mortgage Loan Documents and any additional documents required to be added to such documents pursuant to the Custodial Agreement (the "Mortgage Files").

PURCHASES OF ADDITIONAL MORTGAGE LOANS DURING THE REINVESTMENT PERIOD; SALES OF MORTGAGE LOANS

On the Closing Date, the Sponsor (or its affiliated designee) will remit approximately $41,003,986 to the Accumulation Account. The Paying Agent will invest funds in the Accumulation Account pursuant to the written direction of the Trust Manager, provided that in the absence of such written direction, funds in the Accumulation Account will remain uninvested. Amounts on deposit in the Accumulation Account may be used (A) to purchase Additional Mortgage Loans and to acquire or fund any related Rehab Escrow Accounts, (B) to fund Unfunded Draw Amounts or Construction Advance Shortfall Amounts on any date, upon request from the Asset Manager or any Servicer to the Trust Manager and (C) to reimburse the Trust Manager any Construction Advance Shortfall Reimbursement Amounts remaining outstanding as of each Payment Date. During and after the Reinvestment Period, Available Funds will be added to the Accumulation Account as required by the Priority of Payments. On each Payment Date occurring during the Reinvestment Period, the Paying Agent will remit all Collections on deposit in the Payment Account representing principal from the Payment Account into the Accumulation Account and, then, in accordance with the Priority of Payments, remit Available Funds to the Accumulation Account in an amount up to the Required Accumulation Account Deposit Amount. The "Required Accumulation Account Deposit Amount" means, with respect to any Payment Date, an amount equal to the excess, if any, of (i) the aggregate Note Amount of the Class A Notes and Class M Notes (after giving effect to any principal payments made to the Class A Notes on such Payment Date), *divided by* 88.60%, *over* (ii) the sum of (x) the aggregate Unpaid

Principal Balance of the Mortgage Loans and REO Properties as of the last day of the related Collection Period, (y) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (z) any amounts held in the Accumulation Account (after giving effect to any distributions made on such Payment Date), *less* the aggregate outstanding Construction Advance Shortfall Reimbursement Amounts, if any.

From time to time, unless a Class A Early Amortization Event is in effect, the Trust Manager, on behalf of the Issuer, may direct the Paying Agent in writing to withdraw amounts on deposit in the Accumulation Account (i) for the purchase by the Issuer of Additional Mortgage Loans during the Reinvestment Period, pursuant to the Master Reallocation Agreement, including the acquisition or the funding of any related Rehab Escrow Accounts; (ii) for disbursement by the Trust Manager on behalf of the Issuer to the Asset Manager or to any Servicer, as applicable, of approved Rehabilitation Disbursement Requests on Mortgaged Properties securing Mortgage Loans with Unfunded Draw Amounts; (iii) to reimburse an Asset Manager or Servicer for any Construction Advances advanced by such party from its own funds; (iv) to reimburse the Trust Manager for any outstanding Construction Advance Shortfall Reimbursement Amounts or (v) to the extent not already paid from the Payment Account, subject to the Annual Expense Cap, to pay Trust Manager for all customary, reasonable and/or necessary out-of-pocket costs and expenses incurred in the performance of the its obligations on behalf of the Issuer under the Administration Agreement and the Indenture. The Issuer will not be permitted to acquire Additional Mortgage Loans from amounts on deposit in the Accumulation Account if, as of such date of determination, a Class A Early Amortization Event is in effect; however, the Issuer will be permitted to continue to fund and reimburse Construction Advances and Construction Advance Shortfall Reimbursement Amounts.

On each Payment Date, (i) the Paying Agent will reimburse the Trust Manager from the Accumulation Account for any outstanding Construction Advance Shortfall Reimbursement Amounts and (a) during the Reinvestment Period, withdraw from amounts on deposit in the Accumulation Account, to the extent available, an amount up to the Available Funds Shortfall Amount for such Payment Date, if any, and deposit such amounts in the Payment Account to be used as Available Funds for such Payment Date or (b) on the first Payment Date after the termination of the Reinvestment Period and all Payment Dates thereafter, withdraw all amounts on deposit in the Accumulation Account in excess of the Accumulation Account Minimum Balance, and deposit such amounts into the Payment Account, if any, for distribution pursuant to the Priority of Payments, and (ii) the Paying Agent will deposit funds pursuant to clause *ninth* of the Priority of Payments, into the Accumulation Account. The "Accumulation Account Minimum Balance" with respect to any Payment Date, will be an amount equal to the sum of (x) all outstanding Construction Advance Shortfall Reimbursement Amounts, if any, and (y) the aggregate Unfunded Draw Amounts with respect to the Mortgage Loans as of the last day of the related Collection Period.

Any Additional Mortgage Loans purchased by the Issuer during the Reinvestment Period will be Eligible Mortgage Loans and will be required to satisfy the characteristics set forth under "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum. The purchase price to be paid by the Issuer for any Additional Mortgage Loans will be no higher than the Unpaid Principal Balance of such Additional Mortgage Loans. The purchase price paid by the Issuer for any Additional Mortgage Loan may be funded in part by a capital contribution from the holder of the Residual Interest Certificate. The amount paid from the Accumulation Account on each Additional Transfer Date will not include accrued interest on the related Additional Mortgage Loans accrued prior to the related Additional Cut-off Date. The Note Amount of the Notes will not be increased as a result of the purchase of Additional Mortgage Loans by the Issuer. The Note Amount of the Notes will not change in connection with any Construction Advance; however, the Unpaid Principal Balance of the related Construction Advance Mortgage Loan will increase by the amount of any such Construction Advance.

The Paying Agent, on behalf of the Indenture Trustee for the benefit of the Noteholders, will establish and maintain the "Interest Reserve Account" under the Indenture as a segregated account. The Paying Agent will invest funds in the Interest Reserve Account in Eligible Investments pursuant to written direction of the Trust Manager, provided that in the absence of such written direction funds in the Interest Reserve Account will remain uninvested. On the Closing Date, the Depositor will remit approximately $1,251,184 in cash into the Interest Reserve Account, which amount has been calculated based on one (1) month of interest at the applicable Note Rate of the Notes on the Initial Note Amount of the Notes. On each Payment Date during the Reinvestment Period, the Paying Agent will be required to recalculate the Interest Reserve Account

Required Amount, and will distribute amounts then on deposit in the Interest Reserve Account required in order to pay the Interest Payment Amounts for the Notes pursuant to clauses *fifth* through *seventh* of the Priority of Payments, to the extent Available Funds are insufficient, and distribute amounts in excess of the Interest Reserve Account Required Amount to the holder of the Residual Interest Certificate.

The "Interest Reserve Account Required Amount" means, as of any Payment Date during the Reinvestment Period, an amount equal to the sum of one (1) month of interest at the applicable Note Rate of the Notes on the Initial Note Amount of the Notes.

During the Reinvestment Period, the Issuer will not be permitted to purchase Additional Mortgage Loans from amounts on deposit in the Accumulation Account unless (i) such Additional Mortgage Loans are Eligible Mortgage Loans and (ii) after giving effect to the purchase of any Additional Mortgage Loan, the amount on deposit in the Accumulation Account will not be less than zero.

Under the Indenture, the Issuer may sell a Mortgage Loan in the following circumstances: (i) in the event the Sponsor is required to cause the repurchase of such Mortgage Loan for the Repurchase Price as a result of a Material Breach, Diligence Defect or a Material Document Defect, the Issuer shall sell such Mortgage Loan to the Sponsor or its designee; (ii) in the event that the Sponsor notifies the Issuer, the Indenture Trustee and the Paying Agent that it is exercising its Repurchase Option, pursuant to the Master Reallocation Agreement; (iii) in the event of an Optional Redemption pursuant to the Indenture; (iv) in the event of a sale to an unaffiliated third-party in an arm's length transaction, the Issuer may sell such Mortgage Loan to such third-party, or transfer such Mortgage Loan to its designated affiliate so that it may sell such Mortgage Loan to such third-party, at the Repurchase Price for such Mortgage Loan or, if such Mortgage Loan is a Defaulted Mortgage Loan, at the fair market value of such Mortgage Loan, at any time so long as no Event of Default has occurred and is continuing and (v) other than with respect to a Mortgage Loan subject to a Repurchase Option, in a sale to an affiliate, so long as the purchase price for any such Mortgage Loan is at the fair market value of such Mortgage Loan, as determined by the Trust Manager in its reasonable discretion, and is at least equal to the Unpaid Principal Balance of such Mortgage Loan plus accrued and unpaid interest thereon, and *provided*, *further*, that, in the case of clauses (ii) and (v) above, the aggregate Unpaid Principal Balance of the Mortgage Loans sold by the Issuer to an affiliate of the Issuer will not exceed 10% of the Cumulative Principal Balance of the Mortgage Loans as of the date of such repurchase or sale (the "Repurchase Limit"). The Trust Manager may provide recommendations to the Issuer in connection with a sale of Mortgage Loans.

The "Cumulative Principal Balance" means, with respect to any date of determination, an amount equal to the sum of (i) the aggregate Unpaid Principal Balance of the Mortgage Loans as of the Initial Cut-off Date (as increased by any Rehabilitation Disbursement Requests that have been satisfied by the related Asset Manager or Servicer after the Initial Cut-off Date) and (ii) the aggregate Unpaid Principal Balance of the Additional Mortgage Loans acquired by the Issuer during the Reinvestment Period (as increased by an Rehabilitation Disbursement Requests that have been satisfied by the related Asset Manager or Servicer after the applicable Additional Cut-off Date).

See "*The Indenture—Sales and Acquisitions of Mortgage Loans*" in this Offering Memorandum.

FUNDING OF REHABILITATION DISBURSEMENT REQUESTS; CONSTRUCTION ADVANCES

With respect to certain Mortgage Loans (other than a Construction Advance Mortgage Loan) (each, a "Rehab Escrowed Mortgage Loan"), amounts have been withheld from the proceeds of such Mortgage Loan (the "Rehabilitation Holdback Amounts"). Rehabilitation Holdback Amounts that have not been disbursed to the related Borrower as of the related Cut-off Date (the "Undisbursed Rehabilitation Holdback Amounts") will be held in an escrow account (each, the related "Rehab Escrow Account") or otherwise reserved by the Asset Manager or any Servicer. Rehabilitation Holdback Amounts will be disbursed by the related Asset Manager or Servicer, including from any related Rehab Escrow Account, to be used in the construction or rehabilitation of the related Mortgaged Property in accordance with the terms of the related Mortgage Loan Documents. As of the Initial Cut-off Date, the Initial Mortgage Loans have an aggregate Undisbursed Rehabilitation Holdback Amount of approximately $1,472,974 but such amount will be adjusted for the aggregate amount of Rehabilitation Disbursement Requests funded by any Asset Manager or Servicer to the related Borrower and prepayments by the Borrower between the Initial Cut-off Date and the Closing Date.

On the Closing Date and on each date of purchase of Additional Mortgage Loans (other than any Additional

Mortgage Loans that are Construction Advance Mortgage Loans), the Trust Manager, on behalf of the Issuer, will cause the related Asset Manager or Servicer to deposit into any related Rehab Escrow Account or otherwise reserve an amount equal to the aggregate amount of Undisbursed Rehabilitation Holdback Amounts with respect to such Additional Mortgage Loans to fully fund anticipated future disbursement requests by the related Borrower relating to the construction, rehabilitation or repairs on the related Mortgaged Properties (other than Mortgaged Properties related to Construction Advance Mortgage Loans) (each such request, a "Rehabilitation Disbursement Request").

The related Asset Manager or Servicer will (i) with respect to each Mortgage Loan other than a Construction Advance Mortgage Loan, release funds (including from any related Rehab Escrow Account or from funds otherwise reserved by the related Asset Manager or the related Servicer) to satisfy any such Rehabilitation Disbursement Request, or (ii) with respect to each Mortgage Loan for which the Borrower has the right to submit Rehabilitation Disbursement Requests but for which the related Asset Manager or Servicer has not reserved or otherwise deposited into a related Rehab Escrow Account the full amount of such permitted future disbursement requests (each such Mortgage Loan, a "Construction Advance Mortgage Loan"), disburse the amounts set forth in any such Rehabilitation Disbursement Requests so approved to the Borrower (a "Construction Advance"). Disbursements of Construction Advances may be made by the related Asset Manager or Servicer (i) from Collections then on deposit in any related Custodial Account, (ii) from its own funds, as a reimbursable advance or (iii) from funds advanced by the Trust Manager on behalf of the Issuer, following the Trust Manager's receipt of written notice by such Asset Manager or Servicer (or its Subservicer) within the time required under the related Asset Management Agreement or the Servicing Agreement, as applicable, in the event that there are insufficient Collections in any related Custodial Account to fund such Construction Advance or in the event that the related Asset Management Agreement or Servicing Agreement otherwise requires the Trust Manager to pre-fund such amounts (each, a "Construction Advance Shortfall Amount").

The Trust Manager may use amounts on deposit in the Accumulation Account to reimburse the related Asset Manager or Servicer for any such Construction Advance or to fund or reimburse itself for any such Construction Advance Shortfall Amounts. The amount of any Construction Advance Shortfall Amounts remaining unreimbursed to the Trust Manager at the end of each Collection Period will be the "Construction Advance Shortfall Reimbursement Amount".

The release of funds for a Rehabilitation Disbursement Request (other than in connection with a Construction Advance) to the related Borrower by the related Asset Manager or Servicer (on behalf of the Issuer) will not affect the Unpaid Principal Balance of the related Mortgage Loan.

Following the liquidation of a Liquidated Loan, the related Asset Manager or Servicer will remit any Undisbursed Rehabilitation Holdback Amounts remaining in any related Rehab Escrow Account or from reserved funds related to such Liquidated Loan, if any, to the Payment Account as Net Liquidation Proceeds.

The Note Amount of the Notes will not be increased as a result of the funding of any Rehabilitation Disbursement Request by the Issuer.

See "*Description of the Mortgage Loans—General*," "*—Additional Mortgage Loans*" and "*—Rehabilitation Disbursement Requests*" in this Offering Memorandum.

AFFILIATIONS AND RETENTION OF SECURITIES

The Sponsor and the Trust Manager are the same entity and are affiliates of the Depositor and the Issuer. It is expected that, initially, the Depositor or another majority-owned affiliate of the Sponsor will acquire on the Closing Date and retain until the Sunset Date (as defined below) the Required Credit Risk (as defined below). The Depositor or one or more affiliates of the Sponsor may retain all or a portion of any class of Notes. Certain of the Initial Purchasers (or affiliates of such Initial Purchasers) provide warehouse financing to the Sponsor or an affiliate of the Sponsor. A portion of the proceeds of the sale of the Notes by the Issuer may be used to repay one or more such warehouse financing facilities, and a portion of the purchase price paid by the Issuer for any Additional Mortgage Loans may be used to repay one or more such warehouse financing facilities.

The Paying Agent, the Indenture Trustee, the Note Registrar and the Custodian are the same entity.

See "*Risk Factors—Risks Related to Potential Conflicts of Interest—Potential Conflicts of Interest Relating to the Initial Purchasers*" and "*—Potential Conflicts of Interest Relating to the Sponsor, the*

Depositor and the Trust Manager" in this Offering Memorandum.

DESCRIPTION OF NOTES

The approximate Initial Note Amount, coupon type, Note Rate, expected WAL, expected principal window, expected initial credit enhancement, the expected Optional Redemption Date, Stated Final Maturity Date and CUSIP number of the Notes is set forth in the Securities Table.

Form of Notes; Denominations

The Class A Notes will be issued in minimum denominations of $100,000 and multiples of $1,000 in excess thereof. The Class M Notes will be issued in minimum denominations of $250,000 and multiples of $1,000 in excess thereof and will be issued in Book-Entry form. The Notes may be transferred only to "qualified institutional buyers" in reliance on Rule 144A of the Securities Act or, in the case of the Class A Notes only, to non-"U.S. Persons" in reliance on Regulation S of the Securities Act. The Class A Notes and Class M Notes will be issued initially in book-entry form and will be held through the Depository Trust Company ("DTC"), or Clearstream Banking ("Clearstream") or the Euroclear System ("Euroclear") (in Europe). The Class M Notes are subject to certain ownership and transfer restrictions as set forth and described in the Indenture, the other Transaction Documents and Annex C attached to this Offering Memorandum. Among other things, a Class M Note (or any interest therein) may only be beneficially owned (for U.S. federal income tax purposes) by, and may only be transferred to, a "United States person" (as defined in Section 7701(a)(30) of the Code) that delivers to the Indenture Trustee, the Paying Agent, the Note Registrar, the Issuer, the Depositor, the Sponsor and the Owner Trustee a properly completed Internal Revenue Service Form W-9 and a written certification in the form of Annex C hereto in which each such transferee of a beneficial interest in a Class M Note (including the initial transferee) acknowledges, and makes certain representations and warranties, including that (i) there may not be more than 68 beneficial owners, in the aggregate, of the Class M Notes (or any interest therein), as calculated pursuant to Treasury Regulations Section 1.7704-1(h), (ii) such transferee will not market the Class M Notes (or any interest therein) on an "established securities market" within the meaning of Section 7704(b)(1) of the Code and (iii) beneficial ownership of the Class M Notes (or any interest therein) may only be held by and transferred to a person that is a "United States person" (as defined in Section 7701(a)(30) of the Code) that delivers a properly completed Internal Revenue Service Form W-9.

Note Rate

The "Note Rate" for each class of Notes and each Payment Date will be the *per annum* rate described in the Securities Table, *provided that*, for each Accrual Period relating to a Payment Date following the Step-up Date, the fixed *per annum* rate used in the calculation of the Note Rate of each of the Class A Notes will be equal to the sum of the Note Rate of such Class A Note as of the Closing Date and 1.000%. The "Step-Up Date" will occur on the Payment Date in November 2026 if the Issuer does not redeem the Notes in full on or prior to such date.

The Note Rate for the Class M Notes for each Accrual Period will be equal to the applicable rate of interest set forth and described in the Securities Table.

Payments—General

As more fully described in this Offering Memorandum, payments of interest on the Notes and payments of principal on the Notes will be made on each Payment Date with the Available Funds for such Payment Date in accordance with the Priority of Payments.

The "Available Funds" for a Payment Date will generally be equal to the sum, without duplication, of: (i) all Collections received during the related Collection Period other than principal (which includes the principal portion of any Net Liquidation Proceeds and Repurchase Prices) Collections received during the Reinvestment Period, *less* amounts permitted to be retained by an Asset Manager pursuant to the applicable Asset Management Agreement or a Servicer pursuant to the related Servicing Agreement, (ii) the amount of any Repurchase Prices paid with respect to the Mortgage Loans during the related Collection Period, (iii) Sale Proceeds received by the Issuer in connection with the sale of any Mortgage Loans pursuant to the terms of the Indenture during the related Collection Period, (iv) certain amounts deposited from the Accumulation Account, the Expense Reserve Account and/or the Interest Reserve Account into the Payment Account for such Payment Date, pursuant to the terms of the Indenture, including (A) during the Reinvestment Period, amounts on deposit in the Accumulation Account, if any, up to any Available Funds Shortfall Amount for such Payment Date withdrawn from the Accumulation Account, and (B) on the first Payment Date after the termination of the Reinvestment Period and all Payment Dates thereafter, all amounts on deposit in the Accumulation Account in excess of the Accumulation Account Minimum Balance, (v) on the Class A2 Note Mandatory Redemption Date, an amount equal to the Class A2 Note Mandatory Redemption Price to be used solely to pay the Interest Payment Amount due and owing with respect to the Class A2 Notes and to reduce the Note Amount of the Class A2 Notes until the Note Amount of the Class A2 Notes has been reduced to zero and (vi) on the Class M Note Mandatory Redemption Date, an amount equal to the Class M Note Mandatory Redemption Price to be used solely to pay the Interest Payment Amount due and owing with respect to the Class M Notes and to reduce the Note Amount of the Class M Notes until the Note Amount of the Class M Notes has been reduced to zero. See "*The Indenture—Accounts*" in this Offering Memorandum.

The Available Funds for a Payment Date may be reduced by one or more of the following, without duplication: (i) delinquencies on the Mortgage Loans; (ii) Realized Losses on the Mortgage Loans; (iii) modifications by the Asset Manager (or its Subservicer) or any Servicer that (a) reduce a Mortgage Loan's Mortgage Interest Rate, (b) reduce or defer a portion of its Unpaid Principal Balance, (c) extend the term of a Mortgage Loan or (d) forgive interest or principal owed by a Borrower; (iv) prepayment interest shortfalls; (v) amounts representing reimbursement of advances made by the Asset Manager (or its Subservicer) or any Servicer, Construction Advances, to the extent they are funded from principal Collections then on deposit in the applicable Custodial Account, or Construction Advance Shortfall Reimbursement Amounts reimbursable to the Trust Manager; (vi) delays in liquidations of the Mortgage Loans or reduced proceeds from such liquidations; (vii) a reduction in interest received due to the application of the Servicemembers Civil Relief Act or similar legislation (the "Relief Act"); or (viii) certain fees, indemnities, expenses and reimbursements payable to the Asset Manager (or its Subservicer), any Servicer or the Trust Manager as described in the Transaction Documents (in each case, solely to the extent withheld or withdrawn by the Asset Manager, the Servicer or the Trust Manager under the Asset Management Agreement or the applicable Servicing Agreement or paid under the Indenture, as applicable), including amounts withheld from Collections by the Asset Manager or the related Servicer in connection with the reimbursement of Servicing Advances made after the Cut-off Date. See "*Risk Factors—Risks Related to the Notes—Interest Shortfalls on the Mortgage Loans Resulting from Principal Prepayments and the Servicemembers Civil Relief Act and Similar State Laws May Cause Interest Shortfall on the Notes and Reduce Available Funds*;" "*Risk Factors—Risks Related to the Notes—The Credit Enhancement Features may be Inadequate, Resulting in Realized Losses on the Notes*;" "*The Asset Management Agreements and the Servicing Agreements—Compensation and Payment of Expenses*" and "*The Administration Agreement—Trust Administration—Trust Management and Other Compensation and Payment of Expenses*" in this Offering Memorandum.

For each Payment Date, the "Available Funds Shortfall Amount" will be the excess, if any, of (i) the sum of all amounts due and payable on such Payment Date under clauses *first* through *seventh* of the Priority of Payments, over (ii) the amount of Available Funds on deposit in the Payment Account on such Payment Date prior to any payments being made from the Payment Account or the Redemption Account on such Payment Date.

Class A Minimum Credit Enhancement Test and Class A Paydown Amount

For each Payment Date, the Paying Agent will calculate the amount, expressed as a percentage (the "Class A Credit Enhancement Percentage") equal to the *quotient of* (i) the excess of (a) the sum of (x) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the immediately preceding Calculation Date, (y) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (z) any amounts held in the Accumulation Account as of such Calculation Date *over* (b) the Note Amount of the Class A Notes as of the related Calculation Date, *divided by* (ii) the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of such Calculation Date, (b) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (c) any amounts held in the Accumulation Account as of such Calculation Date. As of the Closing Date, it is expected that the Class A Credit Enhancement Percentage will be equal to approximately eighteen and twenty-five hundredths percent (18.25%).

On each Payment Date occurring during the Reinvestment Period, the Paying Agent will, as described in clause *eighth*, set forth under the Priority of Payments, remit Available Funds (i) if the Class A Minimum Credit Enhancement Test is satisfied, to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount, or

(ii) if the Class A Minimum Credit Enhancement Test is not satisfied, to pay principal, up to the Class A Paydown Amount, on the Class A1 Notes until the Class A Minimum Credit Enhancement Test is satisfied, and then to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount (calculated after giving effect to any principal payments of the Class A1 Notes on such Payment Date).

The "Calculation Date" is, with respect to any Payment Date, the final day of the related Collection Period.

The "Class A Minimum Credit Enhancement Test" will be satisfied on any Payment Date if the Class A Credit Enhancement Percentage for such Payment Date is at least equal to eight percent (8%). If an amount up to the Class A Paydown Amount that satisfies the Class A Minimum Credit Enhancement Test has been paid in full on a Payment Date, then the Class A Minimum Credit Enhancement Test will be deemed to have been satisfied until the next succeeding Payment Date. If the Class A Minimum Credit Enhancement Test is not satisfied, the "Class A Paydown Amount" will be equal to twelve and a half (12.50) multiplied by (i) eight percent (8%) *minus* the Class A Credit Enhancement Percentage, multiplied by (ii) the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the related Calculation Date, (b) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (c) any amounts held in the Accumulation Account as of such Calculation Date.

Priority of Payments

As more fully described in this Offering Memorandum, on each Payment Date (regardless of whether an Event of Default has occurred), the Paying Agent will allocate Available Funds in the following order of priority (the "Priority of Payments"), and, with respect to clauses *first* through *seventh*, to the extent Available Funds are insufficient to pay such amounts, the Paying Agent shall make such payments from amounts on deposit in the Accumulation Account, to the extent available:

- *first*, (i) pro rata, to the Indenture Trustee, the Owner Trustee, the Custodian and the Calculation Agent, the Owner Trustee Fee, the Custodian Fee, the Calculation Agent Fee and the Indenture Trustee Fee, respectively, then (ii) pro rata, up to the applicable Annual Expense Cap (to the extent the Annual Expense Cap is applicable), any expenses and indemnification amounts reimbursable to the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Calculation Agent, the Tax Agent and the Custodian (with respect to the Trust Manager, to the extent that the Trust Manager has not already been reimbursed for such amounts from amounts on deposit in the Payment Account or the Accumulation Account) (the "Transaction Party Expenses");

- *second*, to the Trust Manager (to the extent the Trust Manager, on behalf of the Issuer, previously paid or reimbursed any Asset Manager or Servicer for such amounts), any unreimbursed Servicing Advances by and reimbursable to such Asset Manager pursuant to the Asset Management Agreement or such Servicer pursuant to the related Servicing Agreement, in each case, to the extent that the Trust Manager has not already retained or been reimbursed for such amounts from Collections on deposit in any related Custodial Account, the Payment Account or the Accumulation Account;

- *third*, to the Trust Manager, any Asset Management Fee, Servicing Fee or Ancillary Fee, to the extent previously paid to the Asset Manager or any related Servicer by the Trust Manager on behalf of the Issuer, and not previously reimbursed to the Trust Manager;

- *fourth*, to the Expense Reserve Account, the amount if any needed to cause deposits therein to equal the Target Expense Reserve Balance;

- *fifth*, to the Class A1 Notes, to pay the Interest Payment Amount thereon;

- *sixth*, to the Class A2 Notes, to pay the Interest Payment Amount thereon;

- *seventh*, to the Class M Notes, to pay the Interest Payment Amount thereon;

- *eighth*, prior to the termination of the Reinvestment Period, to pay as follows:

  (i) *first*, to the Interest Reserve Account, in an amount necessary (if any) to cause the amount on deposit therein to equal the Interest Reserve Account Required Amount;

(ii) *second*, if the Class A Minimum Credit Enhancement Test is satisfied as of such Payment Date, to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount;

(iii) *third*, if the Class A Minimum Credit Enhancement Test is not satisfied as of such Payment Date, to pay principal on the Class A1 Notes, up to the Class A Paydown Amount until the Class A Minimum Credit Enhancement Test is satisfied, and then to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount (calculated after giving effect to any principal payments of the Class A1 Notes on such Payment Date);

- *ninth*, following the termination of the Reinvestment Period, first to the Accumulation Account, up to an amount directed by the Trust Manager not to exceed the Accumulation Account Minimum Balance as of such Payment Date, and then to pay principal on the Class A1 Notes, until the Note Amount thereof is reduced to zero;

- *tenth*, on and following the earliest to occur of (i) an Event of Default, (ii) in connection with the exercise of an Optional Redemption only, the Optional Redemption Date or (iii) the Class A2 Note Mandatory Redemption Date, to pay principal of the Class A2 Notes, until the Note Amount thereof is reduced to zero, such payment to be made first from any Available Funds available for withdrawal from the Redemption Account and, then, other than in the case of clause (iii), from any other Available Funds;

- *eleventh*, on and following the earliest to occur of (i) an Event of Default,(ii) in connection with the exercise of an Optional Redemption only, the Optional Redemption Date or (iii) the Class M Note Mandatory Redemption Date, to pay principal of the Class M Notes, until the Note Amount thereof is reduced to zero, such payment to be made first from any Available Funds available for withdrawal from the Redemption Account and, then, other than in the case of clause (iii), from any other Available Funds;

- *twelfth*, on and following the Payment Date on which the Note Amount of the Class A1 Notes has been reduced to zero and prior to an Event of Default, the Optional Redemption Date or a Class M Note Mandatory Redemption Date, to the Redemption Account, until amounts contained therein are equal to the Redemption Account Required Amount;

- *thirteenth*, pro rata, to the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee and the Custodian, any amounts not having been reimbursed to such parties as a result of the Annual Expense Cap;

- *fourteenth*, to the Accumulation Account, up to an amount as directed by the Trust Manager in its sole discretion; and

- *fifteenth*, to the holder of the Residual Interest Certificate, any remaining amounts.

Interest Payments

On each Payment Date, interest will be paid from the Available Funds as described under "*Description of the Notes—Priority of Payments*" in this Offering Memorandum.

The "Accrual Period" with respect to each Payment Date (other than the initial Payment Date), means the period beginning with the previous Payment Date and ending on the day prior to such Payment Date (in each case assuming the Payment Date occurs on the twenty-fifth (25^{th}) of the month) with interest calculated on the basis of a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day months. The Accrual Period for the initial Payment Date is the period beginning on the Closing Date and ending on the day prior to the initial Payment Date (assuming such Payment Date occurs on the twenty-fifth (25^{th}) of the month) with interest calculated based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods.

With respect to each class of Notes and any Payment Date (other than the first Payment Date), the "Interest Payment Amount" will equal (i) the related

Cumulative Interest Shortfall Amount for such class of Notes *plus* (ii) one-twelfth ($1/12^{th}$) of the product of (A) the applicable Note Rate for such class of Notes for the related Accrual Period and (B) the applicable Note Amount for such class of Notes as of the end of the immediately preceding Payment Date; *provided*, *however*, that, for the initial Payment Date, the "Interest Payment Amount" on any class of Notes will equal the product of (x) the number of days from and including the Closing Date to but excluding the first Payment Date (assuming such Payment Date occurs on the twenty-fifth (25^{th}) of each month), based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods, divided by three hundred sixty (360), (y) the initial Note Rate for such class of Notes and (z) the Initial Note Amount of such class of Notes.

The "Cumulative Interest Shortfall Amount" is, for each Payment Date and each class of Notes, the portion of the Interest Payment Amount for that Class for all previous Payment Dates that has not been paid, if any, plus accrued and unpaid interest thereon at the applicable Note Rate from the Payment Date on which the shortfall first occurred through but excluding the current Payment Date (in each case assuming the Payment Date occurs on the twenty-fifth (25^{th}) of each month), based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods.

Principal Payments

On each Payment Date, after payments to the transaction parties, including amounts owed to the Asset Manager, any Servicers and the Trust Manager, and payments of Interest Payment Amounts, principal will be paid to the extent of Available Funds, as and when described under "*Description of the Notes—Priority of Payments*" in this Offering Memorandum.

Limited Recourse

The only source of cash available to make interest and principal payments on the Notes will be the assets of the Issuer. The Issuer will have no source of cash other than Collections and recoveries on the Mortgage Loans. No other entity will be obligated or expected to make any payments on the Notes.

FEES AND EXPENSES

Pursuant to the related Asset Management Agreement, with respect to each Mortgage Loan, the related Asset Manager will be entitled, with respect to each Payment Date, to a monthly asset management fee or administration fee, as applicable, for its services (the related "Asset Management Fee") equal to (x) $1/12^{th}$ of the percentage specified for such Mortgage Loan on a schedule attached to the related loan acquisition agreement or bill of sale (which percentage may be 0.00%) *multiplied by* (y) the Unpaid Principal Balance of the related Mortgage Loan for the related Collection Period. The Asset Management Fee will be payable from Collections pursuant to the related Asset Management Agreement prior to payments on the Notes as described under "*Description of the Notes—Priority of Payments*" in this Offering Memorandum.

As applicable, pursuant to the related Asset Management Agreement or Servicing Agreement, an Asset Manager or Servicer may be entitled to retain all or a certain percentage of default interest (excluding accrued interest collections or principal payments collected on a Mortgage Loan and payable to the Issuer), extension fees, modification fees, draw fees or similar ancillary fees collected with respect to the Mortgage Loans (collectively, the "Ancillary Fees").

Pursuant to the related Servicing Agreement and subject to the Eligibility Criteria, the related Servicer (or Subservicer) may be entitled to retain as compensation certain fees in the form of fixed monthly fees per Mortgage Loan or fees assessed on a per service basis or similar fees (collectively, the "Servicing Fees"). Such Servicing Fees may be payable in lieu of, or in addition to, any Ancillary Fees payable to such Asset Manager or Servicer. It is expected that the monthly aggregate Servicing Fees across the Mortgage Loans will not exceed the product of (i) one-twelfth ($1/12^{th}$) multiplied by (ii) 0.25% *multiplied by* (iii) the aggregate Unpaid Principal Balance of such Mortgage Loans.

The Indenture Trustee will be entitled to receive a monthly fee equal to $9,000, beginning in June 2024 (the "Indenture Trustee Fee"). The Indenture Trustee will pay the fees of the Paying Agent, the Tax Agent and Note Registrar out of the Indenture Trustee Fee.

The Calculation Agent will be entitled to receive a monthly fee equal to $2,500, beginning in June 2024 (the "Calculation Agent Fee").

The Owner Trustee will be entitled to receive the annual fee payable to the Owner Trustee on the first Payment Date and each subsequent Payment Date occurring in June of each year beginning in June 2024, in an amount equal to $12,500 (the "Owner Trustee Fee") as compensation for its services under the Trust Agreement.

The Custodian will be entitled to receive, with respect to each Payment Date, a monthly account management fee equal to $500 beginning in June 2024 (the "Custodian Fee"), an annual safekeeping fee per Mortgage Loan and certain other fees for services rendered as compensation for its activities in its capacity as Custodian under the Custodial Agreement.

The Asset Management Fee, Servicing Fee, Construction Advance Shortfall Reimbursement Amounts, unreimbursed Servicing Advances, costs and liabilities by and reimbursable to the related Asset Manager or the related Servicer, as applicable, pursuant to the applicable Asset Management Agreement or Servicing Agreement, the Indenture Trustee Fee, the Owner Trustee Fee, the Custodian Fee, and Transaction Party Expenses up to the Annual Expense Cap will be payable, prior to any payments to Noteholders on each Payment Date, out of Available Funds on each Payment Date. See "*The Administration Agreement—Trust Administration—Trust Management and Other Compensation and Payment of Expenses*," "*The Asset Management Agreements and the Servicing Agreements—Compensation and Payment of Expenses*," "*The Indenture—Fees and Expenses; Indemnification*," "*The Indenture Trustee and the Owner Trustee*" and "*The Custodian*" in this Offering Memorandum for a description of the fees, expenses and indemnification rights of the Trust Manager, the Asset Managers, the Indenture Trustee, the Owner Trustee and the Custodian.

MORTGAGE LOAN REPRESENTATIONS AND WARRANTIES; REPURCHASES

The Sponsor will make certain representations and warranties concerning the Mortgage Loans to the Depositor and the Issuer pursuant to the Master Reallocation Agreement. The Sponsor will only be obligated to repurchase a Mortgage Loan or, with respect to a Liquidated Loan, make an indemnification payment if (i) a Material Breach, (ii) a Diligence Defect or (iii) any Material Document Defect has occurred with respect to such Mortgage Loan.

To the extent the Depositor, the Issuer, the Asset Managers, the Sponsor or the Trust Manager has actual knowledge of, or a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of, a Material Breach or a Material Document Defect with respect to a Mortgage Loan, the party discovering or receiving notice of such breach or defect will provide a written notice to the other parties and to the Sponsor (*provided*, that in the case of the Indenture Trustee or the Owner Trustee giving such notice, (i) such notice will be given by the Indenture Trustee or the Owner Trustee only if a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of a breach or an alleged breach or defect (without regard to, in the case of a breach, whether such breach or alleged breach is a Material Breach) and (ii) in no event will the Indenture Trustee or the Owner Trustee be required to determine the materiality of any breach or alleged breach) and the Sponsor will cure any such Material Breach or Material Document Defect, repurchase the affected Mortgage Loan from the Issuer, or with respect to a Liquidated Loan, make an indemnification payment.

In addition, the Sponsor will have the option (the "Repurchase Option"), but not the obligation, to repurchase, or cause its designated affiliate to repurchase from the Issuer at the Repurchase Price any Mortgage Loan in the event that (A) amounts on deposit in the Accumulation Account are insufficient to fund any Construction Advance Shortfall Amounts or the aggregate Unfunded Draw Amounts with respect to such Mortgage Loans, (B) such Mortgage Loan is delinquent or defaulted or (C) the maturity date of such Mortgage Loan has been extended more than a total of twelve (12) months; *provided*, *however*, that the aggregate Unpaid Principal Balance of Mortgage Loans voluntarily repurchased by the Sponsor or its designated affiliate pursuant to the Repurchase Option together with any Mortgage Loans sold by the Issuer to an affiliate of the Issuer will not exceed the Repurchase Limit.

MORTGAGE POOL

The assets of the Issuer will consist primarily of the Initial Mortgage Loans transferred to the Issuer by the Depositor, and subsequently pledged to the Indenture Trustee for the benefit of the Noteholders on the Closing Date, funds on deposit in the Accumulation Account, the Payment Account, any segregated Custodial Accounts established for the benefit of the Issuer, the Rehab Escrow Accounts and the Redemption Account, any Additional Mortgage Loans acquired by the Issuer during the Reinvestment Period and any related REO Properties acquired in respect of the Mortgage Loans. The pool of Initial Mortgage Loans expected to be conveyed to the Issuer and pledged to the Indenture Trustee (for the benefit of the Noteholders) by the Depositor on the Closing Date (the "Mortgage Pool") consists of a pool of 502 fixed-rate, performing business purpose mortgage loans (the "Initial Mortgage Loans") with balloon payments due at the end of the terms of the loans, and secured by first liens on non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects. The Initial Mortgage Loans all have original terms to maturity between six (6) to twenty-four (24) months, and remaining terms to maturity ranging between three (3) to twenty-four (24) months.

The statistical information in this Offering Memorandum is based on the characteristics of the Initial Mortgage Loans in the Mortgage Pool as of the Initial Cut-off Date. Any information, percentages, averages or weighted averages presented in the following table or elsewhere in this Offering Memorandum of all or any portion of the Initial Mortgage Loans are measured as a percentage of the aggregate Unpaid Principal Balance of such Initial Mortgage Loans in the Mortgage Pool as of the Initial Cut-off Date (unless stated otherwise).

The balances and percentages may not be exact due to rounding. For any Mortgage Loan where information pertaining to a given characteristic was not available, such Mortgage Loan has been excluded from calculations performed in this Offering Memorandum relating to such characteristic. Information in the tables relating to the Mortgage Pass-Through Rate of a Mortgage Loan is based on the Mortgage Pass-Through Rate in effect for the related Mortgage Loan as of the Initial Cut-off Date.

Initial Mortgage Pool:

	Initial Mortgage Loans *Range, Aggregate, Average, Weighted Average or Percentage*
Number of Initial Mortgage Loans	502
Unpaid Principal Balance	$4,564.00 to $3,856,850.00
	Aggregate: $208,996,013.68
	Average: $416,326.72
Initial Mortgage Loan Pass-Through Rate	8.990% to 12.990%
	Weighted Average: 9.578%
Fixed Rate Initial Mortgage Loans	100.00%
Original Term to Maturity	6 to 24 Months
	Weighted Average: 13 Months
Remaining Term to Maturity	3 to 24 Months
	Weighted Average: 11 Months
Loan Age	0 to 10 Months
	Weighted Average: 2 Months
Non-Zero Weighted Average Original Loan-to-Cost Ratio	74.73%
Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio	64.93%
Original Credit Score	636 to 819(1)
	Non-Zero Weighted Average: 747
Property Type of the Initial Mortgaged Properties(2)	
Single Family Residence	81.65%
Condominium	12.09%
Two-to-Four Family	5.86%
Townhome	0.39%
Loan Purpose of Initial Mortgage Loans	
Purchase	61.87%
Refinance - Cashout	24.17%
Refinance - Rate/Term	13.96%
Loan Product Type of the Initial Mortgage Loans	
Bridge Rehab	69.17%
Bridge No Rehab	30.83%
Geographic Concentration of Initial Mortgaged Properties in Excess of 5.00% of the Aggregate Unpaid Principal Balance	
California	27.03%
Florida	20.08%
Texas	9.57%
Massachusetts	7.56%
Georgia	7.48%

	Initial Mortgage Loans *Range, Aggregate, Average, Weighted Average or Percentage*
New York	5.51%
Delinquency Status of the Initial Mortgage Loans	
Current	100.00%

(1) Minimums within provided range are based on non-zero values.

(2) The proportional majority of each Mortgaged Property by As-Is Value is used to identify the property type for cross-collateralized loans.

Eligibility Criteria and Concentration Limits:

NYMT 2024-BPL2 Eligibility Criteria and Concentration Limit*			
CHARACTERISTIC	**Criteria(1)**		**Characteristics of Statistical Pool(2)**
Number of Mortgage Loans	Min	400	502
Aggregate Original Principal Balance			$191,773,586.04
Aggregate Unpaid Principal Balance			$208,996,013.68
Aggregate Principal Limit			$247,656,893.09
LOAN TERMS			
Lien: 1st Position	Min	100.00%	100.00%
Lien: Junior Position	Max	0.00%	0.00%
Original Maturity Term > 24 months	Max	10.00%	0.00%
Weighted Average Pass-Through Rate	Min	8.00%	9.58%
Single Primary Guarantor/Borrower Exposure	Max	5.00%	3.43%
Cross-Collateralized Mortgaged Properties	Max	15.00%	11.30%
Originated with Certification as to Business Purpose	Min	100.00%	100.00%
Wet Ink Mortgage Loans	Max	0.00%	0.00%
CREDIT SCORE			
Non-Zero Credit Score	Min	625	636
Non-Zero Weighted Average Credit Scores	Min	735	747
Credit Score < 660	Max	2.50%	0.55%
Non-Zero Weighted Average Credit Score < 660	Min	630	648
Credit Score < 700	Max	20.00%	13.70%
Non-Zero Weighted Average Credit Score < 700	Min	670	683
No Credit Score Available	Max	3.00%	2.84%
FOREIGN NATIONALS			
Foreign Nationals	Max	5.00%	3.07%
LEVERAGE			
Loan to As-Is Value Ratio	Max	80.00%	80.00%
Non-Zero Weighted Average Loan to As-Is Value Ratio	Max	75.00%	68.06%
Loan to As-Is Value Ratio > 80%	Max	0.00%	0.00%
Loan to As-Is Value Ratio > 75%	Max	7.50%	2.91%
Loan to As-Repaired Value Ratio	Max	80.00%	80.00%
Non-Zero Weighted Average Loan to As-Repaired Value Ratio	Max	70.00%	64.93%
Loan to As-Repaired Value Ratio > 75%	Max	2.50%	1.05%
Loan-to-Cost Ratio	Max	90.00%	90.00%
Non-Zero Weighted Average Loan-to-Cost Ratio	Max	80.00%	74.73%
Loan-to-Cost Ratio > 85%	Max	25.00%	12.64%
PRINCIPAL LIMIT			
Principal Limit as of Origination Date	Max	$5,000,000.00	$3,950,000.00
Non-Zero Principal Limit as of Origination Date	Min	$70,000.00	$80,500.00
Principal Limit Greater than $1,000,000 as of Origination Date	Max	50.00%	40.59%

NYMT 2024-BPL2 Eligibility Criteria and Concentration Limit*			
CHARACTERISTIC	**Criteria(1)**		**Characteristics of Statistical Pool(2)**
Principal Limit Greater than $2,000,000 as of Origination Date	Max	25.00%	15.87%
Principal Limit Greater than $3,000,000 as of Origination Date	Max	10.00%	4.37%
PROPERTY TYPE			
Single Family Residence (SFR, Townhouse, Planned Unit Development)	Min	75.00%	94.14%
Two-to-Four Family Loans	Max	20.00%	5.86%
Multifamily 5+ or Mixed Use	Max	5.00%	0.00%
Land (as the finished property type)	Max	0.00%	0.00%
LOAN PURPOSE			
Cash-Out Refinance	Max	35.00%	24.17%
PROJECT SIZE AT ORIGINATION			
Bridge Only (No Rehabilitation Loans)	Max	40.00%	30.83%
Construction Budget 25-50% of As-Repaired Value	Max	25.00%	12.98%
Construction Budget 50-75% of As-Repaired Value	Max	5.00%	0.98%
Construction Budget 75%+ of As-Repaired Value	Max	5.00%	1.10%
Ground-up	Max	25.00%	7.39%
Ground-up and Multifamily / Mixed Use	Max	0.00%	0.00%
PROPERTY LIQUIDITY RATIO			
Property Liquidity Ratio greater than 3x for Single Family Residential Properties(3)	Max	15.00%	11.78%
Property Liquidity Ratio greater than 2x for Single Family Residential Properties(3)	Max	30.00%	22.23%
BORROWER EXPERIENCE			
Weighted Average Borrower Experience	Min	5.00 projects	10.53 projects
Borrower Experience < 3 projects	Max	25.00%	14.68%
Borrower Experience < 5 projects	Max	50.00%	43.82%
DRAW FUNDING			
Unfunded Commitment Amounts(4)	Max	30.00%	17.38%
STATE			
California	Max	50.00%	27.03%
State 2 Concentration	Max	25.00%	20.08%
State 3 Concentration	Max	15.00%	9.57%
State 4 Concentration	Max	15.00%	7.56%
New York, Pennsylvania and New Jersey	Max	10.00%	8.79%
PRODUCT TYPE			
Fixed	Max	100.00%	100.00%
ARM	Max	0.00%	0.00%
Interest Only	Max	100.00%	100.00%
PERFORMANCE (WHEN ADDED TO SECURITIZATION)			
Current Loans	Min	100.00%	100.00%
Modification (non-extension) (when added to securitization)	Max	0.00%	0.00%

(1) Percentages indicate percentage of the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans

and (b) the amounts on deposit in the Accumulation Account and Payment Account.

(2) Percentages indicate percentage of the aggregate Unpaid Principal Balance of the Mortgage Loans as of the Initial Cut-off Date, unless noted otherwise.

(3) Single Family Residential Properties refer to all property types excluding two-to-four unit, Multifamily, and Mixed Use properties.

(4) The quotient, expressed as a percentage, equal to (x) the sum of (i) all the Unfunded Draw Amounts and (ii) all the Undisbursed Rehabilitation Holdback Amount divided by (y) the sum of the Unpaid Principal Balances across all Mortgage Loans.

* Collectively, these requirements are the "Concentration Limits". For the avoidance of doubt, until such amounts are funded, potential draws are not considered in any calculation of the Concentration Limits. If the Concentration Limits have been exceeded, the Issuer will be permitted to purchase Additional Mortgage Loans that will bring the Mortgage Loans closer to compliance with the Concentration Limits.

On a monthly basis, based solely on information regarding the Mortgage Loans provided to the Calculation Agent by the Trust Manager (upon which the Calculation Agent will be entitled to conclusively rely without liability therefor), the Calculation Agent will confirm that, following the acquisition of any Additional Mortgage Loans during such month, each of the Eligibility Criteria is met and Concentration Limits are satisfied or brought closer to compliance; provided, however, that the Calculation Agent will have no liability in connection therewith so long as it acts (or fails to act) without willful misconduct.

Changes to the Mortgage Pool

The characteristics of the Mortgage Pool may change because:

- From time to time during the Reinvestment Period, the Issuer may fund Unfunded Draw Amounts and purchase Additional Mortgage Loans that are Eligible Mortgage Loans.
- After the Closing Date, Mortgage Loans may be removed from the Mortgage Pool (i) because of repurchases by the Sponsor for certain Material Document Defects or Material Breaches of representations or warranties made by the Sponsor in the Master Reallocation Agreement, (ii) as a result of the exercise by the Sponsor of its Repurchase Option, (iii) as a result of an Optional Redemption, (iv) as a result of sales of Mortgage Loans by the Issuer to an unaffiliated third party, *provided*, that no Event of Default has occurred and is continuing or (v) as a result of sales of Mortgage Loans by the Issuer to an affiliate so long as the purchase price for any such Mortgage Loan is at the fair market value of such Mortgage Loan in accordance with the Indenture. See "*Mortgage Loan Representations and Warranties*" and "*The Indenture—Sales and Acquisitions of Mortgage Loans*" in this Offering Memorandum.
- Mortgage Loans may be modified, including by extending the related maturity date, after the Closing Date.

These repurchases and changes to the Mortgage Pool may affect the weighted average lives and yields to maturity of the Notes.

Additional information on the Mortgage Loans included in the Mortgage Pool is set forth under "*Description of the Mortgage Loans*" in this Offering Memorandum and information regarding repurchases and substitutions of the Mortgage Loans after the Closing Date will be available in the Indenture Trustee's or Paying Agent's monthly payment reports. See "*The Indenture—Reports to Noteholders*" in this Offering Memorandum.

CREDIT ENHANCEMENT

Credit enhancement increases the likelihood that holders of the Notes will receive the payments to which they are entitled. Credit enhancement can reduce the effect of Realized Losses on the Mortgage Loans and other shortfalls in payments on the Notes. This transaction employs the following forms of credit enhancement:

- *Overcollateralization.* If, on any date of determination, the sum of the aggregate Unpaid Principal Balance of the Mortgage Loans and the cash on deposit in the Accumulation Account exceeds the Note Amount of the Notes, there is overcollateralization available to absorb losses on the Mortgage Loans before such losses affect payments on the Notes. On the Closing Date, the aggregate Unpaid Principal Balance of the Initial Mortgage Loans as of the Initial Cut-off Date is expected to be approximately $208,996,014 and the aggregate Principal Limit of the Initial Mortgage Loans is expected to be approximately $247,656,893.
- *Excess Interest.* As of the Initial Cut-off Date, the weighted average Pass-Through Rate of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) is expected to be approximately 9.578% *per annum*. On each Payment Date, any interest received on the Mortgage Loans in excess of Transaction Party Expenses up to the Annual Expense Cap, certain amounts owed to the Asset Managers, the Trust Manager, the Depositor and other transaction parties, amounts needed to fund the Accumulation Account or the Redemption Account, and amounts needed to pay interest accrued on the Notes at the applicable Note Rate will be available to absorb losses, and to pay principal on the Notes as described in the Priority of Payments.
- *Interest Reserve Account*. On each Payment Date, during the Reinvestment Period, to the extent Available Funds would otherwise be insufficient to pay the related Interest Payment Amounts for the Notes pursuant to clauses *fifth* through *seventh* of the Priority of Payments, the Paying Agent will first withdraw the amount of such deficiency from amounts on deposit in the Interest Reserve

Account, to the extent available, and will deposit such amounts into the Payment Account for distribution to the related Noteholders.

- *Accumulation Account*. On each Payment Date, based on information provided to the Paying Agent in the monthly reports, (i) the Paying Agent will reimburse the Trust Manager from the Accumulation Account for any outstanding Construction Advance Shortfall Reimbursement Amounts and (a) during the Reinvestment Period, withdraw from amounts on deposit in the Accumulation Account, to the extent available, an amount up to the Available Funds Shortfall Amount for such Payment Date, if any, and deposit such amounts in the Payment Account or (b) on the first Payment Date after the termination of the Reinvestment Period and all Payment Dates thereafter, withdraw all amounts on deposit in the Accumulation Account in excess of the Accumulation Account Minimum Balance, if any, and deposit such amounts into the Payment Account for distribution pursuant to the Priority of Payments and (ii) the Paying Agent will deposit funds pursuant to clause *ninth* of the Priority of Payments into the Accumulation Account.

- *Expense Reserve Account*. On the Closing Date, proceeds from the offering of the Notes in an amount equal to $100,000 (the "Target Expense Reserve Balance") will be deposited into an expense reserve account established by the Paying Agent, for the benefit of the Issuer (the "Expense Reserve Account"). Amounts on deposit in the Expense Reserve Account will be transferred to the Payment Account on or before each Payment Date for distribution as Available Funds to the extent necessary to remedy any shortfalls in respect of amounts required to be paid in clause *first* of the Priority of Payments (the "Expense Reserve Withdrawal Amount"). If on any Payment Date the amount on deposit in the Expense Reserve Account is less than the Target Expense Reserve Balance, remaining Available Funds will be applied to restore the balance of the Expense Reserve Account to the Target Expense Reserve Balance in clause *fourth* of the Priority of Payments.

- *Redemption Account*. The Class A2 Notes and Class M Notes will have the benefit of the redemption account (the "Redemption Account"). The Paying Agent will hold the funds in the Redemption Account uninvested. On and following the Payment Date on which the Note Amounts of the Class A1 Notes have been reduced to zero, all Collections on the Mortgage Loans will, in accordance with the Priority of Payments, be deposited by the Paying Agent in the Redemption Account until the amount in the Redemption Account is equal to the sum of (a) the Note Amount of the Class A2 Notes, *plus* (b) the Note Amount of the Class M Notes *plus* (c) the expected Interest Payment Amounts for the Class A2 Notes for each of the remaining Payment Dates to and including the Stated Final Maturity Date, *plus* (d) the expected Interest Payment Amounts for the Class M Notes for each of the remaining Payment Dates to and including the Stated Final Maturity Date *plus* (e) $100,000 (such sum, the "Redemption Account Required Amount"). On and following the Payment Date on which the Note Amount of the Class A1 Notes has been reduced to zero, any Available Funds Shortfall Amount will be withdrawn from the Redemption Account by the Paying Agent and included in Available Funds on such Payment Date. In addition, on the Class A2 Note Mandatory Redemption Date, on or following the Class A2 Note Expected Redemption Date, if the amounts on deposit in the Redemption Account equal or exceed the sum of (i) the Interest Payment Amount for the Class A2 Notes for such Payment Date and (ii) the Note Amount of the Class A2 Notes (such sum, the "Class A2 Note Mandatory Redemption Price"), the Issuer shall cause the redemption of the Class A2 Notes in whole using amounts on deposit in the Redemption Account (such redemption, a "Class A2 Note Mandatory Redemption" and the date of exercise of such redemption, the "Class A2 Note Mandatory Redemption Date"). On the Class A2 Note Mandatory Redemption Date, the Paying Agent will withdraw from funds then on deposit in the Redemption Account an amount equal to the Class A2 Note Mandatory Redemption Price, and apply such funds, prior to application of Available Funds on such date in accordance with the Priority of Payments, (x) *first*, without duplication, to pay the Interest Payment Amount for the Class A2 Notes for such Payment Date and (y) *second*, to reduce the Note Amount of the Class A2 Notes, until the Note Amount of the Class A2 Notes has been reduced to zero. On the Class M Note Mandatory Redemption Date on or following the Class M Note Expected Redemption Date and following the redemption of the Class A2 Notes, if the amounts on deposit in the Redemption Account equal or exceed the sum of (i) the Interest Payment Amount for the Class M Notes for such Payment Date and (ii) the Note Amount of the Class M Notes (such sum, the "Class M Note Mandatory Redemption Price"), the Issuer shall cause the redemption of the Class M Notes in whole using amounts on deposit in the Redemption Account (such redemption, a "Class M Note Mandatory Redemption" and the date of exercise of such redemption, the "Class M Note Mandatory Redemption Date"). On the Class M Note Mandatory Redemption Date, the Paying Agent will withdraw from funds then on deposit in the Redemption Account an amount equal to the Class M Note Mandatory Redemption Price, and apply such funds, prior to application of Available Funds on such date in accordance with the Priority of Payments, (x) *first*, without duplication, to pay the Interest Payment Amount for the Class M Notes for such Payment Date and (y) *second*, to reduce the Note Amount of the Class M Notes, until the Note Amount of the Class M Notes has been reduced to zero. No principal payments will be made in respect of the Class A2 Notes or Class M Notes prior to the earliest to occur of (i) either the Class A2 Note Mandatory Redemption Date or the Class M Note Mandatory Redemption Date, as applicable, (ii) in connection with an Optional Redemption only, the Optional Redemption Date, (iii) an Event of Default or (iv) the Stated Final Maturity Date. See "*Description of the Notes—Priority of Payments*" and "*The Indenture—Accounts*" in this Offering Memorandum.

- *Subordination*. A class of Notes that is lower in priority of payment provides credit support to those classes of Notes having higher priority of payment relative to that class. To the extent that the property of the Issuer does not generate enough cashflow during a particular Collection Period to satisfy the Issuer's obligations on the related Payment Date, any shortfalls or losses will be absorbed first by the holders of the Residual Interest Certificate, second by the holders of the Class M Notes, to the extent amounts are due to them, third by the holders of the Class A2 Notes, to the extent amounts are due to them, and fourth by the holders of the Class A1 Notes, to the extent amounts are due to them.

EFFECTS OF PREPAYMENTS, TRANSACTION FEATURES, DELINQUENCIES, DEFAULTS AND EXTENSIONS OF MATURITY ON YOUR INVESTMENT EXPECTATIONS

The holders of the Notes will receive payments of principal as described under the "*—Priority of Payments.*" The rate of payments in reduction of the Note Amount of the Notes, the aggregate amount of payments on the Notes and the weighted average life and yield to maturity of the Notes will be directly related to the occurrence, timing and amounts received from payments of principal on the Mortgage Loans and extensions of maturity, delinquencies, defaults and loss severity on the Mortgage Loans.

The Issuer may redeem the Notes after the Optional Redemption Date. If the Notes are redeemed, the Note Amount of the Notes will be paid in full and the Notes will be retired.

As used in this Offering Memorandum, the term "prepayments" means voluntary payments of principal as well as other unscheduled recoveries of principal, including Liquidation Proceeds and proceeds from repurchases or sales of Mortgage Loans. The term does not include amounts representing scheduled payments of principal.

The weighted average life and yield to maturity of the Notes will also be directly related to whether the Notes are redeemed by the Issuer after the Optional Redemption Date.

The rate of prepayments on the Mortgage Loans will affect the investment performance of the Notes.

The Notes were structured assuming, among other things, that prepayments on the Mortgage Loans occur based on the rates described in this Offering Memorandum under "*Prepayment and Yield Considerations*" in this Offering Memorandum. The actual rate of prepayments on the Mortgage Loans, however, cannot be predicted.

In deciding whether to purchase any of the Notes, you should make an independent decision as to the appropriate assumptions to use. If prepayments, extensions of maturity, delinquencies, defaults and loss severities on the Mortgage Loans are higher or lower than you anticipate, or the Issuer redeems (or fails to redeem) the Notes in accordance with your assumptions, the investment performance of the Notes may vary materially and adversely from your investment expectations.

Factors affecting the rate of prepayments, extensions of maturity, delinquencies, defaults and loss severities on the Mortgage Loans and the likelihood of the Issuer redeeming the Notes, are discussed in this Offering Memorandum under "*Prepayment and Yield Considerations*" in this Offering Memorandum.

The actual yield on your Notes may not be equal to the yield you anticipated at the time of purchase. In addition, even if the actual yield is equal to the yield you anticipated at the time of purchase, the total return on investment you expected or the expected weighted average life of your Notes may not be realized. These effects are summarized below.

Yield

The actual yield on your Notes depends on the following:

- during the Reinvestment Period, the amount of funds on deposit in the Accumulation Account;
- the Issuer redeeming or failing to redeem the Notes on the Optional Redemption Date, the Class A2 Note Expected Redemption Date Class M Note Expected Redemption Date, the Class A2 Note Mandatory Redemption Date or the Class M Note Mandatory Redemption Date as applicable;
- Note Rates on the Notes (which, with respect to the Class A Notes, will be subject to increase following the Step-Up Date);
- the price paid for your Notes;
- the absence or occurrence of losses on the Mortgage Loans;
- delinquencies and defaults on the Mortgage Loans;
- whether amounts on deposit in the Accumulation Account are used to fund Unfunded Draw Amounts or to purchase Additional Mortgage Loans during the Reinvestment Period;
- rate and timing of collections of principal and interest on the Mortgage Loans, including Principal Prepayments;
- repurchases of Mortgage Loans by the Sponsor or its designated affiliate for certain Material Breaches of representations or warranties made by the Sponsor or any Material Document Defect relating to any Mortgage Loan in the Master Reallocation Agreement;
- the exercise by the Sponsor of its Repurchase Option;
- sales of Mortgage Loans by the Issuer pursuant to the Indenture;
- reimbursements to the Asset Managers, the Servicers or the Trust Manager of Servicing Advances and other expenses, costs and liabilities;
- the rate and timing of Construction Advances made on the Construction Advance Mortgage Loans;
- the rate and timing of reimbursements to the Trust Manager for any Construction Advance Shortfall Reimbursement Amounts;
- loss mitigation modifications of Mortgage Loans;
- refinancing of Mortgage Loans, including short refinancing;
- extensions of maturity and other applicable due dates of Mortgage Loans by the Asset Managers;
- a reduction in interest received due to prepayments on the Mortgage Loans and the application of the Servicemembers Relief Act; and
- reimbursement of expenses and indemnification payments to the transaction parties.

If you purchase a Note, your yield, absent shortfalls or losses, will primarily be a function of the price paid, the rate and timing of payments, including prepayments, whether the Issuer redeems the Notes, with respect to the Class A Notes, whether or not the Step-Up Date occurs, and the timing and length of extensions of maturity on the Mortgage Loans and proceeds received in respect of the Mortgage Loans.

If you pay less or more than the Note Amount of your Note—that is, buy the Note at a "discount" or "premium," respectively—then your effective yield will be higher or lower, respectively, than the Note Rate on the Note, because such discount or premium will be amortized over the life of the Note.

Any deviation in the actual rate of extensions of maturity, principal prepayments and defaults on the Mortgage Loans from the rate you assumed will affect the period of time over which, or the rate at which, any discount or premium will be amortized and, consequently, will cause your actual yield to differ from that which you anticipated on the Notes you purchase at a "discount," "premium" or "par."

If you are purchasing Notes at a discount, you should consider the risks that if funds on deposit in the Accumulation Account are used by the Issuer to fund Unfunded Draw Amounts or to acquire Additional Mortgage Loans during the Reinvestment Period, the Issuer fails to redeem the Notes, principal payments on the Mortgage Loans are received more slowly than you expect, or extensions of maturity on the Mortgage Loans occur at a higher rate than you assume, the yield to maturity of your Notes may be negatively affected.

If you are purchasing Notes at a premium, you should consider the risks that if payments and proceeds in respect of the Mortgage Loans are received faster than anticipated, extensions of maturity on the Mortgage Loans occur at a lower rate than you assume, or the Issuer redeems the Notes earlier than you anticipate, the yield to maturity of your Notes may be negatively affected.

Reinvestment Risk

The total return on your investment will be reduced if principal payments received on your Notes cannot be reinvested at a rate as high as the applicable Note Rate.

You should consider the risk that rapid rates of prepayments on the Mortgage Loans may coincide with periods of low prevailing market interest rates. During periods of low prevailing market interest rates, a Borrower may be expected to prepay or refinance mortgage loans that carry Mortgage Interest Rates significantly higher than the then currently available interest rates for mortgage loans and it may be more likely that receives proceeds in respect of Liquidated Loans. Consequently, the amount of principal payments available to you for reinvestment at such low prevailing interest rates may be relatively large.

Slow rates of prepayments on the Mortgage Loans may coincide with periods of high prevailing market interest rates. During such periods, it is less likely that a Borrower will elect to prepay or refinance mortgage loans and it may be less likely that the Asset Managers or Servicers receive proceeds in respect of Liquidated Loans. Consequently, the amount of principal payments available to you for reinvestment at such high prevailing interest rates may be relatively small.

Weighted Average Life Volatility

One indication of the impact of varying extensions of maturity rates, principal prepayments or default and loss rates on a Note is the change in its weighted average life.

The "weighted average life" of a Note is the average amount of time that will elapse from the date of the issuance of such Note to the date of payment to the investor of each dollar paid in net reduction of the Note Amount of such Note.

Low rates of default on the Mortgage Loans or principal prepayment on the Mortgage Loans and high rates of extensions of maturity of Mortgage Loans may result in an extension of the weighted average life of a Note. High rates of default or principal prepayment on the Mortgage Loans and low rates of extensions of maturity may result in a shortening of the weighted average life of a Note.

In general, if you purchase your Note at par and the weighted average life of your Note is extended beyond your anticipated time period, the market value of your Note may be adversely affected even though the yield to maturity on your Note is unaffected.

The sensitivity of the weighted average lives of the Notes to prepayments is illustrated in the tables appearing under "*Prepayment and Yield Considerations*" in this Offering Memorandum. These projections are based on prepayments which may not match the actual experience on the Mortgage Loans. Therefore, your results may vary.

See "*Risk Factors—Risks Related to the Notes—The Rate of Principal Payments, Including Principal Prepayments, on the Mortgage Loans Will Affect the Yields on the Notes*" and "*Prepayment and Yield Considerations*" in this Offering Memorandum.

OPTIONAL REDEMPTION

On any date after the earlier of (a) the date which the Note Amount of the Notes is reduced to an amount less than or equal to 25% of the Initial Note Amount of the

Notes as of the Closing Date and (b) following the termination of the Reinvestment Period, on any Payment Date, the Issuer may, at its option, exercise a call and purchase all of the outstanding Notes (such redemption, the "Optional Redemption" and the date of such Optional Redemption, the "Optional Redemption Date") for a price equal to the sum of (i) the outstanding Note Amount of the Notes, (ii) any accrued and unpaid interest thereon at the applicable Note Rate through such redemption date and (iii) any fees, expenses and indemnity payments of the transaction parties pursuant to the transaction documents due and unpaid without regard to the Annual Expense Cap, including any unreimbursed Servicing Advances made after the applicable Cut-off Date, expenses, costs and liabilities due to any Asset Manager pursuant to the related Asset Management Agreement or any Servicer pursuant to the related Servicing Agreement or the Trust Manager pursuant to the Indenture (the "Redemption Price"). In connection with such Optional Redemption, the Issuer will be required to certify in writing to the Indenture Trustee that as of the Optional Redemption Date, (i) the Issuer is solvent and (ii) the fair market value of the Mortgage Loans as of the Optional Redemption Date would be equal to or greater than the aggregate Note Amount of each class of the Notes as of the Optional Redemption Date. See "*—Risks Related to the Notes—The Notes May be Redeemed by the Issuer*" in this Offering Memorandum.

A failure by the Issuer to redeem the Notes in full after the Optional Redemption Date is not an Event of Default, Class A Early Amortization Event or a breach of any covenant by the Issuer.

No payments of the Redemption Price will be made to any Notes until all fees, expenses and indemnification amounts owing to the transaction parties have been paid in full without regard to the Annual Expense Cap.

ERISA CONSIDERATIONS

Each purchaser or transferee of a Class A Note or any interest therein will be deemed to represent and warrant that, for so long as it holds such Note or any interest in such Note, either (i) it is not, and is not acquiring and will not hold such Note or interest therein on behalf of, or with assets of, an "employee benefit plan" (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) that is subject to Title I of ERISA, any "plan" (as defined in Section 4975(e)(1) of the Code) that is subject to Section 4975 of the Code, an entity or account that is deemed to hold plan assets of any of the foregoing by virtue of such employee benefit plan's investment in the entity or account (each a "Benefit Plan") or a governmental, church or other plan that is subject to any federal, state, local or other law that is substantially similar to Title I of ERISA or Section 4975 the Code ("Similar Law") or (ii) (a) such Class A Notes have not been characterized as other than indebtedness under applicable local law and (b) its acquisition, transfer and holding of such Note or any interest therein will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

Each investor in the Class M Notes or any interest therein will be required to represent and warrant, for so long as it holds such Note or any interest therein that it is not, and is not acquiring and will not hold such Note or interest therein on behalf of, or with assets of a Benefit Plan or a governmental, church or other plan that is subject to any Similar Law.

For further information regarding the ERISA considerations involved in investing in the Notes, see "*Certain Considerations for ERISA and Other U.S. Employee Benefit Plans*" in this Offering Memorandum.

U.S. FEDERAL INCOME TAX STATUS

Upon the issuance of the Notes on the Closing Date, Mayer Brown LLP, counsel to the Sponsor, will deliver its opinion generally to the effect that, assuming compliance with the Indenture, the Trust Agreement and the other Transaction Documents by the parties to such agreements, and based in part on the facts set forth in this Offering Memorandum, and on certain additional information and customary representations and assumptions, although there is no direct legal authority that specifically addresses the United States federal income tax treatment of securities having terms the same as the Notes or of entities that possess characteristics identical to those of the Issuer, (i) each of the Class A1 Notes and each of the Class A2 Notes will be treated as debt for U.S. federal income tax purposes, in each case to the extent such Note is issued on the Closing Date to a beneficial owner (for United States federal income tax purposes) other than the single beneficial owner (for U.S. federal income tax purposes) of the Residual Interest Certificate, and (ii) none of the Issuer or any portion thereof will be classified as an association or "publicly traded partnership" taxable as a corporation, or as a "taxable mortgage pool", in each case, as defined for United States federal income tax purposes.

Under the Transaction Documents, the Issuer and each Noteholder and beneficial owner of a Note (other than the single beneficial owner of the Residual Interest Certificate with respect to any Notes it owns) will agree to treat the Notes, by virtue of its acceptance of a Note, as debt for all U.S. federal, state and local income and franchise tax purposes and to not take any position inconsistent with such characterization unless required by Applicable Law.

The Class M Notes will be subject to certain transfer restrictions as further described herein.

For further information regarding the U.S. federal income tax consequences of investing in the Notes, see "*Certain U.S. Federal Income Tax Consequences*" in this Offering Memorandum.

LEGAL INVESTMENT

You should consult with counsel to see if you are permitted to buy the Notes, since legal investment rules will vary depending on the type of entity purchasing the Notes, whether that entity is subject to regulatory authority, and if so, by whom.

The Notes will not constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended.

See "*Legal Investment*" in this Offering Memorandum.

U.S. CREDIT RISK RETENTION

Pursuant to the credit risk retention requirements of Section 941 of the Dodd-Frank Act for asset-backed securities (the "Risk Retention Rules"), a "securitizer" of asset-backed securities is required, unless an exemption exists, to retain at least a 5% economic interest in the credit risk of assets collateralizing a securities transaction (the "Required Credit Risk"). Under the Risk Retention Rules, the Required Credit Risk may be held in the form of an "eligible horizontal residual interest" of at least 5% of the fair value of the securities issued by the Issuer as determined using a fair value measurement framework under GAAP (an "EHRI"), an "eligible vertical interest" of at least 5% of each class of securities issued in a securitization transaction (an "EVI") or a combination of an EHRI and an EVI. The Sponsor, as "securitizer" of this transaction, has elected to retain either directly or through an entity that it, directly or indirectly, majority controls, is majority controlled by or is under common majority control with (a "Majority-Owned Affiliate"), to acquire on the Closing Date an EHRI consisting of the Residual Interest Certificate. The Sponsor or a Majority-Owned Affiliate of the Sponsor will retain until the Sunset Date a portion of the Residual Interest Certificate representing at least 5% of the fair value of the Notes and the Residual Interest Certificate (the "Risk Retained Securities"). The Sponsor or a Majority-Owned Affiliate of the Sponsor will be required to hold the Required Credit Risk until the later of (i) the fifth (5^{th}) anniversary of the Closing Date or (ii) the date on which the aggregate Unpaid Principal Balance of the Mortgage Loans has been reduced to 25% of the aggregate Unpaid Principal Balance of the Mortgage Loans and funds on deposit in the Accumulation Account as of the Closing Date, but in any event no longer than the seventh (7^{th}) anniversary of the Closing Date (the "Sunset Date"). In addition, the Sponsor may, at any time, be permitted to transfer the Required Credit Risk to a different majority-owned affiliate of the Sponsor. Additionally, in the event that the Risk Retention Rules are repealed or amended in a manner such that the Sponsor is no longer required to hold the Required Credit Risk, the Sponsor may transfer the Required Credit Risk subject to the restrictions otherwise set forth in this Offering Memorandum.

For further information regarding the Risk Retention Rules and the Sponsor's compliance with respect thereto, see "*U.S. Credit Risk Retention*" in this Offering Memorandum.

EU SECURITIZATION REGULATION AND UK SECURITIZATION REGULATION

The Sponsor will undertake, on an ongoing basis and for as long as any Notes are outstanding, to retain exposure to the EU/UK Retained Interest, which will constitute a material net economic interest in this securitization of not less than 5% of the nominal value of the securitized exposures in accordance with paragraph (d) of Article 6(3) of each of the EU Securitization Regulation and the UK Securitization Regulation (each as in effect on the Closing Date). The Sponsor will also undertake to not sell, hedge or mitigate its credit risk under or associated with the EU/UK Retained Interest, except to the extent permitted in accordance with the EU Securitization Rules and the UK Securitization Rules.

The Issuer will undertake to provide on at least a quarterly basis:

(a) information on each Mortgage Loans (in the form of Annex 2 "Underlying exposures – residential real estate" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets, or, to the extent agreed by the Issuer, any updated form required pursuant to the Transparency Requirements and/or published by the European Securities and Markets Authority or other regulator or permitted under the Securitization Rules); and

(b) a report in the form of Annex 12 "Investor Report – Non-ABCP securitisation" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority, or, to the extent agreed by the Issuer, any updated form required pursuant to the EU Transparency Requirements (as defined herein) and/or published by the European Securities and Markets Authority or other applicable regulator or permitted under the Securitization Rules),

except (in each case) (i) information that is not required to be disclosed because the relevant template allows a "non-disclosure option" and (ii) information that is subject to a confidentiality undertaking or personal data (such confidential information will only be made available to an Affected Investor after such Affected Investor has sent to the Issuer a signed non-disclosure agreement in the form scheduled to the Risk Retention Agreement).

Although the Sponsor has structured this transaction with the intention of enabling Affected Investors to satisfy their applicable Due Diligence Requirements under the Securitization Regulations (as in effect at the Closing Date), each prospective investor in the Offered Notes that is an Affected Investor is required to assess independently and to determine whether: (i) the undertaking by the Sponsor to retain exposure to the EU/UK Retained Interest and (ii) the information in this Offering Memorandum and the information to be provided in any reports provided to investors in relation to the transaction described in this Offering Memorandum are sufficient to comply with the Securitization Rules or any corresponding national measures which may be relevant. None of the transaction parties, their respective affiliates or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose or that the structure of the Offered Notes, the Sponsor (including its exposure to the EU/UK Retained Interest) and the transactions described herein are compliant with the Securitization Rules or any other applicable legal, regulatory or other requirements, and no such person will have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transaction or structure contemplated hereby to comply with or otherwise satisfy such requirements, any subsequent change in law, rule or regulation or any other applicable legal, regulatory or other requirements or any failure by any investor that is an Affected Investor to satisfy the applicable Due Diligence Requirements.

For additional information regarding the EU Securitization Regulation and the UK Securitization Regulation, see "*Risk Factors—EU Due Diligence Requirements and UK Due Diligence Requirements Will Affect Certain Potential Investors*", "*Risk Factors—Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Trust Manager or on the Value or Marketability of the Notes—EU and UK Due Diligence and Retention Requirements Will Affect Certain Potential Investors*" in this Offering Memorandum for more information.

RATINGS

It is a condition of the issuance of the Offered Notes that they receive at least the ratings set forth in the Securities Table by DBRS, Inc. (the "Rating Agency" or "Morningstar DBRS"). The ratings assigned to the Offered Notes by the Rating Agency address (i) the likelihood of the ultimate receipt by the applicable Noteholders of all principal payments to which such Noteholders are entitled and (ii) the amount of interest on such Notes to which such Noteholders are entitled.

The ratings of the Rating Agency do not address the payment of any interest shortfalls resulting from prepayments or application of the Relief Act (as defined herein) or similar laws, the frequency and timing of principal prepayments on the Mortgage Loans or the corresponding effect on the yield to Noteholders. The ratings of the Offered Notes should be evaluated independently from similar ratings on other types of securities.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization.

See "*Ratings*" in this Offering Memorandum.

INVESTMENT COMPANY ACT

The Issuer has not registered, and the Issuer is not required to register with the Securities and Exchange Commission as an investment company pursuant to the Investment Company Act of 1940, as amended (the "Investment Company Act") in reliance on the exclusion afforded by Section 3(c)(5)(C) of the Investment Company Act, although other exemptions or exclusions may be applicable. The Issuer has been structured so as not to constitute a "covered fund" for purposes of the Volcker Rule under the Dodd–Frank Wall Street Reform and Consumer Protection Act. See "*Risk Factors—Risk Related to General Market Considerations—Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Trust Manager or on the Value or Marketability of the Notes*" in this Offering Memorandum.

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. Your investment in the Notes involves certain risks. If any of the following risks actually occur or materialize, your investment could be materially and adversely affected. Payments on the Notes will depend on payments received on, and other recoveries with respect to, the Mortgage Loans, and, therefore, you should carefully consider the risk factors relating to the Mortgage Loans in assessing the risks related to the performance of the Notes.

The risks and uncertainties described below are not the only ones relating to your Notes. Additional risks and uncertainties not presently known to the Depositor or that the Depositor currently deems immaterial may also impair your investment. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Offering Memorandum. In connection with the information presented in this Offering Memorandum relating to risks that may relate to certain of the Mortgage Loans or the Mortgage Loans in general, examples are sometimes given with respect to a particular risk and a particular Mortgage Loan. However, the fact that examples are given should not be interpreted as meaning that such examples reflect all of the Mortgage Loans in the Trust Estate to which such risk is applicable.

This Offering Memorandum Contains Summary and Limited Information Regarding the Transaction Documents and the Mortgage Loans

This Offering Memorandum contains summary descriptions of certain documents, including the Master Reallocation Agreement, the Trust Agreement, the Administration Agreement, the Asset Management Agreements, the Servicing Agreements and the Indenture, which govern the transactions described in this Offering Memorandum, and of the statutes, rules and regulations applicable to the Mortgage Loans. Such summary descriptions are necessarily incomplete and reference is made to the actual documents for a complete description of the rights and obligations of the parties thereto and to the statutes, rules and regulations applicable to the Mortgage Loans. Copies of such agreements will be made available by the Indenture Trustee (to the extent such agreements are in the Indenture Trustee's possession) upon written request by any Noteholder.

Potential Risks Associated with the COVID-19 Pandemic

In early 2020 a novel coronavirus disease ("COVID-19"), broke out causing a global pandemic. On April 10, 2023, President Biden signed a bill terminating the national emergency over the COVID-19 pandemic. As part of the U.S. government's response, the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") was signed into law on March 27, 2020, which was one of multiple economic stimulus packages providing wide-reaching protections for homeowners experiencing financial difficulties due to the COVID-19 pandemic. While at present, the risks associated with the COVID-19 pandemic have abated, they may return as a result of mutations of the virus, and the availability, acceptance and effectiveness of vaccines and other means of treating such mutations.

The provisions of the CARES Act included forbearance programs and policies, and permitted borrowers with federally backed mortgage loans (which are generally loans insured or guaranteed pursuant to certain government housing programs, such as by the Federal Housing Administration, Department of Veterans Affairs, or U.S. Department of Agriculture, or are purchased or securitized by Fannie Mae or Freddie Mac), regardless of delinquency status, to request and obtain loan forbearance for up to a six-month period, which could be extended for another six-month period if required by the borrower. The deadline for requesting an initial forbearance on some federally insured loans under the CARES Act has expired. The CARES Act also provided for a suspension of furnishing negative consumer credit information during an accommodation, including a forbearance, deferral, modification or other assistance or relief related to COVID-19 and a 120-day moratorium on eviction filings for tenants in certain properties, including those with federally backed mortgage loans. Because the mortgage loans in this transaction are not federally backed, the policies of the CARES Act do not directly apply to the mortgage loans, but it is anticipated that (i) mortgagors with non-federally guaranteed mortgage loans that have experienced financial difficulties due to the

COVID-19 outbreak may also request forbearance or other relief with respect to their mortgage payments and (ii) a servicer may follow similar protocols with respect to the mortgage loans included in this transaction.

In response to COVID-19, the Federal Housing Finance Agency (the "FHFA") in March 2020 directed Fannie Mae and Freddie Mac to suspend foreclosures for GSE-backed single-family mortgages for at least sixty (60) days. The suspension of foreclosures and evictions for GSE-backed single-family mortgages has since expired. We cannot predict how the expiration of these suspensions will affect Borrowers. However, foreclosures of certain mortgage loans will still be subject to the CFPB's mortgage servicing regulations. In addition, the OCC, the FDIC, and the Board of Governors of the Federal Reserve System (the "Federal Reserve") indicated that member financial institutions can consider the use of modifications for borrowers with hardships related to the outbreak of COVID-19. Some states and local jurisdictions also implemented requirements relating to payment forbearance and other relief, and moratoriums on foreclosures and evictions in efforts to stem the impact that COVID-19 has had on Americans' income and ability to pay their monthly mortgage and rent obligations (including in states where mortgaged properties are located). In addition, some states may pass or have passed laws requiring lenders to defer collecting payments on residential properties and to refrain from imposing or collecting late fees, penalties, attorneys' fees, default interest or other amounts, under certain circumstances. The Department of Veteran Affairs (the "VA") has announced a foreclosure moratorium on all VA-guaranteed loans through May 31, 2024. No assurances can be provided as to the effects of any other governmental action in response to the COVID-19 pandemic or future outbreaks and whether such action (through executive order, legislation or other means) will become law. It is possible that other forbearance programs, foreclosure moratoriums or other programs or mandates will be imposed or extended or legally challenged by property owners, including those that will impact the Mortgage Loans. It is possible that other forbearance programs, foreclosure moratoriums or other programs or mandates will be imposed or extended, including those that may affect the Mortgage Loans.

In addition, some states and local jurisdictions implemented requirements relating to payment forbearance and other relief, and moratoria on foreclosures and evictions in efforts to lessen the impact that COVID-19 had on Americans' income and ability to pay their monthly mortgage and rent obligations (including in states where mortgaged properties securing the Mortgage Loans are located). The Centers for Disease Control and Prevention (the "CDC") also implemented temporary moratoria on residential evictions. The CDC, state and local requirements have prevented some mortgagors from evicting certain tenants who are not current on their monthly payments of rent and who qualify for relief under an eviction moratorium, which may present a greater risk that the mortgagor will stop making monthly mortgage loan payments. While these moratoria have generally expired, any future moratoria or bans could adversely impact the cashflow on the Mortgage Loans and therefore the performance of the Notes.

The COVID-19 pandemic, and the related government response, resulted in significant increases in unemployment, especially in disrupted industries such as retail, restaurants, travel, hotels and leisure notwithstanding the intention of relief efforts such as the CARES ACT. While the rate of unemployment has abated, it is possible that such rate may again increase following the Closing Date, especially as a result of recent increases in interest rates and generalized inflation. A mortgagor experiencing unemployment, furlough or reduced employment, may be unable to (x) make their monthly payments of principal and interest on their Mortgage Loans, (y) refinance their Mortgage Loans or (z) if needed, sell their mortgaged properties for an amount sufficient to pay off the principal balance of their on their Mortgage Loans. Mortgagors may also prioritize payment obligations other than their Mortgage Loans if they experience, or anticipate experiencing, a loss in wages, discretionary income or employment. Unemployment rates may rise in the near future which may result in an increase in delinquencies and defaults with respect to the Mortgage Loans and adversely impact the performance of the Notes.

Investors should note that Borrowers may in the future contact the relevant Asset Manager or Servicers indicating financial distress and/or requesting relief as a direct or indirect result of the COVID-19 pandemic, and may in the future receive forbearance, including modification or other loss mitigation relief. The Asset Managers and Servicers evaluate each request for forbearance, modification or other loss mitigation relief on a case by case basis, in each case subject to any applicable temporary moratorium on foreclosures and other lender remedies pursuant to applicable law.

The Asset Managers and Servicers may experience financial difficulties as a result of the COVID-19 pandemic, including as a result of any forbearance, moratorium on foreclosure, and other borrower relief programs that are available, which could affect such party's solvency or ability to service mortgage loans. The negative impact on the business and operations of asset managers and servicers as a result of sudden and widespread spikes in unemployment rates could be significant. The suspension of collection of mortgage payments and moratoriums on foreclosure may require asset managers or servicers, to the extent they are required to make advances, to make more advances to borrowers than would be typical, thus increasing their expenses, while collecting less in the way of proceeds from sales and foreclosures, thus decreasing their income. Asset managers or servicers may experience cash shortages at a time when financing and liquidity necessary to fund their operations may be risky or unavailable. Asset managers and servicers may be at increased risk of insolvency. Any asset manager or servicer insolvency may result in servicing being assigned to another servicer, which may impact collection of payments on such mortgage loans and, if such mortgage loans are included in a securitization transaction, any payments on the related securities issued in such securitization transaction.

Increases in the number of delinquencies, forbearance plans and other loss mitigation activities described in this Offering Memorandum, coupled with obligations to fund advances, may adversely impact the Asset Managers' or Servicers' performance and could increase the risk of losses on the Notes that servicing will be required to be transferred.

The outbreak (and any future outbreaks) of the coronavirus disease (or any other disease or pandemic) may lead to further volatility in or disruption in the stock market and capital markets (including an increase in the unemployment rate) and may result in further government actions or policy decisions that may adversely affect the market value of the Notes. Furthermore, the COVID-19 pandemic and resulting disruption to economic conditions may result in some Borrowers under the Mortgage Loans losing their jobs or experiencing furlough, a reduction in wages or other financial hardship, which could in turn result in an inability to make required payments on the Mortgage Loans and an increase in delinquencies with respect to the Mortgage Loans. There can be no assurance that any governmental actions will be effective to mitigate the lasting impact of the COVID-19 pandemic. The effects of the outbreak may continue for an indefinite period of time, and a new outbreak may occur at a later time. The disruption and volatility in the credit markets may continue for an extended period or indefinitely. Recent volatility in the asset-backed securities market in part as a result of the COVID-19 pandemic could result in liquidity issues for an investor in the Notes. Limited liquidity in the secondary market for asset-backed securities could adversely affect a Noteholder's ability to sell their Notes or the price such Noteholder receives for such Notes and may continue to have a severe adverse effect on the market value of asset-backed securities such as the Notes, especially those that are more sensitive to prepayment or credit risk.

In addition, the risks described in this Offering Memorandum related to the occurrence and consequences of the 2008 financial crisis and other similar economic crises should be considered by investors as potential consequences of the COVID-19 pandemic, any of which could significantly and adversely affect payments on the Mortgage Loans and, consequently, the Notes.

RISKS RELATED TO MORTGAGE LOANS

The Mortgage Loans Are Underwritten to Newly-Created Non-Agency Standards Which May Impact Their Performance

Unlike consumer-purpose residential mortgage loans, which often are underwritten to the standards of government-sponsored enterprises ("GSEs") such as Fannie Mae or Freddie Mac, or are underwritten to qualify for U.S. government insurance or guarantees through the United States Department of Agriculture, FHA or Department of Veterans Affairs, each of the Mortgage Loans was originated for a commercial purpose to a Borrower who may not qualify for traditional agency, government or private label non-agency products due to a number of factors, including, but not limited to, business purpose nature, loan size, rehabilitation or construction needs of the property, lower credit scores and the business entity nature of the borrower. The Mortgage Loans originated under the related Underwriting Guidelines have a business purpose and are thus not covered by the ATR Rules or the TRID Rules and may experience higher rates of delinquency than consumer-purpose residential loans originated under such rules.

The underwriting standards to which the Mortgage Loans were originated are generally more flexible with regard to borrowers' credit standing than traditional GSE standards used to underwrite consumer-purpose residential mortgage loans. The Mortgage Loans may be made to real estate investors that may not qualify for an agency residential mortgage loan due to factors such as credit scores lower than GSE guidelines, more than the maximum number of permitted financed properties, less restrictive housing event or foreclosure seasoning requirements, or the business entity nature of the borrower. All of the Initial Mortgage Loans were originated by an Originator and fall within the parameters of the Acquisition Guidelines or the related Originator's Underwriting Guidelines, or with documented compensating factors if exceptions to such Acquisition Guidelines or the Originator's Underwriting Guidelines were made; however, any Additional Mortgage Loans may not comply with the Sponsor's Acquisition Guidelines in effect on the Closing Date. Any Additional Mortgage Loans acquired by the Issuer will be required to satisfy the Eligibility Criteria and Concentration Limits which are not subject to change, except in accordance with the terms of the Indenture. There can be no assurance that the underwriting standards and the Originators' pricing requirements accurately predict the risk profile of the Mortgage Loans, and the performance of the Mortgage Loans may materially differ from the performance of other types of residential GSE or non-agency jumbo loans.

See "*Description of the Mortgage Loans—Mortgage Loan Products and Programs*" and "*The Sponsor and the Trust Manager—Acquisition Guidelines*" in this Offering Memorandum for more information on the Sponsor's Acquisition Guidelines. The list above is not an exhaustive list of additional risks that may result from applying more flexible underwriting standards with regard to a borrower's credit standing.

There is currently limited historical performance data to evaluate the Mortgage Loans. Additionally, there have been significantly fewer originations of mortgage loans to Borrowers that do not qualify for traditional GSE/government execution following the financial crisis. There can be no assurance that the Sponsor's Acquisition Guidelines or an Originator's Underwriting Guidelines and pricing requirements accurately capture the risks associated with the Mortgage Loans or how the performance of the Mortgage Loans, and ultimately the performance of the Notes, will compare to the performance of other types of mortgage loans, such as newly originated GSE or prime jumbo residential mortgage loans or their related securitizations.

Due to the factors discussed above, the Mortgage Loans could be significantly less liquid than traditional residential mortgage loans. This could result in losses on the Notes if the Indenture Trustee (acting at the written direction of Noteholders holding 100% Percentage Interest of each class of Notes that are then outstanding unless the proceeds of such sale are sufficient to retire all such Notes) attempts to liquidate the Trust Estate following the occurrence of an Event of Default.

Risks Relating to the Originators

The Mortgage Loans are acquired by the Sponsor from a variety of Originators. Although the Sponsor conducts diligence with respect to the Originators from which it purchases Mortgage Loans, Originators may have limited operating experience and may change their respective approaches to loan origination over time. No assurance can be given that the policies and procedures employed by any Originator, including its diligence practices and credit standards, are comparable with the policies and procedures of Sponsor relating to its Acquisition Guidelines or that these origination guidelines will not change over time. The Sponsor makes no representations or warranties regarding the Originators and provides Noteholders limited information regarding the operations, performance history and legal compliance of the Originators. Noteholders will have no recourse to the Originators with respect to any breaches of Sponsor's representations and warranties concerning the Mortgage Loans.

Nature of the Mortgage Loans

The Initial Mortgage Loans consist of fixed-rate, performing business purpose Mortgage Loans with balloon payments due at the end of the term of the loan made to real estate investors, secured by first liens on non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects. As such, these Mortgage Loans contain risks that are not present in typical residential mortgage loans made to consumers. These risks include:

(i) the Initial Mortgage Loans are, and each Additional Mortgage Loan likely will be, short-term, interest-only loans, with the full amount of principal due at maturity, and the related Borrower generally relies on the sale or refinancing of the related Mortgaged Property to generate the funds necessary to repay the Balloon Payment due at maturity;

(ii) the Mortgage Loans are secured by non-owner-occupied Mortgaged Properties;

(iii) the related Mortgaged Properties often may be in a general state of disrepair and require construction repairs or rehabilitation projects, and construction delays and cost overruns can cause risks associated with an investment in the Notes;

(iv) multiple mortgage loans may have been made to the same Borrower, or in reliance upon the same guarantor, and the construction repairs, rehabilitation projects or the sale-ability of the related Mortgaged Properties may cause financial difficulties for the related Borrower or guarantor;

(v) the ability of a Borrower to repay a Mortgage Loan generally presumes the ability to sell the related Mortgaged Property or the ability to refinance the Mortgage Loan into a longer-term loan;

(vi) the Mortgage Loans may have their maturity dates extended following the Cut-off Date, including if the Borrower is unable to make the required Balloon Payment;

(vii) the Mortgage Loans may have longer than expected liquidation timelines upon the occurrence of an event of default; and

(viii) each Borrower may be thinly capitalized.

These unique risks may lead to an increased risk of loss on the Notes if losses on the Mortgage Loans are greater than anticipated, especially if the residential real estate market in the relevant jurisdiction declines as described in "*Risks Related to Residential Real Estate—Developments in the Residential Mortgage Market May Adversely Affect the Performance and Market Value of Your Notes*" in this Offering Memorandum or if the related Borrower is unable to sell its Mortgaged Property for any other reason in an amount sufficient to pay the principal balances of such Mortgage Loan. See "*Summary Information—Mortgage Pool*" and "*Description of the Mortgage Loans*" in this Offering Memorandum.

In addition, if an Asset Manager or Servicer Default were to occur, or if any Asset Manager, Servicer or Subservicer resigns or is removed, it may be difficult to identify a successor asset manager or servicer with the necessary experience servicing mortgage loans similar to the Mortgage Loans, which could result in greater loss on your investment in the Notes or further delay the receipt of principal repayments. See "*—Failure of any Servicer to Perform, Servicer Default, Servicer Termination or Servicer Resignation May Cause the Notes to Suffer Delays or Shortfalls in Payments*" and "*—Failure of any Asset Manager or Servicer to Perform, Termination With or Without Cause or Resignation May Cause the Notes to Suffer Delays or Shortfalls in Payments*" in this Offering Memorandum.

Risks Concerning Construction Projects with Respect to Mortgaged Properties

The Mortgage Loans are often for the purpose of financing construction, repairs or rehabilitation projects, and the Mortgaged Properties are often in a general state of disrepair. Approximately 7.39% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are Ground-up Loans. The Mortgage Loans are all expected to be interest-only loans with a Balloon Payment of the entire principal balance due at maturity. Many, if not all, of the borrowers will be unable to make the required Balloon Payment on the Mortgage Loans without the funds generated from the sale of the Mortgaged Properties or the refinancing of the Mortgage Loan. The scope and duration of the work involved in the extensive rehabilitation projects with respect to certain Mortgage Loans are greater than those involved in Mortgage Loans requiring only partial or moderate construction, repair or rehabilitation, and may therefore require a longer period of time to complete, or may be less likely to be completed than other construction, repair or rehabilitation projects. While all construction projects involve a certain amount of risk and may be negatively affected by a number of factors, the increased scale of work on extensive rehabilitation projects aggravates the risks otherwise involved in partial or moderate construction. The successful completion of construction projects and extensive rehabilitation projects involve a certain amount of risk and may be negatively affected by a number of factors, including planning issues, failure to secure necessary permits and authorizations, supply and equipment interruptions, labor shortages, scheduling conflicts, construction delays, cost overruns, zoning, permitting and completion risks, non-performance by or non-payment of contractors or subcontractors, and environmental liabilities. The occurrence of one or more of these events has the potential to delay the completion of needed construction repairs, or rehabilitation projects, which in turn could result in extensions of the maturity dates of certain of the Mortgage Loans or, in some cases, defaults under such Mortgage Loans. The occurrence of construction cost overruns or delays and/or unexpected liabilities could render a Borrower unable to make interest payments on the related Mortgage Loan or could lead to a determination that the rehabilitation of the Mortgaged Property is no longer profitable. These occurrences could lead to delays or reductions in the Collections available to make payments on the Notes.

With respect to Mortgage Loans with Rehabilitation Holdback Amounts, the related Asset Manager, Servicer or Subservicer will fund Rehabilitation Disbursement Requests after the related Asset Manager or Servicer, as applicable, completes a satisfactory evaluation of the Rehabilitation Disbursement Requests that are based on borrower-provided information and/or inspections of the Mortgaged Properties, without obtaining updated property valuations, even though property values may have declined since origination. See "*—Loan-to-Value Ratios Calculated Based on Internal and/or Appraised Values May Not Be an Accurate Reflection of Current Market Value*" and "*The Asset Management Agreements and the Servicing Agreements—Rehabilitation Disbursement Requests Process*" in this Offering Memorandum.

The Performance of Multifamily Mortgaged Properties is More Dependent on Operating Performance and Management Than Single-Family Residential Mortgaged Properties

None of the Initial Mortgage Loans are secured by a multifamily Mortgaged Property; however, there is no restriction on the Issuer acquiring Additional Mortgage Loans that are secured by multifamily Mortgaged Properties so long as such Additional Mortgage Loans satisfy the Eligibility Criteria and Concentration Limits. The risks associated with lending on multifamily Mortgaged Properties are inherently different from those associated with lending on the security of single-family residential Mortgaged Properties. For example, repayment of multifamily Mortgage Loans depends on the operating performance of the multifamily Mortgaged Property as a going concern, unlike single-family residential Mortgage Loans.

Particular factors that may adversely affect the ability of a multifamily Mortgaged Property to generate net operating income include:

- an increase in interest rates, real estate taxes and other operating expenses;
- an increase in the capital expenditures needed to maintain the property or make renovations or improvements;
- an increase in vacancy rates;
- the quality of property management;
- the location of the property (*e.g.*, a change in the neighborhood over time or increased crime in the neighborhood);
- the ability of management to provide adequate maintenance and insurance;
- the types of services the property provides;
- the property's reputation;
- a decline in rental rates as leases are renewed or replaced;
- natural disasters and civil disturbances such as earthquakes, fires, mudslides, hurricanes, floods, tornadoes, droughts, volcanic activity, pandemics or riots;
- the generally short-term nature of residential leases and the need for continued reletting;

- in the case of student housing facilities, which may be more susceptible to damage or wear and tear than other types of multifamily housing, the reliance on the financial well-being of the college or university to which it relates, the impact on occupancy from shifts to distance learning at such college of university, competition from on-campus housing units, which may adversely affect occupancy, the physical layout of the housing, which may not be readily convertible to traditional multifamily use, and the fact that student tenants have a higher turnover rate than other types of multifamily tenants, which in certain cases is compounded by the fact that student leases are available for periods of less than twelve (12) months;

- restrictions on the age of tenants who may reside at the property;

- the presence of competing properties and residential developments in the local market;

- the existence of corporate tenants renting large blocks of units at the property, which in the event that such a tenant vacates would leave the property with a significant percentage of unoccupied space, and in the event that such a tenant was renting at an above-market rent may make finding replacement tenants difficult;

- tenant composition, particularly if tenants are predominantly students, personnel from or workers related to a military base or workers from a particular business or industry;

- adverse local, regional or national economic conditions, which may limit the amount of rent that can be charged and may result in a reduction in timely rent payments or a reduction in occupancy;

- state and local regulations;

- government assistance/rent subsidy programs; and

- national, state or local politics.

The volatility of net operating income generated by a multifamily property over time will be influenced by many of these factors, as well as by:

- the length of tenant leases;

- the creditworthiness of tenants;

- the rental rates at which leases are renewed or replaced, which may make it difficult for a borrower to increase rental rates over time;

- rent concessions and month-to-month leases, which may impact cash flow at the property;

- the percentage of total property expenses in relation to revenue;

- the ratio of fixed operating expenses to those that vary with revenues; and

- the level of capital expenditures required to maintain the property and to maintain or replace tenants, including any capital expenditures associated with upgrading outdated interiors, replacing outdated appliances and expanding amenity options.

Some units in a multifamily Mortgaged Property may be leased to corporate entities. Expiration or non-renewals of corporate leases and vacancies related to corporate tenants may adversely affect the income stream at a Mortgaged Property. In the event that any Mortgage Loan secured by a multifamily mortgaged property is converted to an REO Property, the Trust Manager may elect to directly manage such Mortgaged Property (or engage a vendor to do so) on behalf of the Issuer, without engaging any Asset Manager or Servicer, and the Trust Manager may make determinations related to liquidation, management or rentals with respect to the related REO Property. We cannot assure you that these circumstances will not adversely impact operations at or the value of multifamily Mortgaged Properties.

Mortgage Loans with Undisbursed Rehabilitation Holdback Amounts or Unfunded Draw Amounts that are Not Funded May Present a Greater Risk

Approximately 4.19% of the Initial Mortgage Loans, by aggregate Unpaid Principal Balance as of the Initial Cut-off Date, have Undisbursed Rehabilitation Holdback Amounts. 306 of the Initial Mortgage Loans, representing approximately 49.52% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) have Unfunded Draw Amounts. A Borrower is only permitted to draw upon Undisbursed Rehabilitation Holdback Amounts or Unfunded Draw Amounts if the related Asset Manager or Servicer determines that the terms of the related Mortgage Note, and certain other review procedures and conditions, as determined by the applicable Asset Manager or related Servicer, have been satisfied. If a Borrower is unable to satisfy the terms of the related Mortgage Loan Documents and certain other review procedures and conditions, evaluated by the related Asset Manager or Servicer (for example, by providing certain documentation), such Borrower may be unable to complete necessary repairs, construction or rehabilitation projects with respect to the related Mortgaged Property. This could result in such Borrower being unable to repay the related Mortgage Note at maturity or otherwise delay payments on the Notes.

In addition, with respect to Rehab Escrowed Mortgage Loans, although Undisbursed Rehabilitation Holdback Amounts will be on deposit in the related Rehab Escrow Account or otherwise reserved by the related Asset Manager, Servicer or Subservicer when a Mortgage Loan is acquired by the Issuer, any failure to fund such Undisbursed Rehabilitation Holdback Amounts with respect to the Rehab Escrowed Mortgage Loans could result in claims by such Borrower against the applicable Originator, Asset Manager and/or Servicer and/or in delays in payments or losses on the Notes, and if amounts disbursed to a Borrower are insufficient to complete necessary repairs or rehabilitation projects, this may negatively affect the value of the related Mortgaged Property. Similarly, Unfunded Draw Amounts are not funded at the origination of a Mortgage Loan. Instead, the related Asset Manager or Servicer may fund any Rehabilitation Disbursement Request with respect to an Unfunded Draw Amount from Collections in any related Custodial Account, from its own funds, as a reimbursable advance or from funds advanced by the Trust Manager on behalf of the Issuer. The Trust Manager may use funds on deposit in the Accumulation Account to fund or reimburse itself for such draws or reimbursements. There can be no assurance that there will be sufficient funds in the Accumulation Account to fund any Unfunded Draw Amounts. Any failure or delay in funding Unfunded Draw Amounts with respect to the Mortgage Loans could result in claims by a Borrower against the related Originator, Asset Manager or Servicer and/or in delays in payments or losses on the Notes. Additionally, there can be no assurance that the Sponsor will elect to exercise its Repurchase Option in such case, or that it will have sufficient funds to exercise the Repurchase Option. See "*—Loan-to-Value Ratios Calculated Based on Internal and/or Appraised Values May Not Be an Accurate Reflection of Current Market Value*" and "*Violations of Various Federal, State and Local Laws May Result in Losses on the Mortgage Loans*" in this Offering Memorandum.

Balloon Payment Mortgage Loans Increase Risk of Loss

All of the Initial Mortgage Loans require, and it is expected that all Additional Mortgage Loans will require, "interest-only" payments during the term of the Mortgage Loan and a Balloon Payment. Mortgage Loans with a Balloon Payment involve a greater degree of risk than amortizing mortgage loans because the ability of a Borrower to make a Balloon Payment typically will depend upon its ability either to timely refinance the Mortgage Loan or to timely sell the related Mortgaged Property. The ability of a Borrower to accomplish either of these goals will be affected by a number of factors, including the value of the related Mortgaged Property, the level of available mortgage rates at the time of sale or refinancing, the Borrower's equity in the related Mortgaged Property, the financial condition of the Borrower, laws affecting the Mortgaged Property and the Borrower, and prevailing local, regional and national economic conditions. None of the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Subservicers, the Originators, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Custodian, the Trust Manager or any other party is obligated to refinance any Balloon Payment Mortgage Loan or to extend its maturity date.

The Rate of Default on Mortgage Loans that Are Secured by Non-Owner-Occupied Properties May Be Higher than on Other Mortgage Loans

All of the Mortgage Loans are secured by Mortgaged Properties that are non-owner-occupied properties. Approximately 88.57% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are made to Borrowers that are not individuals. A non-owner-occupied property is a property which, at the time of origination, the Borrower represented would not be used as such Borrower's primary residence. Because the Borrower is not living on the property, such Borrower may be more likely to default on the Mortgage Loan than on a comparable mortgage loan secured by a primary residence. In addition, Borrowers whose properties are occupied by tenants may face increased risks of nonpayment of rent or other amounts by tenants or delays evicting, or inability to evict, nonpaying tenants. These factors may, in some cases, inhibit such Borrowers' ability to sell or refinance the mortgaged property, either of which may make the Borrower more likely to default on the Mortgage Loan.

Mortgagor Bankruptcy Considerations

A Borrower or related guarantor may file for relief under the United States Bankruptcy Code (the "Bankruptcy Code") at any time. If Mortgage Loans become delinquent for any reason, that risk is increased. Economic disruption and market volatility, including as a result of the COVID-19 outbreak, the rate of inflation and rising interest rates could increase the number of Borrowers filing for relief under the Bankruptcy Code. As of the Initial Cut-off Date, to the Sponsor's knowledge, none of the Borrowers with respect to the Mortgage Loans were subject to active bankruptcy proceedings. Virtually all actions by creditors against a Borrower or related guarantor, including foreclosure actions, are stayed upon the filing of a bankruptcy petition. Frequently, no payments of interest or principal are made on a mortgage loan during the Borrower's bankruptcy case. Frequently, no enforcement against, or recovery from, guarantors is achieved during a guarantor's bankruptcy case. In addition, a bankruptcy court may, with respect to a Mortgage Loan that is not secured by a borrower's primary residence (i) reduce the Indenture Trustee's security interest in the related Mortgaged Property to the current value of the property, leaving the Indenture Trustee as an unsecured creditor for the remainder of the loan balance, and/or (ii) modify the payment terms of such Mortgage Loan. These and other aspects of bankruptcy proceedings could delay payments, reduce the yields or, under certain loss scenarios, cause principal and interest received on the Mortgage Loans to be insufficient to pay the Notes all principal and interest to which they are entitled. Additionally, certain of the Borrowers may previously have been subject to bankruptcy proceedings. A Borrower or guarantor who has previously filed for bankruptcy protection may be more likely to default or file for bankruptcy protection in the future.

Delay in Receipt of Liquidation Proceeds; Liquidation Proceeds May Be Less Than the Unpaid Principal Balance of a Mortgage Loan

Substantial delays in payments of principal of and interest on the Notes could be encountered in connection with the liquidation of delinquent Mortgage Loans. Every state has its own foreclosure process; particularly in states where the process is judicial rather than non-judicial, delays may be lengthy. Mortgagors may take steps to delay the foreclosure process. Many states have laws protecting the rights of tenants or other occupants of the Mortgaged Properties; these laws may delay liquidation of the Mortgaged Property following a foreclosure. Further, reimbursement of Servicing Advances made by any Asset Manager, Subservicer or Servicer and liquidation expenses such as legal fees, real estate taxes and maintenance and preservation expenses will reduce the portion of Liquidation Proceeds distributable to Noteholders as the reimbursements of such Servicing Advances, costs and liabilities are made prior to payments on the Notes. If a Mortgaged Property fails to provide adequate security for the related Mortgage Loan and the related liquidation expenses, you could incur a loss on your investment if the applicable credit enhancement is insufficient to cover the loss. Even assuming the Mortgaged Properties provide adequate security for the Mortgage Loans (which may not be the case due to, for example, a decrease in the value of the Mortgaged Properties), substantial delays could result in connection with the liquidation of defaulted Mortgage Loans which could result in delays in payments or losses on the Notes.

In February 2022, the New York State Senate introduced New York Senate Bill No. 5473 ("FAPA"), also known as the Foreclosure Abuse Prevention Act, which could adversely affect the ability of the Servicers to foreclose on mortgaged properties in New York by limiting the instances in which the relevant six-year statute of limitations can be re-set by the lender and by barring certain actions taken by lender once such statute of limitations has run. FAPA also prohibits lenders or servicers from bringing a separate action to recover on the same part of the mortgage debt that was determined to be time-barred in a foreclosure or other action. The Governor of New York signed FAPA on December 30, 2022, which became effective immediately and applies to all actions in which a final judgment of foreclosure has not been enforced. There can be no assurance what impact FAPA will have on the Issuer if the Servicer is unable to realize on Mortgaged Properties or otherwise recover on the related mortgage debt in another action where the statute of limitations has expired, including in cases of voluntary discontinuance of a prior foreclosure action because a borrower entered into a loss mitigation program, or foreclosure actions in general for any mortgage loans in New York.

The Transaction Parties May Become Subject to Litigation or Governmental Proceedings

There has been a significant amount of litigation against, and numerous governmental proceedings involving, transaction parties associated with offerings of residential mortgage-backed securities ("RMBS") If a transaction party becomes subject to litigation or governmental proceedings in connection with its mortgage lending or servicing business, the Mortgage Loans or the Mortgaged Properties, this may increase the costs and expenses of the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Custodian and the Trust Manager. Such costs and expenses are generally paid prior to payments on the Notes. In addition, if any Asset Manager, Subservicer, Servicer or the Trust Manager is subject to litigation or governmental proceedings, this may affect its ability to perform its respective obligations under the Transaction Documents (including making required Servicing Advances), even if such litigation is not related to the Issuer or the Mortgage Loans. If the Sponsor becomes subject to litigation or a governmental proceeding, this may affect the ability of the Sponsor to perform its obligations to repurchase Mortgage Loans from the Issuer, or with respect to a Liquidated Loan, make an indemnification payment, in each case, with respect to which there has been a Material Breach of representations and warranties or a Material Document Defect and satisfaction of the conditions to repurchase (or indemnity). This could result in a delay in or reduction of payments on the Notes. No assurances can be made as to the effect any such litigation or governmental proceedings may have on the market value of, or payments on, the Notes.

Investors in the Notes Cannot Direct the Administration and Servicing of the Mortgage Loans; No Asset Manager or Servicer Will Be Required To Consider the Interests of the Noteholders in Servicing the Mortgage Loans

Any Asset Manager or Servicer engaged by the Issuer will have broad authority to service and administer the Mortgage Loans on behalf of the Issuer in accordance with the related Asset Management Agreement or the related Servicing Agreement, the related Mortgage Loan Documents, applicable law and the directions of the Issuer or the Trust Manager on behalf of the Issuer, if any. Subject to the preceding sentence, certain decisions about loan modifications and final resolutions of Mortgage Loans (including alternative loan resolution strategies, *i.e.*, sales of Mortgage Loans, short-sales, deed-in-lieu, deed-for-lease or other means and alternative REO resolution strategies, *i.e.*, rental) may be made by any of the Trust Manager, the related Asset Manager or the related Servicer on behalf of the Issuer without the prior approval of or prior consultation with any person including investors in the Notes and their representatives. As a result, none of the Trust Manager, any Asset Manager or any Servicer will be required to receive approval from, consult with or consider the interests of the Noteholders or investors in the Notes in connection with its servicing and administration of the Mortgage Loans. To the extent the actions of the Trust Manager, any Asset Manager or any Servicer are not inconsistent with applicable Accepted Servicing Criteria or the terms of the related Transaction Documents to which it is a party, such parties will not be limited in any way from servicing or administering the Mortgage Loans in a manner that is adverse to the interests of investors in the Notes. Furthermore, prior to the occurrence of an event of default under the related Asset Management Agreement or the related Servicing Agreement, an Asset Manager or a Servicer cannot be terminated by the Issuer without payment of an applicable termination fee. See "*The Asset Management Agreements and the Servicing Agreements—Rights Upon Servicer Defaults*" in this Offering Memorandum. As a result, investors in the Notes will have limited or no remedies if they believe that any Asset Manager or Servicer is not effectively servicing and administering the Mortgage Loans, except to the extent an event of default has occurred and is continuing under the applicable Asset Management Agreement or the related Servicing Agreement.

The Inability of an Asset Manager or Servicer to Perform its Obligations Under the Related Asset Management Agreement or Servicing Agreement Could Cause Delays in Collections and Other Servicing Functions

Each Asset Manager has entered into a related Asset Management Agreement pursuant to which such Asset Manager will administer or service (or cause a Subservicer to service) the Mortgage Loans on behalf of the Issuer. If any Asset Manager or Servicer fails to perform its duties pursuant to the related Asset Management Agreement or Servicing Agreement, such Asset Manager or Servicer may be terminated for-cause pursuant to the applicable Asset Management Agreement or Servicing Agreement and another asset manager or servicer may be engaged by the Trust Manager on behalf of the Issuer to perform such duties. In addition, the Trust Manager will have discretion to terminate any Asset Manager or Servicer on behalf of the Issuer without cause, in accordance with the terms of the related Asset Management Agreement or Servicing Agreement, subject to payment of any applicable termination or deboarding fees. The process of transitioning the functions performed by any Asset Manager (or its Subservicer) or Servicer to a successor could result in delays in collections and other functions performed by such terminated Asset Manager (or its Subservicer) or Servicer.

If any Asset Manager or Servicer experiences financial difficulties, including as a result of a bankruptcy, it may not be able to perform its duties under the related Asset Management Agreement or Servicing Agreement. There can be no assurance that any Asset Manager, Subservicer or Servicer will remain solvent or that any Asset Manager, Subservicer or Servicer will not file for bankruptcy at any time. Any such financial difficulties, insolvency or bankruptcy could have a negative impact on the Notes and the quality of the servicing of the Mortgage Loans.

Dependence on the Trust Manager's Performance

The Trust Manager will act in such capacity under the Administration Agreement and the Indenture. The Trust Manager's general role includes performing certain discretionary and oversight actions on behalf of the Issuer in connection with the Mortgage Loans (or any related REO Properties), including with respect to the Rehabilitation Disbursement Request disbursement process or loss mitigation. In the event that a Mortgage Loan is converted to an REO Property, the Trust Manager will have discretion to transfer such REO Property to a REO Company held by the Issuer and/or to directly manage such Mortgaged Property (or engage a vendor to do so) on behalf of the Issuer, without the assistance of any Asset Manager or Servicer, and the Trust Manager may make determinations related to liquidation, management or rentals with respect to the related REO Property. See "*The Administration Agreement—Trust Management*" in this Offering Memorandum for more detailed description of the Trust Manager's obligations.

Among other duties, the Trust Manager will provide guidance and necessary approvals on behalf of the Issuer with respect to certain asset-related decisions, including to the extent required under any Asset Management Agreement or any Servicing Agreement. See "*The Administration Agreement—Trust Management*" in this Offering Memorandum.

Certain officers or employees of the Trust Manager responsible for the activities undertaken on behalf of the Issuer have other responsibilities on behalf of the Trust Manager and/or its affiliates and conflicts of interest may arise as a result in the allocation of personnel.

In addition, following the occurrence of a Trust Manager Termination Event under the Administration Agreement, so long as such Trust Manager Termination Event has not been remedied or waived in writing by the Indenture Trustee (acting at the written direction of the Noteholders holding more than 50% of the Percentage Interest of the Notes), the Indenture Trustee, at the written direction of the Noteholders holding more than a 50% Percentage Interest of the Notes may, by notice in writing to the Trust Manager under the Indenture, terminate all rights and obligations of the Trust Manager under the Administration Agreement. Upon any such termination of the Trust Manager, the Issuer will, within ninety (90) days of such termination, appoint a successor Trust Manager acceptable to the Indenture Trustee (acting at the written direction of the Noteholders holding more than a 50% Percentage Interest of the Notes). See "*Indenture—Trust Management—Trust Manager Termination Events*" in this Offering Memorandum.

Should the Trust Manager cease to act as the Trust Manager of the Issuer in accordance with the Administration Agreement, no assurance can be given that the Issuer would be able to identify and appoint a replacement Trust Manager with similar experience, credibility and access to intellectual property and investment talent. The length of time required to appoint a replacement Trust Manager could be significant, and could result in additional or increased fees payable by the Issuer to such successor Trust Manager. Any such delay in appointing a successor Trust Manager could adversely impact the timing and amount of payments on the Notes.

Neither the Sponsor Nor The Originators Have Significant Historical Performance Data About Performance on the Mortgage Loans; Loss Rates on The Mortgage Loans May Be Higher Than Expected

The Mortgage Loans, commonly referred to as residential bridge mortgage loans or business purpose mortgage loans, are a relatively new mortgage product. Certain Originator's platforms utilized for the origination of the Initial Mortgage Loans may be in the early stages of development and/or have has a limited operating history. Due to such limited operating histories, certain Originators of the Initial Mortgage Loans do not have significant historical data regarding the performance of the mortgage loans originated on their platforms, and the Sponsor does not yet know what the long-term loss experience of the Initial Mortgage Loans will be. In addition, it is likely that Originators of Additional Mortgage Loans will similarly have limited operating histories and no significant historical data regarding the performance of mortgage loans originated on their respective platforms. Accordingly, the Mortgage Loans may default more often than more traditional mortgage loans on investment properties, which could negatively and possibly significantly impact the repayment of the Notes.

Limited performance history is available to investors regarding the payment experience of comparable securitizations by the Depositor, the Sponsor or certain of their affiliates. The Sponsor's Mortgage Loan acquisition program, and underlying strategies, have a limited operating history and is untested over long term business cycles. Investors should carefully consider the lack of historical performance data to assess the Sponsor's ability to acquire Mortgage Loans that are suitable for a securitization and the ability of the Sponsor to manage its acquisition and securitization program through one or more financial cycles.

Loan-to-Value Ratios Calculated Based on Internal and/or Appraised Values May Not Be an Accurate Reflection of Current Market Value

The appraisals or other valuations obtained in connection with the origination of the Mortgage Loans were intended to establish the amount a typically motivated buyer would pay a typically motivated seller at the time the appraisals or valuations were prepared. In determining the price a "typically motivated" buyer would be willing to pay, appraisers examine comparable sales in a specified locality and adjust the price upward or downward based on the characteristics of the related property. An appraisal or similar valuation does not reflect the insurance replacement value of a particular home. The price a "typically motivated" buyer would be willing to pay is subject to the evaluator's subjective analysis and opinion and could be significantly higher than the amount that would be obtained from the sale of a Mortgaged Property under a distressed or liquidation sale. In addition, third-party valuation vendors may use substantially different methods to establish or estimate a buyer's "typical motivations" with respect to an individual property. Valuation reports of properties which have been vacant or with significant damage or deferred maintenance may be more subjective than those of owner-occupied, good quality properties in established neighborhoods. Investors should note that impact of the outbreak of COVID-19 as well as disruptions in global economies, markets and supply chains and historically high inflation has caused a recession in the United States that could result in a devaluation of home prices, which in turn could have the effect of increasing Loan-to-Value Ratios, and such home price devaluation could be significant. The current market value of the mortgaged properties could be lower, and in some cases significantly lower, than the values indicated in the appraisals or valuations obtained at the origination of the Initial Mortgage Loans, even if such appraisals were obtained following recent occurrences of economic dislocation, including the outbreak of COVID-19, higher inflation and rising interest rates.

For a Mortgaged Property that the Borrower plans to repair or renovate, prior to final approval of the Mortgage Loan, the related Originator typically determines the amount of such Mortgage Loan based on the Loan Cost and an external evaluation of the ARV of the Mortgaged Property. Such Originator may include related closing costs as part of the Loan Costs of a Mortgage Loan. The ARV of a Mortgaged Property is prepared by a third-party appraiser or other valuations and is based on the expected value of such Mortgaged Property after the predetermined repairs and/or rehabilitation projects have been completed. The following factors (if applicable, as needed) may be involved in connection with establishing the ARV: public records, on-site property inspections, automated valuation models, broker price opinion reports, third-party vendor desktop appraisals, exterior appraisals, full interior appraisals, the property condition as illustrated through third-party or borrower provided information at the time of evaluation, the rehabilitation scope of work to be performed by the Borrower and/or a comparable sales analysis. Many of the factors involved in the determination of the ARV of a Mortgaged Property rely on forward-looking estimates and are inherently uncertain. No assurance can be given that the costs of necessary improvements on a Mortgaged Property will not exceed estimates or that the market value of the Mortgaged Property upon completion of such improvements will not fall below projections. If the pre-construction estimates on a Mortgaged Property differ significantly from the actual amounts post-construction, the related Borrower may not realize proceeds sufficient to allow timely repayment of the Mortgage Loan, which could result in delays or reductions in the Collections available to make payments on the Notes. In addition, since the ARV of a Mortgaged Property assumes completion of repairs or renovations in accordance with plans provided to the appraiser, the valuation of the property may be affected if the repairs or renovations are not of the quality assumed or are not completed in accordance with the plans.

Appraisals are opinions of the related appraisers; appraisals and valuations may be prepared internally by the related Originator, and may not accurately reflect the value or condition of the Mortgaged Property, particularly during periods of volatility in the applicable real estate market (whether local, regional or national). In addition, property values may have declined since the time valuations were established or appraisals were obtained. Accordingly, the values of the Mortgaged Properties used to determine the Loan to As-Repaired Value Ratios that are disclosed in this Offering Memorandum may be lower, in some cases significantly lower, than the applicable values that would be determined if current appraisals of the Mortgaged Properties were used to determine those values. Prospective investors should consider that if a valuation overestimates the prices at which mortgaged properties are actually sold, the proceeds of the Mortgage Loans may be significantly less than anticipated by investors. There can be no assurance that a Borrower will be able to sell a Mortgaged Property for the ARV determined by the Originator, which could result in losses on the Notes.

Investors are encouraged to make their own determination as to the degree of reliance they place on the Loan to As-Repaired Value Ratios that are disclosed in this Offering Memorandum.

Higher Loan-to-Value Ratios May Result in Losses on Mortgage Loans

Mortgage Loans with higher Loan-to-Value Ratios may be more likely to experience Borrower default and foreclosure than Mortgage Loans with lower Loan-to-Value Ratios. A higher rate of foreclosure on Mortgage Loans with higher Loan-to-Value Ratios is likely to result in significant losses on such Mortgage Loans. In addition, Mortgage Loans with higher Loan-to-Value Ratios are more likely to be subject to a judicial reduction of the loan amount in bankruptcy or other proceedings than mortgage loans with lower Loan-to-Value Ratios. If a court relieves a Borrower's obligation to repay amounts otherwise due on a Mortgage Loan, the related Asset Manager or Servicer will not be required to make a Servicing Advance in respect of such written down amounts, and any loss in respect thereof may reduce amounts available for distribution to the Noteholders. In such event, Noteholders may suffer a loss.

Appraisals May Not Satisfy Appraisal Standards Adopted by Federal Banking Agencies for Certain Transactions

Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 ("FIRREA") requires each federal banking agency to prescribe appropriate standards for the performance of real estate appraisals in connection with "federally related transactions," which are defined as those real estate-related financial transactions that an agency engages in, contracts for, or regulates and that require the services of an appraiser providing an appraisal or evaluation in accordance with the requirements of FIRREA. No representation is made in this Offering Memorandum as to whether any appraisals or evaluations of any such Mortgaged Properties, if obtained in accordance with the related Underwriting Guidelines, satisfy regulatory appraisal standards prescribed under FIRREA.

Section 1473(q) of the Dodd-Frank Act amended title XI of FIRREA relating to the use of automated valuation models ("AVMs") in valuing real estate collateral securing mortgage loans, and directed federal regulatory agencies to promulgate quality control regulations regarding AVMs. The agencies issued a proposed rule for that purpose on June 21, 2023. There can be no assurance as to whether any appraisals, evaluations, or AVMs for any Mortgage Properties, if obtained in accordance with the applicable Originator's Underwriting Guidelines, satisfy regulatory appraisal standards prescribed under FIRREA.

Delinquencies and Losses on the Mortgage Loans May Adversely Affect Your Yield

The related Asset Manager or Servicer will be responsible for the servicing of the Mortgage Loans regardless of whether the Mortgage Loans are performing or have become delinquent or are otherwise in default. As delinquencies or defaults occur, the related Asset Manager or Servicer will be required to utilize an increasing amount of resources to work with the related Borrower to maximize collections on the related Mortgage Loan. Any volatility in the financial or credit markets could result in a rise in delinquencies and defaults and such rise could be accompanied by significant shortfalls in payments on the Mortgage Loans. At each step in the process of trying to bring a defaulted mortgage loan current or in maximizing proceeds, the related Asset Manager or Servicer will be required to invest time and resources not otherwise required when collecting payments on performing Mortgage Loans. Investors should note that in connection with considering a modification or other type of loss mitigation, the related Asset Manager or Servicer may incur or bear related out-of-pocket expenses, which would be reimbursed to them from Collections prior to payments on the Notes.

Pre-Offering Review of the Initial Mortgage Loans and Reviews of Additional Mortgage Loans May Not Reveal All Aspects of the Mortgage Loans Which Could Lead to Losses

The Sponsor has undertaken certain limited loan review procedures with respect to various aspects of the Initial Mortgage Loans, including obtaining reports issued by the Securitization Diligence Provider that conducted reviews of the underwriting of the Initial Mortgage Loans and verification of certain aspects of the Initial Mortgage Loans to evaluate conformance with the Acquisition Guidelines or the related Originator's Underwriting Guidelines. During the Reinvestment Period, the Trust Manager may also engage one or more Eligible Securitization Diligence Providers, or evaluate reports previously obtained by the Sponsor from an Eligible Securitization Diligence Provider, in order to confirm that such Additional Mortgage Loans satisfy the Eligibility Criteria prior to acquisition by the Issuer. In conducting these review procedures, the Sponsor, the Securitization Diligence Provider and the Eligible Securitization Diligence Providers relied or will rely on information and resources available to them (which were or may be limited and, in most cases, not independently verified). These review procedures utilized by such parties are intended to identify certain material discrepancies and possible material defects in the Mortgage Loans reviewed, however, these procedures do not constitute a re-underwriting of the Mortgage Loans and are not designed or intended to discover every possible discrepancy or defect and may not be consistent with the type and scope of review that an investor would deem appropriate. The Securitization Diligence Provider and Eligible Securitization Diligence Providers are independent and have different policies, procedures and guidelines. Therefore, even if such parties are following identical review procedures, they may reach different conclusions regarding the findings with regard to a particular Mortgage Loan. There can be no assurance that any review process conducted with respect the Initial Mortgage Loans uncovered, or any future review conducted with respect to any Additional Mortgage Loans will uncover all relevant aspects that could be determinative of how the reviewed Mortgage Loans will perform.

Furthermore, to the extent that the limited reviews conducted by the Sponsor, the Securitization Diligence Provider or any Eligible Securitization Diligence Provider did reveal factors that could affect how the Mortgage Loans will perform, the Sponsor may have, or may in the future incorrectly assess the potential severity of those factors. Investors should make their own determination as the extent to which they place reliance on the limited loan review procedures of the Sponsor. The inclusion of any Mortgage Loan in the Mortgage Pool is not a representation by the Sponsor or any other party with respect to the adequacy or sufficiency of the Pre-Offering Review or any other review, as applicable, conducted with respect to such Mortgage Loan. The Sponsor will not be obligated to perform the same scope of review with respect to any Additional Mortgage Loan as the scope of the Pre-Offering Review described below with respect to the Initial Mortgage Loans.

Investors should make their own determination about the appropriateness and suitability of, as well as the extent to which they should rely upon, the sampling methodology described above, including the time periods, precision level and confidence interval.

See "*Description of the Mortgage Loans—Review Procedures*" in this Offering Memorandum.

Credit Scores May Not Accurately Predict the Likelihood of Default or May Not be Available

The Originators generally use credit scores as part of their underwriting process, when available. Credit scores are generated by models developed by third-party credit reporting organizations which analyzed data on consumers in order to establish patterns which are believed to be indicative of a borrower's relative probability of default. A credit score represents an opinion of the related credit reporting organization of a borrower's creditworthiness. The credit score is based on a borrower's historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience. Credit scores can range from approximately 300 to approximately 850, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. A credit score purports only to be a measurement of the relative degree of risk a borrower represents to a lender, *i.e.*, that a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score. Credit scores do not necessarily correspond to the probability of default over the life of the related mortgage loan, because they reflect past credit history, rather than an assessment of future payment performance. Furthermore, credit scores were not developed for use in connection with investment property loans, but for consumer loans in general. Therefore, credit scores may not address particular characteristics that influence the probability of repayment of the Mortgage Loans by the Borrower or recovery on any Mortgage Loan from any individual guarantor. Credit scores of any particular individual guarantors may not accurately predict the likelihood of repayment by the related Borrower entity, or the likelihood of recovery from any individual acting in the capacity of a guarantor, rather than a debtor. Credit scores should not be assumed to be an accurate predictor of the likelihood of repayment of the Mortgage Loans. None of the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Indenture Trustee, the Custodian, the Trust Manager or the Initial Purchasers makes any representation or warranty as to any guarantor's current credit score or the actual performance of any Mortgage Loan or that a particular credit score should be relied upon as a basis for an expectation that a Borrower will repay its Mortgage Loan according to its terms or that any amount will be recoverable from an individual guarantor in connection with a Mortgage Loan.

In addition, the CARES Act prohibited adverse reporting of mortgage loan forbearances or other accommodation, assistance or relief granted in connection with COVID-19 to the credit reporting agencies responsible for providing credit scores during a covered period beginning on January 31, 2020, and ending on August 8, 2023, so the accuracy of those credit scores received after the CARES Act was enacted may be reduced. None of the credit scores used as part of the underwriting process with respect to the Initial Mortgage Loans were generated prior to when the COVID-19 pandemic began. All of the credit scores used as part of the underwriting process with respect to the Initial Mortgage Loans were generated during the covered period for credit reporting relief established by the CARES Act, and therefore may not be indicative of a Borrower's creditworthiness as would have been determined based on credit reports not subject to CARES Act protections.

Assessment and Energy Efficiency Liens May Take Priority Over the Mortgage Lien

Mortgaged Properties securing the Mortgage Loans may be subject to a lien for property taxes and/or other assessments. These liens may be superior to the liens securing the Mortgage Loans, irrespective of the date of the mortgage.

In other instances, individual Borrowers may be able to elect to enter into contracts with governmental agencies for Property Assessed Clean Energy (PACE) or similar assessments that are intended to secure the payment of energy and water efficiency and distributed energy generation improvements that are permanently affixed to their properties, possibly without notice to or the consent of the mortgagee. These assessments may also have lien priority over the mortgages securing the Mortgage Loans, and may give rise to an event of default under the Mortgage Loan. No assurance can be given that any Mortgaged Property so assessed will increase in value to the extent of the assessment lien. Additional indebtedness secured by the assessment lien would reduce the amount of the value of the Mortgaged Property available to satisfy the affected Mortgage Loan. The Sponsor has not brought title work forward from the date of the original Mortgage Loan to check for such additional liens. The Sponsor makes no representations or warranties with respect to any such lien nor will the Sponsor be required to monitor or take any actions or be subject to any liability with respect to any such lien.

In addition, certain of the Mortgaged Properties may not conform to current zoning laws or municipal codes at the time of origination of the related Mortgage Loan. As part of the underwriting process for such Mortgage Loans, the Originator assesses the materiality of such zoning or code noncompliance and the related Borrower's rehabilitation plan to bring the Mortgaged Property into compliance. However, we cannot assure you that the related Borrower will ultimately bring the Mortgaged Property into compliance with all applicable laws, regulations and ordinances.

The failure of a Mortgaged Property to comply with applicable zoning laws or municipal codes may adversely affect the market value of such Mortgaged Property or may necessitate material additional expenditures to remedy non-conformities. Additionally, continued noncompliance could result in fines or the imposition of a lien on such Mortgaged Property by the applicable municipality or regulatory authority, which lien may have priority over the mortgage securing the related Mortgage Loan. Although no Mortgaged Property is currently subject to a lien related to noncompliance with any zoning law or municipal code as of the Cut-off Date, we cannot assure you that any such lien will not be imposed in the future.

In some jurisdictions it is possible that the first lien of a mortgage may be extinguished by super priority liens of homeowners' associations or condominium associations (collectively, for the purposes of this Offering Memorandum, "**HOA**"), potentially resulting in a loss of the mortgage loan's outstanding principal balance. In at least twenty (20) states and the District of Columbia, HOA or condominium association assessment liens can take priority over first lien mortgages under certain circumstances. There can be no assurance that Mortgaged Properties are not subject to a mandatory HOA. The number of these so-called "super lien" jurisdictions has increased in the past few decades and may increase further. Recent rulings by the highest courts in Nevada, Rhode Island and the District of Columbia have held that the "super lien statute" provides the HOA or condominium association with a true lien priority rather than a payment priority from the proceeds of the sale, creating the ability to extinguish the existing senior mortgage and greatly increasing the risk of losses on mortgage loans secured by homes whose owners fail to pay HOA or condominium fees.

The laws of "super lien" jurisdictions that provide for HOA super liens vary in terms of: (a) the duration of the priority period (with many at six months and some with no limitations); (b) the assessments secured by the HOA lien (charges can include not only unpaid HOA assessments, but also late charges, collection costs, attorney fees, foreclosure costs, fines and interest); (c) whether the HOA must give lenders with liens encumbering the mortgaged property notice of the homeowner's failure to pay the assessment; (d) the statute of limitations on HOA foreclosure rights; (e) rights of redemption of the foreclosed lien holder; and (f) whether the super priority lien applies to condominiums, planned unit developments and/or cooperatives.

There is currently no efficient mechanism available to loan servicers, including any Asset Manager or Servicer, to track the status of a Borrowers' payments of HOA assessments that are governed by super lien statutes. In fact, there is neither a unified database for HOA information nor a centralized place for HOAs and loan servicers to contact one another. Consequently, in some of the super lien jurisdictions there often is no practical, systemic method for any Asset Manager or Servicer to determine when an HOA assessment is unpaid or when the HOA initiates foreclosure of its lien. In some circumstances any Asset Manager or Servicer may make Servicing Advances to pay delinquent HOA dues, charges and fees or for the costs of determining whether any Mortgaged Property is subject to a homeowner association assessment or a related lien.

If an HOA, or a purchaser of an HOA super lien, completes a foreclosure in respect of an HOA super lien on a Mortgaged Property, the underlying Mortgage Loan may be extinguished. In those instances, Noteholders could suffer a loss of the entire outstanding principal balance of the Mortgage Loan, plus interest. The Asset Manager or Servicer might be able to attempt to recover on an unsecured basis by suing the related Borrower personally for the balance, but recovery in these circumstances will be problematic if the Borrower has no meaningful assets against which to recover.

The Mortgage Loans May Have Limited Recourse to the Related Mortgagor, Which May Result in Losses with Respect to These Mortgage Loans

Some or all of the Mortgage Loans will be loans for which recourse may be restricted or unenforceable. Generally, the Mortgage Loans provide for full recourse or limited recourse to a Borrower or guarantor that is an individual. However, even with respect to those Mortgage Loans that provide for recourse against a borrower or guarantor and their assets generally, there can be no assurance that enforcement of the recourse provisions will be practicable or permitted by applicable law, or that the other assets of the borrower or the guarantor will be sufficient to permit a recovery in respect of a defaulted Mortgage Loan in excess of the liquidation value of the related Mortgaged Property. In addition, neither any Asset Manager nor any Servicer will have any obligation, and may be reluctant, to pursue deficiency judgments, even where permitted by applicable law. Any risks associated with Mortgage Loans with limited recourse may affect the yields to maturity of the Notes to the extent losses caused by these risks are not covered by credit enhancement or covered by the repurchase, indemnification or substitution remedies with respect to breaches of representations and warranties.

Approximately 24.63% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are guaranteed by a guarantor of two or more Initial Mortgage Loans. No single guarantor guarantees more than approximately 3.43% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date). Construction repairs, rehabilitation projects or an inability to sell the related Mortgaged Properties may cause financial difficulties for the related guarantor, particularly if such guarantor is the guarantor of one or more other Initial Mortgage Loans.

Approximately 88.57% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are made to limited liability companies, partnerships or corporations. See "*—Mortgage Loans Made to Non-Individual Borrowers May Result in Increased Expense; Non-Individual Borrowers May be Susceptible to Legal Proceedings*" in this Offering Memorandum.

Failures or Delays in Endorsing Notes and Recording Assignments of Mortgage Could Increase Risk of Loss

After the Closing Date, assignments of the mortgages will not be endorsed to the Issuer but endorsements in blank are required to be delivered to the Custodian. None of those assignments will be recorded. As a result, record title for every Mortgage Loan will not be assigned to the Issuer. Similarly, the Mortgage Notes will not be endorsed to the Issuer, but endorsements in blank are required to be delivered to the Custodian.

The failure to record (or delay in recording) the assignments of the mortgages in the name of the Issuer could result in the loss of the underlying mortgage liens. For example, a loss of the underlying mortgage lien could occur if a governmental authority foreclosed on the Mortgaged Property and notice to the record owner was not forwarded to the Asset Manager or Servicer in a timely manner.

In addition, the failure to record (or delay in recording) the assignments of the mortgages could impair the ability of the Asset Manager or Servicer to take timely servicing actions with respect to the Mortgage Loans, which could reduce the value realized from such Mortgage Loans. Some of the assignments may be assignments in blank that have been filled in. Questions have been raised about the validity and enforceability of assignments in blank. The Asset Manager or Servicer may have to record the related assignments of mortgage prior to filing a foreclosure proceeding. The expenses of recording will be treated as Servicing Advances and will reduce the amount available to make payments on the Notes. There could be delays in commencing the foreclosure proceedings as a result of the need to record assignments of mortgages, which could lead to delays or reductions in payments on the Notes. If the related assignments cannot be located at the time of foreclosure, if an assignment is missing in the chain of title or if an assignment in blank that has been filled in cannot be recorded, it may not be possible to foreclose.

In addition, it may not be possible to commence foreclosure, bankruptcy or eviction proceedings until the related Mortgage Note has been endorsed to the Issuer or the Owner Trustee. If a necessary endorsement is missing and cannot be obtained, it may not be possible to foreclose.

Also, in part due to backlogs resulting from the COVID-19 pandemic, foreclosure may be delayed as courts may be experiencing delays and relief measures promulgated by federal, state, local and municipal governments may limit and/or delay foreclosure proceedings. There can be no assurance that such routine actions such as foreclosures, will be performed or processed on a regular or predictable timeframe.

Furthermore, the inability of the Asset Managers or Servicers, because it is not the mortgagee of record, to timely release the lien of the mortgage on a Mortgage Loan that has been paid off could expose the Issuer to claims and liability for violations of applicable law, thus reducing the amount available to make payments on the Notes.

The occurrence of any of these circumstances could result in delays or reductions in payments on the Notes, or other losses.

Violations of Various Federal, State and Local Laws May Result in Losses on the Mortgage Loans

Certain federal, state and local laws impose substantive requirements upon mortgage lenders that originate, hold, service, and seek to enforce mortgage loans for business-purpose or commercial purposes. Applicable state and local laws regulate, among other things, interest rates and other charges and licensing of brokers and lenders. These laws do not expressly address the extent to which their obligations apply to an issuer in connection with a securitization, including a securitization issuer that may own loans the proceeds of which may not have been fully disbursed to the borrower, such as the Mortgage Loans.

Neither the Depositor nor the Issuer has obtained any licenses or permits in connection with holding the Mortgage Loans and no assurance can be given that a state or local government will not assert that the Depositor or the Issuer must obtain a particular license or permit. None of the Issuer, the Sponsor, the Depositor or the Trust Manager have obtained any licenses or permits in connection with the funding of Unfunded Draw Amounts in relation to Mortgage Loans. No assurance can be given that the applicable Originator, the Sponsor, the Asset Managers, the Subservicers, the Servicers, the Trust Manager, the Depositor and each other party involved in the origination, servicing and holding of the Mortgage Loans had obtained all appropriate licenses and permits at the appropriate time in connection with the Mortgage Loans.

Violations of applicable federal, state and local laws may limit the ability of the Asset Managers, the Subservicers or Servicers on behalf of the Depositor and the Issuer to collect all or part of the principal of, or interest on, the Mortgage Loans, and could subject the Depositor or the Issuer to damages and administrative enforcement (including disgorgement of prior interest and fees paid). In particular, any failure of the applicable Originator, the Trust Manager, the Asset Managers, the Subservicers, the Servicers, the Depositor or the Issuer to comply with certain requirements of federal and state laws could subject the Depositor or the Issuer (and other assignees of the Mortgage Loans) to monetary penalties.

Depending on the particular alleged misconduct, it is possible that claims may be asserted against various participants in secondary market transactions, including assignees that hold mortgage loans, such as the Issuer. Losses on Mortgage Loans from the application of any applicable federal, state and local laws that are not otherwise covered by one or more forms of credit enhancement will be borne by the holders of the Notes. Additionally, the Issuer may experience losses arising from lawsuits related to alleged violations of these laws, which, if not covered by one or more forms of credit enhancement, will be borne by the holders of the Notes.

The CFPB has successfully asserted the power to investigate and bring enforcement actions directly against securitization vehicles. On December 13, 2021, in an action brought by the CFPB, the U.S. District Court for the District of Delaware denied a motion to dismiss filed by a securitization trust by holding that the trust is a "covered person" under the Dodd-Frank Act because it engages in the servicing of loans and collecting of debt, even if indirectly through servicers and subservicers. See *CFPB v. Nat'l Collegiate Master Student Loan Trust*, No. 1:17-cv-1323-SB (D. Del.). While the court did not decide whether the trust could be held liable for the conduct of the servicer at this stage of the case, the CFPB may proceed with its enforcement action and make that argument if the decision is upheld on appeal. On February 11, 2022, the United States District Court for the District of Delaware granted a motion for interlocutory appeal and stayed the case pending such appeal. On April 29, 2022, the U.S. Court of Appeals for the Third Circuit agreed to hear the appeal. On March 19, 2024, the Court of Appeals for the Third Circuit affirmed the district court's decision that the securitization trusts are "covered persons" subject to the CFPB's enforcement authority. On May 3, 2024, the securitization trusts filed a petition in the Third Circuit requesting a rehearing before the full appellate court. In addition, on May 6, 2024, the CFPB filed a separate complaint against the National Collegiate Student Loan Trusts ("NCSL Trusts"), as well as the Pennsylvania Higher Education Assistance Agency ("PHEAA"), the primary student loan servicer for active student loans held by the NCSL Trusts, as part of a settlement with the NCSL Trusts and PHEAA. The CFPB alleged that the defendants failed to respond to borrower requests, failed to provide accurate information to borrowers and incorrectly denied forbearance requests. The CFPB also filed proposed final judgments, to which the NCSL Trusts and PHEAA agreed, that, once entered by the court, would require the NCSL Trusts and PHEAA to pay $400,000 and $1.75 million in penalties, respectively; to pay an additional $3 million in redress to affected borrowers, to be allocated by agreement between PHEAA and the NCSL Trusts; and to correct outstanding requests by borrowers. The proposed orders would also require the NCSL Trusts to modify their servicing guidelines to address the CFPB's allegations. The CFPB may rely on this decision as precedent in investigation and bringing enforcement actions against other trusts, including the Issuer or the Grantor Trust, in the future. The CFPB and state attorneys general, who have the independent authority to enforce the Dodd-Frank Act, may rely on this decision as precedent in investigating and bringing enforcement actions against other trusts, including the Issuer, in the future.

Since its establishment, the constitutionality of the organizational structure of the CFPB has been the subject of several federal lawsuits in various jurisdictions. In a number of such cases, a district court or a three-judge appellate panel has determined that the organizational structure of the CFPB is unconstitutional because it violates separation of powers. In one such case from the United States Court of Appeals for the District of Columbia Circuit (PHH Corporation, et al. v. Consumer Financial Protection Bureau), an en banc appellate panel reversed the decision of the three-judge panel, thereby holding the organizational structure of the CFPB constitutional, and no petition for certiorari was filed with the Supreme Court. In another case from the United States Court of Appeals for the Second Circuit (Consumer Financial Protection Bureau, et al. v. RD Legal Funding, LLC, et al.), the appellate court has not yet decided whether to reverse the decision of the United States District Court for the Southern District of New York holding that the organizational structure of the CFPB is unconstitutional, and, as a result, the CFPB may not bring claims under the Dodd-Frank Act in that jurisdiction. In certain other cases, a district court or a three-judge appellate panel has determined that the organizational structure of the CFPB is constitutional. In one such case from the United States Court of Appeals for the Fifth Circuit (All American Check Cashing, Inc., et al. v. Consumer Financial Protection Bureau), the appellate court has not yet decided whether to reverse the decision of the United States District Court for the Southern District of Mississippi holding that the organizational structure of the CFPB is constitutional. In another case from the United States Court of Appeals for the District of Columbia Circuit (State National Bank of Big Spring v. Mnuchin), the Supreme Court declined to grant certiorari in a petition urging reversal of the determination that the organizational structure of the CFPB is constitutional.

In addition, federal, state and local governments have previously enacted legislation, promulgated regulations and issued orders and statements mandating or encouraging financial services companies to make accommodations to borrowers and other customers affected by the COVID-19 pandemic, although the Asset Managers, the Subservicers and any Servicers are not currently required to make any accommodations in respect of the Mortgage Loans. These accommodations may include loan modifications such as payment deferrals or extensions of repayment terms, interest and fee waivers and forbearance from exercising remedies. Future governmental action could mandate or encourage similar or further accommodations with respect to business purpose loans like the Mortgage Loans, which could adversely affect the timing or ability to collect amounts due on the Mortgage Loans. See "*–Potential Risks Associated with the COVID-19 pandemic*" in this Offering Memorandum.

Regulatory Oversight of The Mortgage Loans May Increase The Risk of Loss

The Initial Mortgage Loans were originated as performing business-purpose loans, each secured by a first liens on non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects. As a result, many federal and state consumer protection laws that place restrictions on creditors in connection with the extension of credit and collections on consumer loans and protection of sensitive consumer data obtained in the origination and servicing thereof are typically not applicable. However, the Mortgage Loans are generally secured by residential property, and are generally made to or guaranteed by natural persons. As a result, some state or federal consumer protection regulations may apply. Some potentially applicable consumer protection laws include the following:

(i) the Fair Housing Act, which prohibits discrimination in certain real estate-related transactions on the basis of race, color, religion, sex, handicap, familial status, or national origin;

(ii) the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination in the extension of credit on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the good faith exercise of any right under the Consumer Credit Protection Act;

(iii) the Federal Fair Credit Reporting Act and Regulation V, which regulates the use and reporting of information related to each individual applicant's and guarantor's credit history;

(iv) the Servicemembers Civil Relief Act, which, in relevant part for the Mortgage Loans, imposes restrictions on enforcing obligations against United States servicemembers and, in certain cases, their dependents (that may be relevant to individual guarantors of Mortgage Loans), including restrictions on default judgments and requirements regarding stays and vacation of certain judgments, attachments, and garnishments;

(v) state mortgage licensing and regulatory laws, which may apply, in certain cases, to loans secured by residential property, and may establish licensing, disclosure, loan term, lending and servicing practice, or other requirements in connection with a Mortgage Loan;

(vi) state usury or similar laws, which may set limitations on the amount of interest or fees that may be contracted for or charged in connection with a Mortgage Loan, or the manner in which such interest or fees are contracted for, charged, or collected;

(vii) the Home Mortgage Disclosure Act and Regulation C, which require reporting of loan application and origination data, including the number of loan applications taken, approved, denied and withdrawn;

(viii) the Fair Debt Collection Practices Act and Regulation F, which regulates the timing and content of debt collection communications and debt collection practices; and

(ix) the California Consumer Privacy Act ("CCPA"), as amended by the California Privacy Rights Act, requires certain businesses to deliver disclosures to California residents concerning the business privacy practices, and imposes certain limitations on the business' use of data collected from those consumers; the CCPA applies not only in borrowers in their individual capacities, it can also apply to in their business capacities.

In connection with the underwriting of each Mortgage Loan, each Borrower must identify its principal residence and must certify in writing that the proceeds of the Mortgage Loan will only be used for an investment purpose by signing a business purpose and occupancy statement, although neither the applicable Originator, the Sponsor nor any other entity has independently verified the accuracy of such statements. In the event the Borrower has conveyed incorrect information as to the loan's purpose or if the Mortgaged Property subsequently becomes owner-occupied, a Borrower may subsequently claim that the Mortgage Loan is subject to applicable federal and state consumer protection laws. If any such claim is successful and the Mortgage Loan does not comply with consumer protection laws, such non-compliance may, among other things, limit the Asset Manager's or Servicer's ability to collect all or part of the principal of or interest on the Mortgage Loan or be enforced under its terms against the Borrower, possibly resulting in reduced payments on the Mortgage Loan or otherwise result in penalties. Moreover, certain of these consumer protection laws may make the Issuer, as assignee of the Mortgage Loan, liable to the Borrower for any violation by the applicable Originator, subjecting the Issuer to damages which will be paid from the Trust Estate, resulting in a reduction of the amount of Available Funds otherwise available for payments on the Notes.

In addition, to the extent it is determined that the Sponsor is obligated to repurchase a Mortgage Loan, or with respect to a Liquidated Loan, make an indemnification payment, as a result of a breach of a representation and warranty as to the business purpose of such Mortgage Loan, there can be no assurance that the Sponsor will have adequate resources to make such repurchase or indemnification payment. See "*—Risks Related to the Sponsor and its Affiliates—Financial Condition of the Sponsor*" in this Offering Memorandum.

Governmental and Other Actions May Affect Servicing of the Mortgage Loans and May Limit the Asset Manager's, Servicer's or a Subservicer's Ability to Foreclose

The federal government, state and local governments, consumer advocacy groups and others continue to urge servicers to be aggressive in modifying mortgage loans to avoid foreclosure, and federal, state and local governmental authorities have enacted and continue to propose numerous laws, regulations and rules relating to mortgage loans generally, and foreclosure actions particularly. Any of these laws, regulations and rules may provide new defenses to foreclosure, insulate an Asset Manager, a Subservicer or a Servicer from liability for modification of Mortgage Loans without regard to the terms of the Indenture or result in limitations on upward adjustment of Mortgage Interest Rates, reduced payments by mortgagors, permanent forgiveness of debt, increased prepayments due to the availability of government-sponsored refinancing initiatives and/or increased reimbursable servicing expenses, all of which are likely to result in delays and may result in reductions in the payments to be made on the Notes.

It has been reported that in some states the attorneys general may seek to compel servicers to modify the terms of mortgage loans, including reducing the principal balances. In addition, the U.S. Department of Justice is investigating foreclosure irregularities. In response to the discovery of widespread irregularities in foreclosure processes of certain servicers, several courts and state and local governments and their elected or appointed officials have taken steps to slow the foreclosure process or prevent foreclosures altogether. Several laws have been enacted for these purposes, including in California. Following the financial crisis, it has been widely reported that irregularities in foreclosure processes have been discovered with respect to certain servicers of residential mortgage loans. Certain members of Congress, other political leaders and consumer advocacy groups have from time to time called for government-imposed moratoria on foreclosure, and we cannot assure you that federal or state governments will not impose such moratoria. What specific effect these irregularities and proceedings may have on the timing of foreclosures is unclear.

Delays in foreclosures generally increase costs to a securitization trust and the ultimate loss realized. In addition, if fines or penalties are assessed against a servicer it is unclear whether the securitization trust on whose behalf the foreclosure was undertaken would bear these costs. Finally, the uncertainty regarding the validity of foreclosures may limit or reduce the potential number of buyers and/or the prices of property for sale after such property is acquired through foreclosure. Any of these consequences may lead to increased Realized Losses on the Mortgage Loans and result in reductions in payments to be made on the Notes.

Noteholders will bear the risk that future regulatory and legal developments may result in losses on the Notes, to the extent not covered by the applicable credit enhancement. The effect on the Notes will likely be more severe if any of these future legal and regulatory developments occur in one or more states in which there is a significant concentration of Mortgaged Properties or REO Properties.

Any Asset Manager, Servicers and Subservicers are examined for compliance with federal, state and local laws, rules, and guidelines by numerous regulators and agencies. No assurance can be given that these regulators or agencies will not inquire into any Asset Manager's, Servicer's or Subservicer's practices, policies or procedures in the future. It is possible that any of these regulators or agencies will require the applicable Asset Manager, Servicer or Subservicer to change or revise its practices, policies or procedures in the future. Any such change or revisions may have a material impact on the future income from any Asset Manager's, Servicer's or Subservicer's operations.

In addition, the occurrence of one or more of the foregoing events or a determination by any court or regulatory agency that any Asset Manager's, Servicer's or Subservicer's policies and procedures do not comply with applicable law could lead to downgrades by one or more rating agencies, a transfer of any Asset Manager's, Servicer's or Subservicer's servicing responsibilities, increased delinquencies on the Mortgage Loans serviced by any Asset Manager's, Servicer's or Subservicer's, delays in payments or losses on the Notes, or any combination of these events

Stricter Enforcement of Foreclosure Rules and Documentation Requirements May Cause Delays and Increase the Risk of Loss

Recently courts and administrative agencies have been enforcing more strictly existing rules regarding the conduct of foreclosures, and in some circumstances have been imposing new rules regarding foreclosures. Some courts have delayed or prohibited foreclosures based on actual or perceived failures to comply with technical requirements. For instance, the Illinois Supreme Court has established new rules that provide borrowers with additional protections against perceived foreclosure abuses. State legislatures have been enacting new laws regarding foreclosure procedures. In some cases, law enforcement personnel have been refusing to enforce foreclosure judgments. In addition, more borrowers are using legal actions, including filing for bankruptcy, to attempt to block or delay foreclosures. As a result, any Asset Manager, Servicers or Subservicers may be subject to delays in conducting foreclosures and the expense of foreclosures may increase, resulting in delays or reductions in payments on the Notes.

Borrowers have become increasingly successful in challenging or delaying foreclosures based on technical grounds, including challenges based on alleged defects in the Mortgage Loan Documents and challenges based on alleged defects in the documents under which the Mortgage Loans were securitized. In a number of cases, such challenges have delayed or prevented foreclosures. Although the Custodian has conducted, or will conduct, a review of the mortgage documents in accordance with Custodial Agreement, such measures may not be sufficient to prevent document defects that could cause delays or prevent a foreclosure. In addition, while laws and regulations related to foreclosure are generally directed towards owner-occupied properties, it is possible that a borrower may commit fraud by leasing a residential Mortgaged Property to a tenant prior to the resolution or liquidation of the related Mortgage Loan. It is also possible that there will be an increase in the number of successful challenges to foreclosures by borrowers. Curing defective documents required to conduct a foreclosure will cause delays and increase costs, resulting in losses on the Notes.

Insurance Related to the Mortgaged Properties May Not Be Sufficient or Available to Compensate for Losses

Although a Mortgaged Property may be covered by insurance policies, such as hazard insurance or flood insurance, no assurance can be made that the proceeds from such policies will be used to repay any amounts owed in respect of the related Mortgage Loan or will be used to make improvements to the Mortgaged Property that have a value that is commensurate with the value of any of the damaged improvements. In addition, even though an insurance policy may cover the "replacement cost" of the improvements on any Mortgaged Property, the proceeds of such insurance policy may not be sufficient to cover the actual replacement cost of such improvements or the Appraised Value of the improvements on any such Mortgaged Property. In addition, any Asset Manager, Servicer or Subservicer may, but will not be required to, make any Servicing Advances to lender-place insurance with respect to any Mortgaged Property. Furthermore, no assurance can be given that the insurer related to any insurance policy will have sufficient financial resources to make any payment on any insurance policy or that any such insurer will not challenge any claim made with respect to any such insurance policy resulting in a delay or reduction of the ultimate insurance proceeds. With respect to Mortgaged Properties located in California or Florida, if the related insurer determines there is a heightened risk of property damage due to wildfires, hurricanes or other natural disasters, such insurer may elect not to renew any hazard insurance policies or may charge higher premiums to the related borrowers. Insurance providers in other states prone to natural disaster could make similar determinations. With respect to such Mortgaged Properties, if the related insurer determines there is a heightened risk of property damage due to natural disasters such as wildfires or hurricanes, such insurer may elect not to renew any hazard insurance policies or may charge higher premiums to the related borrowers. There is no assurance as to the effects of any such potential lapses or increased costs of hazard insurance on the related Mortgaged Properties or borrowers, who may struggle to pay their Mortgage Loans and/or hazard insurance premiums on time as a result of such increased expenses. Furthermore, in the event that hazard insurance is denied by an insurer for any Mortgaged Property and a partial or total destruction of such Mortgaged Property subsequently occurs, Realized Losses on the related Mortgage Loan may result.

The Originators generally do not require borrowers to maintain insurance against losses arising from acts of terrorism, and, in general, each of the insurance policies will exclude losses due to terrorist activities. In general, properties are not required to be insured for earthquake risk, floods and other water-related causes (except as specified above with respect to flood insurance), landslides and mudflow, vermin, nuclear reaction or war. In addition, certain of the insurance policies may specifically exclude coverage for losses due to mold, certain acts of nature or other insurable conditions or events.

Risks Related to Blanket Insurance Policies

In certain cases, the related borrower may maintain one or more forms of insurance under blanket insurance policies. Such blanket insurance policies may also cover other real properties, some of which may not secure Mortgage Loans in the Trust Estate.

When a Mortgaged Property is insured pursuant to a blanket policy, there is a risk that casualties at other properties, including properties owned directly or indirectly by the related loan sponsor that do not secure a mortgage loan in the securitization, insured under the same blanket policy can exhaust the available coverage and reduce the amount available to be paid in connection with a casualty at the subject mortgaged property; however, the Sponsor has obtained a statement of value which has the effect of mitigating the risk that the replacement cost for individual properties has been erroneously valued in such a way that policy limits could be disproportionately allocated among the constituent properties. The blanket insurance risk is magnified when affiliated loans in the mortgage pool are covered by the same blanket policy. Also, if a borrower is permitted to maintain blanket insurance, the mortgage loan documents do not require reserves for the payment of premiums on blanket insurance policies and the absence of adequate funds to pay the premiums may result in a lapse of coverage or inadequate coverage in the event the policies need to be increased, renewed or replaced.

Certain Statistical Information Included in this Offering Memorandum Is Based on Limited Verification and May Change After the Closing Date

Certain statistical information included in this Offering Memorandum is based on information that has been verified solely pursuant to the processes described in this Offering Memorandum. For example, information about owner occupancy is based primarily upon a representation made by the Borrower in connection with the Borrower's loan application. See "*Description of the Mortgage Loans—Review Procedures*" in this Offering Memorandum.

Information about Loan-to-Cost Ratios included in this Offering Memorandum is based in part upon the Loan Cost of the Mortgaged Properties. Information about Loan-to-Value Ratios included in this Offering Memorandum is based in part upon (i) As-Is Value, as adjusted by the applicable Originator, for all applicable Mortgage Loans, and (ii) ARV for all Mortgage Loans where there is rehabilitation work being performed on the related Mortgaged Property. When assessing the merits of each Mortgaged Property, the applicable Originator considers factors including (but not limited to) an appraisal, neighborhood analysis, compatibility of subject Mortgaged Property and neighborhood, cost approach to value, sales comparison approach to value, income approach to value, project scope, rehabilitation budgets, market restrictions, as is value and as repaired value to determine loan terms. In addition to the appraisal, the applicable Originator generally obtains property inspections, third party desktop appraisals, interior and/or exterior appraisals from a third-party vendor. Each Originator may use referral brokers and application brokers who receive fees for their services and certain loan applications may have been provided by a broker. As described in this Offering Memorandum, these appraisals are of limited value in determining the value of the related Mortgaged Property. The information in this Offering Memorandum regarding Loan-to-Cost Ratios does not represent the actual value of the Mortgaged Property, only the value derived internally by the applicable Originator in connection with the origination of the Mortgage Loan. See "*—Loan-to-Value Ratios Calculated Based on Internal and or Appraised Values May Not Be an Accurate Reflection of Current Market Value*" above in this Offering Memorandum. In addition, the values of the Mortgaged Properties may have declined significantly since the time of the origination of the Mortgage Loans.

Investors should note that the statistical information included in this Offering Memorandum presented on a weighted average basis or any statistic based on the aggregate Unpaid Principal Balance of the Mortgage Loans as of the Initial Cut-off Date is subject to a variance of plus or minus 5%.

In addition, the characteristics of the Mortgage Loans, including Loan-to-Cost Ratios and Loan-to-Value Ratios, may change over time. For example, the creditworthiness of the Borrowers will change over time, and any related information included in this Offering Memorandum, such as credit scores, may be different from the time it was obtained.

A Borrower who is able to maintain their creditworthiness over time will have a greater ability to refinance their Mortgage Loan or to obtain a new mortgage loan in the event they want to sell their property and finance a new Mortgaged Property. As a result, the overall credit quality of the Borrowers for the Mortgage Loans included in the Mortgage Pool may decline over time if these Borrowers prepay more quickly than the other Borrowers.

One Action Rules May Limit Remedies.

Several states, including California, have laws that prohibit more than one "judicial action" to enforce a mortgage obligation, and some courts have construed the term "judicial action" broadly. Accordingly, the Asset Managers, the Servicers or Subservicers, as applicable, are required to obtain advice of counsel prior to enforcing any of the Issuer's legal rights under any of the underlying mortgage loans that are secured by mortgaged real properties located where the "one action" rules could be applicable. In the case of an underlying mortgage loan that is secured by mortgaged real properties located in multiple states, the Asset Managers, the Servicers or Subservicer, as applicable, may be required to foreclose first on properties located in states where the "one action" rules apply, and where non-judicial foreclosure is permitted, before foreclosing on properties located in states where judicial foreclosure is the only permitted method of foreclosure.

Ability to Incur Other Borrowings Entails Risk

When a borrower (or its constituent members) also has one or more other outstanding loans, the Mortgage Loan is subjected to additional risk. None of the Sponsor, the Depositor, the Asset Managers, the Servicers, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Note Registrar or the Trust Manager will make any investigation as to whether any Borrower undertook additional borrowings following the closing of the related Mortgage Loan, whether a Borrower applied for multiple loans concurrently with the application of the related Mortgage Loan, or whether there may have been additional borrowings related to a Borrower that were not identified to the Sponsor at the time of origination of the related Mortgage Loan. The borrower may have difficulty making monthly payments and repaying multiple loans. The existence of another loan will generally also make it more difficult for the borrower to obtain refinancing of its Mortgage Loan and may thereby jeopardize repayment of the Mortgage Loan. Moreover, the need to service additional debt may reduce the cash flow available to the borrower to operate and maintain the mortgaged property.

The Recording of the Mortgages in the Name of MERS May Affect the Yields on the Notes

The mortgages or assignments of mortgage for some of the Mortgage Loans may be recorded in the name of Mortgage Electronic Registration Systems, Inc. ("MERS"), solely as nominee for the related Originator and its successors and assigns, including the Indenture Trustee for the benefit of the Noteholders. If a mortgage or assignment of mortgage is recorded in the name of MERS, MERS electronically records the identity of the beneficial owner of that mortgage internally on the MERS system. Subsequent assignments of those mortgages or assignments of mortgage are registered electronically in MERS records but not in the applicable county or other local land records.

The making of and recording of mortgages and assignments of mortgage in the name of MERS, and the operation of the related MERS registration system, has been challenged through the judicial system and there has been public disclosure that MERS is facing or has faced government investigations relating to its operations. Most judicial decisions have accepted MERS as mortgagee or beneficiary, have upheld the validity of mortgages and deeds of trust in which MERS is a named party, and have confirmed the authority of MERS or its assignees (including securitization trustees to whom a post-transfer assignment is made) to foreclose as mortgagee or beneficiary or nominee, and most related challenges to MERS have not been successful. However, there have been some court decisions where the result was not favorable to MERS. For instance, judicial precedent established by Maine's high court does not permit mortgage Noteholders to foreclose where MERS is named as the lender's nominee in the mortgage. Unless or until Maine's courts or legislature provide further guidance, Maine courts require an assignment of mortgage from the original lender or successor-in-interest and an assignment from MERS to proceed in foreclosure. Moreover, assignments from the original lender to MERS as nominee may also be deemed ineffective to convey the lender's full powers under the mortgage. In addition, several recent court decisions in Maine have denied lenders the right to institute a second foreclosure action on a mortgage if the first foreclosure action was dismissed, quieting title in favor of the mortgagors. In addition, the Kansas Supreme Court ruled that MERS was not a contingently necessary party to a mortgage foreclosure suit, although it was a named party to a mortgage, because MERS did not have an economic interest that was impaired by its failure to receive notice of the foreclosure suit. While the court specifically did not decide whether MERS was entitled to notice and service of the foreclosure action, a lower Kansas court or a court in another jurisdiction could follow the dicta in this case as supportive of some finding adverse to the validity of MERS' interest insofar as MERS has no right to repayment of the mortgage debt. The Washington Supreme Court has likewise ruled that if MERS is not the holder of a mortgage note, then it is not considered to be the "beneficiary" for purposes of non-judicial foreclosures in Washington state. To the extent non-judicial foreclosures are commenced in the State of Washington with MERS as beneficiary rather than as agent for the holder of the mortgage note, such foreclosures may need to be restarted. Furthermore, to the extent that in other jurisdictions the "beneficiary" is defined as the holder of the mortgage instrument, state courts in such jurisdictions may reach a similar decisions as the one reached by the Washington Supreme Court. Lastly, the United States Bankruptcy Court for the Eastern District of New York has issued a memorandum decision addressing whether the alleged holder of a mortgage loan had sufficient status as a secured creditor to seek relief from the automatic bankruptcy stay to pursue a foreclosure action. After resolving the primary issue in controversy on procedural grounds and granting the requested relief, the court made certain observations in dicta about whether the trustee in the case before it, which had been assigned the mortgage by MERS, qualified as a secured creditor under New York law with standing to file a motion for relief from stay. The court noted that (i) neither the mortgage loan servicer (acting on behalf of the noteholder, a trustee for a securitization trust) nor MERS (as intervenor in the case) had proven in that proceeding that the trustee was the holder or owner of the related mortgage note and (ii) there was no proof in that proceeding that MERS had acted within the scope of its agency relationship when it assigned the mortgage. The bankruptcy court, therefore, concluded that MERS had lacked sufficient legal authority to validly assign the mortgage to the trustee. While the bankruptcy court's analysis of MERS was not essential to the actual holding of the case, it was intended to provide guidance in other cases before that court where a motion for relief from stay was pending and arguments were being made that the creditor, which had taken an assignment of mortgage from MERS, had no standing. The decision was appealed to the United States District Court for the Eastern District of New York, which vacated the above-referenced portions of the bankruptcy court's opinion which discussed the creditor's standing as an "unconstitutional advisory opinion." An adverse decision in any jurisdiction may delay foreclosures, increase costs and adversely affect payments on the Notes.

Governmental authorities have also raised legal challenges to the operations of MERS. A suit was filed by the Massachusetts Attorney General against MERS and several lender/servicers; the claims against MERS in that case were dismissed, and the suit ultimately settled between the remaining parties. Suits filed by the New York Attorney General, the Kentucky Attorney General and the Delaware Attorney General against MERS have been settled. Many cases involving issues related to MERS and the MERS system are pending, and more may continue to be filed. The law in this area continues to develop, and the course of decisions and their implications cannot be predicted.

Challenges to MERS, of these types and others, could result in delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of mortgaged properties, or in adverse results that may affect the ability to foreclose. In addition, if use of MERS or the MERS system is discontinued in any particular jurisdiction, if a monthly payment on a Mortgage Loan registered on the MERS system has not been received within ninety (90) days of its due date, if a court of competent jurisdiction rules against the use of MERS, MERS discontinues the MERS system, or if MERS goes into bankruptcy or becomes the subject of a receivership or conservatorship, it will become necessary or appropriate for the Depositor or the Servicer to record or cause the recordation of assignments of those mortgages to the Indenture Trustee. See "*—Failures or Delays in Endorsing Notes and Recording Assignments of Mortgage Could Increase Risk of Loss*" in this Offering Memorandum. Any expenses relating thereto will be paid from the assets of the Issuer and will reduce the amounts available to make distributions on the Notes. These delays and additional costs, and any adverse results, could increase the amount of losses on the Mortgage Loans and result in delays and reductions in the distribution of liquidation proceeds to Noteholders.

Finally, mortgagors are raising new challenges to the recording of mortgages in the name of MERS, including challenges questioning the ownership and enforceability of mortgage loans registered in MERS. Currently, MERS is the primary defendant in several class action lawsuits in various state jurisdictions, where the plaintiffs allege improper mortgage assignment and the failure to pay recording fees in violation of state recording statutes. The plaintiffs in such actions generally seek to compel defendants to record all assignments, restitution, compensatory and punitive damages and appropriate attorneys' fees and costs.

Failure by the Sponsor to Timely Remedy with Respect to a Breach of Representation or Warranty May Have an Adverse Effect on the Notes

A significant risk for investors in the Notes is that losses may be incurred as a result of a defect with respect to a Mortgage Loan, generally unrelated to the credit characteristics of such Mortgage Loan, that results in a loss. However, the Sponsor has made representations and warranties with respect to the Mortgage Loans related to some of these potential defects.

The representations and warranties being made by the Sponsor cover a number of potential defects with respect to each Mortgage Loan, but may not cover every potential defect that may result in a delinquency, realized loss, cumulative interest shortfall amount or an Available Funds Shortfall Amount. In addition, certain of the representations and warranties are limited to the knowledge possessed by the Sponsor at the time the representation or warranty is made.

Under New York contract law, parties have six (6) years from the date a representation or warranty is made to assert a claim related to a breach of representation or warranty. After such time, no contractual remedy will be available against the Sponsor in connection with a breach of representation or warranty. Thus, investors in the Notes may not be able to assert claims for breach of representations or warranties if, among other things, a breach is discovered more than six years after the date such representations and warranties were made.

There may be an additional delay between a determination by of a Material Breach and the repurchase, cure or, if applicable, the payment of an indemnification payment with respect to such Mortgage Loan. In addition, the Sponsor or the Noteholders may dispute a determination of a Material Breach. Any such delays will reduce amounts available to make distributions of principal and interest on the Notes, and may result in fees and expenses of the Indenture Trustee (on behalf of the Noteholders) and the Sponsor, which will be borne by the Issuer, subject to the Annual Expense Cap. Any such costs and expenses will be paid prior to making distributions of principal and interest on the Notes and could result in losses to the Noteholders. See "*Mortgage Loan Representations and Warranties*" in this Offering Memorandum.

Mortgage Loans Made to Non-Individual Borrowers May Result in Increased Expense; Non-Individual Borrowers May be Susceptible to Legal Proceedings

Approximately 88.57% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are made to limited liability companies, partnerships or corporations. Such Mortgage Loans may entail risks of loss that are greater than mortgage loans made to individuals. Even when there is an individual guarantor of the Mortgage Loan, the Borrower's sophistication and form of organization may increase the likelihood of protracted litigation or bankruptcy in default situations.

None of the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Subservicers, the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee or the Initial Purchasers has made any investigation as to whether any Borrower under the Mortgage Loans were the subject of material litigation at the time of the closing of the Mortgage Loans or as to whether any Borrower is currently involved in material litigation.

There may be legal proceedings pending and, from time to time, threatened against a Borrower and its affiliates relating to the business of or arising out of the ordinary course of business of such Borrower and its affiliates. There can be no assurance that such litigation will not have a material adverse effect on payments due under the related Mortgage Loans or the value of the related Mortgaged Property and, therefore, on the distributions to the Notes.

Underlying Mortgage Loans to the Same Borrower or Borrowers Under Common Ownership May Result in More Severe Losses on the Notes

Certain of the Mortgage Loans were made to the same borrower or to borrowers under common ownership. Underlying mortgage loans made to the same borrower or borrowers under common ownership pose additional risks. Among other things:

- financial difficulty at one mortgaged real property could cause the owner to defer maintenance at another mortgaged real property in order to satisfy current expenses with respect to the troubled mortgaged real property; and

- the owner could attempt to avert foreclosure on one mortgaged real property by filing a bankruptcy petition that might have the effect of interrupting monthly payments for an indefinite period on all of the related underlying mortgage loans.

In addition, multiple real properties owned by the same borrower or borrowers under common ownership are likely to have common management. This would increase the risk that financial or other difficulties experienced by the property manager could have a greater impact on the owner of the underlying mortgage loans. With respect to any Initial Mortgage Loan or any Additional Mortgage Loan that is cross-collateralized or cross defaulted with any other mortgage loan not included in the Mortgage Pool, the owners thereof, the Asset Manager and the Servicer have agreed in writing to waive any rights with respect to such cross-collateralization or cross-default. In the event the owners, any Asset Manager or Servicer fail to provide such waiver, or such waiver is unenforceable for any reason, your Notes may be exposed to increase loss severity as described above.

Risks Relating to Series Trusts

The Trust has been established as a series trust under the DSTA. Additional series of the Trust have been established (and are expected to be established in the future), some of which are subject to financing arrangements with various lending counterparties. Although the governing agreement of the Trust states that each series of the Trust is separate from every other series, a court could potentially conclude that the assets and liabilities of a series are not segregated from those of another series of the Trust, thereby potentially exposing assets in such series to the liabilities of another series. Each series of the Trust is a series of a Delaware statutory trust and is not itself a separate legal entity. The DSTA provides that if certain provisions are included in the formation and governing documents of a statutory trust organized in series and if separate and distinct records are maintained for any series and the assets associated with that series are held in separate and distinct records and are accounted for in such separate and distinct records separately from the other assets of the statutory trust, or any series thereof, then the debts, liabilities, obligations and expenses incurred by a particular series are enforceable against the assets of such series only, and not against the assets of the statutory trust generally or any other series thereof. Conversely, none of the debts, liabilities, obligations and expenses incurred with respect to any other series thereof are enforceable against the assets of such series. As of the date hereof, we are not aware of any court case that has interpreted this inter-series limitation on liability. The Trust intends to maintain separate and distinct records for each series and account for each series separately from any other trust series and in general operate and administer each series trust in full compliance with the DSTA, but it is possible a court could conclude that the methods used do not satisfy the DSTA or that a court outside of Delaware would not respect the DSTA with respect to claims made against the trust over which it has jurisdiction, which would potentially expose assets in a series to the liabilities of any other series of the Trust currently in existence, as well as any series created in the future. Further, if the Trust or its designees fail to maintain separate and distinct records and accounting of the assets of each series, a court may conclude that the entities failed to comply with the separateness requirements of the Trust's organizational documents to have the benefit of the inter-series limitation on liability under the DSTA. In any such case, the exposure of the assets in one series to the liabilities of any other series of the Trust could result in losses to the series unrelated to the series' operations and the inability of the series to achieve its investment objectives. Such an event could result in the termination of such series. In addition, if such series were unable to pay its liabilities it is possible that the creditors of such series could file a bankruptcy petition against the Trust. In that event, a bankruptcy case could be commenced, and the bankruptcy case could result in an automatic stay applicable to all series. The Trust Agreement generally prohibits the Owner Trustee and the holder of the Residual Interest Certificate from initiating or consenting to any bankruptcy actions with respect to the Trust. However, there can be no assurance that such disincentives will be sufficient to avoid a bankruptcy filing. Any such proceeding could significantly delay and potentially reduce the amount of funds available to make payments to the Noteholders.

The Amount of Servicing Fees May Exceed the Sponsor's Good Faith Determination and Result in Increased Expense

Pursuant to the applicable Servicing Agreement and subject to the Eligibility Criteria, the related Servicer may be entitled to retain as compensation certain Servicing Fees. Such Servicing Fees may be payable in lieu of, or in addition to, any Ancillary Fees payable to such Servicer. The Sponsor has made a good faith determination that anticipated monthly aggregate Servicing Fees across the Mortgage Loans and REO Properties will not exceed the product of (i) one-twelfth ($1/12^{th}$) multiplied by (ii) 0.25% multiplied by (iii) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties. The amount of Servicing Fees may exceed the Sponsor's anticipated determination. Any such costs and expenses will be paid prior to making distributions of principal and interest on the Notes and could result in losses to the Noteholders. See "*The Servicing Agreements*" in this Offering Memorandum.

RISKS RELATED TO THE NOTES

The Notes Are Unlikely to Be a Suitable Investment for You and Are Subject to Significant Transfer Restrictions

The Notes are not suitable investments for all investors. In particular, you should not commit to purchase the Notes unless you understand and are able to bear the prepayment, credit, liquidity and market risks associated with the Notes. As described below in more detail in this section of this Offering Memorandum, the yields to maturity and the aggregate amount and timing of payments on the Notes are subject to material variability from period to period and over the life of the Notes. The interaction of the following factors and the other factors described in this Offering Memorandum and their effects are impossible to predict and are likely to change from time to time. As a result, an investment in the Notes involves substantial risks and uncertainties and should be considered only by sophisticated institutional investors with substantial investment experience with similar types of securities and who have conducted appropriate diligence.

The Notes are being offered in a private placement to a limited number of "qualified institutional buyers" as defined in Rule 144A under the Securities Act in the United States or, only with regards to the Class A1 Notes and Class A2 Notes, to institutions that are not "U.S. persons" acquiring the securities in an offshore transaction under Regulation S, and will not be registered under the Securities Act or any state or foreign securities or "blue sky" laws, and no party is obligated to register the Notes under the Securities Act or any such other laws. No transfer or sale of the Notes offered hereby will be made unless such transfer is not subject to registration under the Securities Act or any applicable state securities laws and is made in accordance with the other restrictions on transfer described in this Offering Memorandum. As a result, Notes may be resold or transferred only to "qualified institutional buyers" as defined in Rule 144A under the Securities Act and in compliance therewith or, only with respect to the Class A1 Notes and the Class A2 Notes, to institutions that are not "U.S. persons" acquiring the securities in an offshore transaction under Regulation S and in compliance therewith, and each transferee of a beneficial interest in a Class M Note (including the initial transferee) must provide a transferee certification substantially in the form of Annex C of this Offering Memorandum in accordance with the terms of the Indenture.

The Notes are subject to additional restrictions on transfer as described under "*Description of the Notes—Limitations on Transfers of Notes*," "*Certain Considerations for ERISA and Other U.S. Employee Benefit Plans*" and "*Notice to Investors*" in this Offering Memorandum.

The Class M Notes will be subject to certain transfer restrictions as described in the Indenture.

Investors Are Receiving No Assurance, Guarantee or Representation and Should Make Their Own Determinations and Seek Independent Advice

None of the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Custodian or any of their respective affiliates makes any assurance, guarantee or representation as to the expected or projected success, return, timing or amount of payments, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting, regulatory capital, legal investment or otherwise) to any investor of ownership of the Notes, and none of the foregoing will have a fiduciary relationship with respect to any investor or prospective investor in the Notes. No investor may rely on any such party for a determination of expected or projected success, return, performance result, effect, consequence or benefit (including legal, regulatory, tax, financial, accounting or otherwise) in connection with its ownership of the Notes. Each potential investor in the Notes should consult with its own legal, regulatory, tax, business, investment, financial and accounting advisors regarding investment in the Notes as it has deemed necessary.

Notes Purchased at a Premium or a Discount

An investor that purchases Notes at a premium or a discount will generally calculate its anticipated yield on the basis of, among other factors, an assumed rate of payment of principal over time. If an investor purchases Notes at a premium, its yield to maturity (or early redemption as a result of an Optional Redemption) will be higher if principal is paid at a relatively slow rate. However, there can be no assurance that Early Amortization Events will not occur, or that payments on the Mortgage Loans will not occur at the anticipated rate or a faster rate than anticipated. Similarly, if an investor purchases Notes at a discount, its yield will be higher if principal is paid at a relatively rapid rate.

The timing of changes in the receipt of proceeds or rate of prepayments in respect of the Mortgage Loans may significantly affect the actual yield to you, even if the average rate of proceeds or prepayments received in respect of the Mortgage Loans is consistent with your expectations. In general, the earlier that proceeds or prepayments in respect of the Mortgage Loans are received, the greater the effect on your yield to maturity for Notes purchased at a price other than par. The extent to which the yield to maturity of a Note is sensitive to prepayments will depend, in part, upon the degree to which it is purchased at a discount or premium. In general, if a Note is purchased at a premium and principal payments thereon occur at a rate faster than assumed at the time of purchase, the investor's actual yield to maturity will be lower than that anticipated at the time of purchase. Conversely, if a Note is purchased at a discount and principal payments thereon occur at a rate slower than assumed at the time of purchase, the investor's actual yield to maturity will be lower than that anticipated at the time of purchase. Investors should consider the unpredictability of the rate and timing of receipt of payments on the Mortgage Loans before making an investment decision.

The Notes May Be Redeemed by the Issuer

On any date after the earlier of (a) the date which the Note Amount of the Notes is reduced to an amount less than or equal to 25% of the Initial Note Amount of the Notes as of the Closing Date and (b) following the termination of the Reinvestment Period, on any Payment Date, the Issuer may, at its option, redeem all of the outstanding Notes and direct the Indenture Trustee (in writing) to sell the Mortgage Loans at a price equal to or greater than the Redemption Price, in accordance with the terms of the Indenture. Whether the Issuer exercises this option depends on a number of factors prevailing at the time such option may be exercised, including, among other things, the strength of the real estate market and the values of the Mortgaged Properties and/or the Mortgage Loans at the time of redemption, the performance of the transaction, prevailing interest rates and yield for securities similar to the Notes at the time of redemption, the availability of credit, general economic conditions and other factors. If prevailing interest rates for securities similar to the Notes are lower than the then current Note Rate of the Notes, the Issuer may be more likely to exercise its redemption right. Conversely, if prevailing interest rates for securities similar to the Notes are higher than the then current Note Rate of the Notes, the Issuer may be less likely to exercise its redemption right. Accordingly, prospective investors should consider that, as a result, the Notes may be redeemed pursuant to the exercise of such option, although such investor would prefer that redemption not occur. There can be no assurance that the Issuer will redeem the Notes on any Payment Date. The failure of the Issuer to redeem the Notes on the Optional Redemption Date will not be an Event of Default. You should carefully consider the impact of the optional purchase feature on your potential investment in the Notes prior to purchasing any Notes.

The Ratings on the Offered Notes May Not Accurately Reflect Their Risks; Ratings Could Be Reduced or Withdrawn

The ratings of the Offered Notes will be based on the assessment of the Mortgage Loans by the Rating Agency, the structure of the Offered Notes and the ability of the Servicers to service the Mortgage Loans. In addition, there can be no assurance that a rating of an Offered Note will remain for any given period of time or that a rating will not be downgraded or withdrawn entirely by any of the Rating Agency if, in its judgment, circumstances so warrant. A downgrade or withdrawal of a rating by the Rating Agency is likely to have an adverse effect on the market value of the affected Offered Notes, which effect could be material.

No person is obligated to maintain the rating on any Offered Note, and, accordingly, there can be no assurance that the rating assigned to any Offered Note on the Closing Date will not be lowered or withdrawn by the Rating Agency at any time thereafter. In the event any rating is revised or withdrawn, the liquidity or the market value of the related Offered Notes may be adversely affected.

The ratings of the Offered Notes depend primarily on an assessment of the Mortgage Loans, the credit enhancement provided to the Offered Notes and the ability of the Servicers to service the Mortgage Loans. Rating agencies rate mortgage-backed securities based upon their assessment of the likelihood of the receipt of principal and interest payments. Rating agencies do not consider the risks of fluctuations in market value or other factors that may influence the value of mortgage-backed securities and, therefore, the assigned credit rating may not fully reflect the true risks of an investment in the Offered Notes. Credit rating agencies may change their methods of evaluating credit risk and determining ratings on securities backed by mortgage loans as well as their methodologies and requirements for establishing the credit enhancement to achieve certain ratings. These changes may occur quickly and often. Potential investors in the Offered Notes should make their own evaluation of the creditworthiness of the Mortgage Loans and the applicable credit enhancement on the Offered Notes, and potential investors should not rely on the ratings assigned by the Rating Agency to any of the Offered Notes.

The ratings of the Offered Notes by a rating agency only address the likelihood of receipt by holders of such Notes of payments in the amount of scheduled payments on the Mortgage Loans as further described under "*Ratings*" herein. The ratings of the Offered Notes by the Rating Agency do not address the receipt of Cap Carryover Amounts. The ratings do not take into consideration any of the tax aspects associated with the Offered Notes. The ratings do not address the possibility that, as a result of principal prepayments, the yield on your Offered Notes may be lower than anticipated. The ratings do not comment as to market price, marketability or suitability of the Offered Notes for any particular investor (including any accounting and/or regulatory treatment). Rating agencies rely on the accuracy and completeness of the data, reports and information provided to them in connection with the assignment of a credit rating, and the rating agencies have no duty to (and generally do not) verify or audit such data, reports and information. In addition, rating agencies disclaim that they are "experts" for any purpose, including under any securities laws. Investors in the Offered Notes should note that the ratings of the Offered Notes are not a guaranty of the value of the Mortgaged Properties related to the Mortgage Loans and Noteholders may incur losses regardless of their rating. See "*Ratings*" in this Offering Memorandum.

The procedures used by rating agencies to determine ratings on securities have come under scrutiny as a result of the turbulence in the financial markets, and federal governmental authorities have enacted and continue to propose rules and regulations to reform the rating process. The SEC adopted Rule 17g-5 under the Securities Exchange Act of 1934, as amended ("**Rule 17g-5**"), with the goal of enhancing transparency, objectivity and competition in the credit rating process. The Offered Notes will be subject to Rule 17g-5. To comply with Rule 17g-5, the Depositor has created a password protected website which is accessible to all nationally recognized statistical rating organizations ("**NRSROs**") (not just the Rating Agency), in order for them to obtain the information the parties to this transaction provided to the Rating Agency in connection with the determination of an initial credit rating, including information about the characteristics of the underlying assets and the legal structure of the Offered Notes, as well as ongoing information about the transaction. The availability of such information could encourage NRSROs other than the Rating Agency to rate one or more classes of Offered Notes upon initial issuance or at any time during the life of this transaction (or could encourage NRSROs to issue commentary on the Offered Notes) and such ratings or commentary about ratings could be less favorable than the ratings assigned by the Rating Agency to the Offered Notes. These unsolicited ratings or commentary about ratings could reduce the liquidity and market value of the Offered Notes, and could adversely affect any investor relying on credit ratings for any purpose. In addition, other future changes to rating procedures, to the regulation of rating agencies or to the rating process could affect the issued ratings on the Offered Notes.

In July 2017, Fitch Ratings, Inc. ("Fitch") placed 299 U.S. RMBS classes from 98 transactions on "rating watch negative" following the withholding by various trustees of trust funds to reserve against future litigation. There can be no assurance that Fitch or other rating agencies will not take similar actions on comparable transactions or on this transaction at a later date. At this time we cannot predict what effect the above will have on the market or on this transaction in the future.

In June 2018, in connection with revising its criteria for U.S. residential mortgage-backed securities issued in 2009 and later, S&P downgraded several classes of securities from previously issued RMBS transactions of the Sponsor which were rated by S&P. In addition, in April 2020, S&P placed certain classes of securities from previously issued non-qualified mortgage RMBS transactions of the Sponsor on negative creditwatch and in November 2020 downgraded certain classes of securities from previously issued RMBS transactions of the Sponsor. In May 2020, KBRA placed certain classes of securities from previously issued non-qualified mortgage RMBS transactions of the Sponsor on watch for potential downgrade. In September 2020, Moody's downgraded certain classes of securities from previously issued RMBS transactions of the Sponsor and placed other classes of securities under review for possible downgrade. There can be no assurance that the Rating Agency will not take similar actions at a later date. At this time we cannot predict what effect the above will have on the market or on this transaction in the future.

There Will be no Principal Payments for the Notes During the Reinvestment Period So Long as Class A Minimum Credit Enhancement Test Is Satisfied

On each Payment Date during the Reinvestment Period, as described in "*Description of the Notes—Priority of Payments*" in this Offering Memorandum, holders of the Notes will not receive any payments of principal during the Reinvestment Period if the Class A Minimum Credit Enhancement Test is satisfied. Failure to reduce the Note Amount of the Notes with amounts that would otherwise be used to pay principal on the Notes may have an impact on the marketability, yield and liquidity of the Notes and could affect the Sponsor's ability to repurchase the Mortgage Loans or, with respect to a Liquidated Loan, make an indemnification payment. Investors should consider that the

Note Amount of the Notes may not be reduced, even though collections on the Mortgage Loans are being received and would otherwise be used to pay principal on the Notes in order of payment priority were it not for the deposits to the Accumulation Account on any Payment Date on which the Class A Minimum Credit Enhancement Test is satisfied, which will extend the life and may adversely affect the yield on the Notes.

Underwriting Guidelines and Acquisition Guidelines That Do Not Identify or Appropriately Assess Repayment Risks and Exceptions to Those Guidelines Could Result in Losses on Your Notes

As described under "*The Sponsor and the Trust Manager—Acquisition Guidelines*" in this Offering Memorandum, the Initial Mortgage Loans generally were originated in accordance with the applicable Originators' Underwriting Guidelines and, in certain cases, based on exceptions to those guidelines. Each Mortgage Loan sold to the Issuer following the Closing Date will be an Eligible Mortgage Loan as described in this Offering Memorandum. No representation is made as to how quickly Unfunded Draw Amounts will be funded. It is possible that large, early fundings of Unfunded Draw Amounts may increase the risk of loss if the related Borrowers default, however this risk is mitigated by the fact that the Asset Manager or Servicer will coordinate any inspection and may request additional reports from the Borrower demonstrating that work has been completed before funding an Unfunded Draw Amount.

The underwriting of the Mortgage Loans was conducted by individuals who may have made errors or mistakes in connection with the underwriting of the Mortgage Loans. Different people may have different opinions regarding whether or not a Mortgage Loan satisfies certain of the Underwriting Guidelines or the Acquisition Guidelines. As a result, there may be Initial Mortgage Loans which do not conform to the related Underwriting Guidelines or the Acquisition Guidelines. The Pre-Offering Review of the Mortgage Loans is limited, only evaluates conformance with the Acquisition Guidelines or to the related Originator's stated underwriting criteria and may not reveal every variance from such Acquisition Guidelines or related Originator's stated underwriting criteria. See "*Description of the Mortgage Loans—Review Procedures*" in this Offering Memorandum.

None of the Initial Mortgage Loans were originated and underwritten prior to the outbreak of COVID-19. However, the United States economy may deteriorate as a result of the lasting impact of the recent COVID-19 pandemic, recent inflationary pressures and resulting recession. Therefore the income of the Borrowers may have been adversely affected, the values of the Mortgaged Properties may have decreased and other changes relating to recent instability in the housing market may have resulted in certain Initial Mortgage Loans not satisfying the Underwriting Guidelines had they been originated as of the Closing Date. In addition, any Additional Mortgage Loans may be underwritten at a different time or circumstance that may not satisfy the Underwriting Guidelines had they been originated as of the Closing Date.

In addition, the Originators have never before experienced as widespread or as rapid of a decline in macroeconomic conditions as that resulting from the recent COVID-19 pandemic; each Originator's ability to predict the impact of any such unforeseen conditions to its origination and underwriting policies and procedures and the related effect on the origination characteristics of its portfolio of Mortgage Loans is inherently limited.

In addition, the Sponsor conducted a review of the Initial Mortgage Loans as of the Initial Cut-off Date and obtained reports from the Securitization Diligence Provider as part of that review in each case as further described under "*Description of the Mortgage Loans—Review Procedures*" in this Offering Memorandum. During the Reinvestment Period, the Trust Manager will conduct a review of the Additional Mortgage Loans as further described under "*Description of the Mortgage Loans—Review Procedures*" in this Offering Memorandum and may, in its sole discretion, utilize any Eligible Securitization Diligence Provider to conduct such review of the Additional Mortgage Loans. The Sponsor also engaged other third parties to assist it with certain elements of the review of the Initial Mortgage Loans and may do the same for the Additional Mortgage Loans. As part of this review on the Initial Mortgage Loans, the Sponsor assessed compliance with the Originators' underwriting guidelines (or alternatively, that documented exceptions to such Originators' underwriting guidelines were present). The Originators' underwriting guidelines may not identify or appropriately assess the risk that the interest and principal payments due on an Initial Mortgage Loan will be repaid when due, or at all, or whether the market value of the related Mortgaged Property will be sufficient to otherwise provide for recovery of such amounts. In addition, with respect to any exceptions made to the Originators' underwriting guidelines, those exceptions may increase the risk that principal and interest amounts may not be received or recovered and compensating factors, if any, which may have been the premise for making an exception to the Originators' underwriting guidelines may not, in fact, compensate for any additional risk. No assurance can be given that any Initial Mortgage Loans complied with the Acquisition Guidelines and/or the Originator's Underwriting Guidelines or that any Mortgage Loans had compensating factors in the event that those Initial Mortgage Loans did not comply with the Acquisition Guidelines and/or the Originator's Underwriting Guidelines. Furthermore, to the extent that the Acquisition Guidelines and/or the Originator's Underwriting Guidelines were not followed when originating or underwriting the Initial Mortgage Loans, there could be an increased risk that principal and interest amounts may not be received or recovered. However, Initial Mortgage Loans underwritten in accordance with the Acquisition Guidelines and/or the Originator's Underwriting Guidelines may still incur losses, and prior securitizations of similar mortgage loans have incurred losses which have been allocated to the most senior classes of those securitizations.

Certain Initial Mortgage Loans may not have been originated or underwritten in compliance with the Originators' underwriting guidelines and may have taken into account certain compensating factors. Certain of the Initial Mortgage Loans may have been originated or underwritten in accordance with the Originators' underwriting guidelines that do not identify or appropriately assess repayment risk. However, the Sponsor elected to include such Mortgage Loans in the assets of the Issuer when the Sponsor evaluated such Mortgage Loans and took into account any compensating factors. The inclusion of such Mortgage Loans could result in losses on your Notes.

In any event, principal and interest amounts may not be received or recovered, regardless of whether the Mortgage Loans were underwritten in accordance with the Acquisition Guidelines or the Originator's Underwriting Guidelines.

Even without any exceptions, strict adherence to Acquisition Guidelines or the Originator's Underwriting Guidelines do not guarantee that a borrower will fulfill its financial obligations. Investors are encouraged to make their own assessment of the exceptions.

Investors should note that all investments in mortgage-backed securities, such as the Notes, involve a high level of risk, and there can be no assurance that Realized Losses on the Mortgage Loans will be less than other previous securitizations of other types of mortgage loans.

Changes in the Market Value of the Notes May Not Be Reflective of the Performance or Anticipated Performance of the Mortgage Loans Underlying the Notes

The market value of the Notes can be volatile. Market values can change rapidly and significantly and changes can result from a variety of factors. However, a decrease in market value may not necessarily be the result of deterioration in the performance or anticipated performance of the Mortgage Loans. For example, changes in interest rates, perceived risk, supply and demand for similar or other investment products, accounting standards, capital requirements that apply to regulated financial institutions, and other factors that are not directly related to the Mortgage Loans can materially and adversely affect the market value of the Notes.

In particular, the market value of the Notes may decline as a result of changes in interest rates. The Mortgage Loans have fixed Mortgage Interest Rates. The Note Rate on the Notes are fixed. As a result, in the event the general level of interest rates increases, the value of the Notes may decline. In addition, the weighted average lives of the Notes may be extended, as an increase in the general level of interest rates, to the extent mortgage rates also increase, may act as a disincentive to the refinancing of the Mortgage Loans by the Borrowers or their ability to sell their Mortgaged Properties. In addition, an increase in interest rates, to the extent mortgage rates also increase, may result in a decrease in the value of Mortgaged Properties generally. There can be no assurance that the current level of interest rates will be stable. The rate of any change may be rapid and may adversely affect the value of the Notes, even in the absence of losses.

The Rate of Principal Payments, Including Principal Prepayments, on the Mortgage Loans Will Affect the Yields on the Notes

The rate of payments of principal and the yields to maturity on the Notes will be directly related to, among other things, (i) the rate and timing of scheduled payments of principal upon maturity and Principal Prepayments on the Mortgage Loans, including voluntary prepayments on the Mortgage Loans and any other recovery of principal in advance of the scheduled Due Date, such as payments received in connection with the repurchase of a Mortgage Loan, indemnification payments with respect to a Liquidated Loan, and payments received in connection with Mortgage Loan liquidations due to default, casualty, condemnation or otherwise and (ii) the amount and timing of defaults by Borrowers that result in losses on the Mortgage Loans. The Mortgage Loans may be prepaid in whole or in part at any time, although some of the Mortgage Loans require payment of a prepayment penalty. The principal payments on the Mortgage Loans may be in the form of scheduled principal payments upon maturity or Principal Prepayments. Any of these prepayments will result in payments to you of amounts that would otherwise be distributed over the remaining term of the Mortgage Loans. You must make your own decisions as to the appropriate prepayment and default assumptions to be used when purchasing Notes. Principal payments, including Principal Prepayments, on the Mortgage Loans will be affected by the following:

(i) the priority of the allocation of principal to various classes of Notes;

(ii) the final repayment date of the Mortgage Loans;

(iii) the rate of partial prepayments and full prepayments by Borrowers due to refinancing, changes in property values or other factors;

(iv) the number of Mortgage Loans that have Prepayment Penalties;

(v) liquidations of, or modifications in reduction of the principal balance of, Mortgage Loans;

(vi) the time it takes for defaulted Mortgage Loans to be modified or liquidated;

(vii) the availability of loan modifications for delinquent or defaulted Mortgage Loans, including extensions of maturity or other dates;

(viii) repurchases of Mortgage Loans by the Sponsor as a result of (a) certain breaches of representations or warranties or any Material Document Defect relating to any Mortgage Loans or (b) its exercise of the Repurchase Options;

(ix) the exercise of due-on-sale clauses by any Asset Manager or Servicer in connection with transfers of Mortgaged Properties;

(x) purchases of Additional Mortgage Loans;

(xi) the funding of Unfunded Draw Amounts;

(xii) reimbursement to any Asset Manager or Servicer or its designee of Servicing Advances and other expenses, costs, indemnity amounts and liabilities;

(xiii) whether or not the Step-Up Date occurs;

(xiv) the optional sale of the Mortgage Loans by the Issuer;

(xv) the Optional Redemption of the Notes by the Issuer on an Optional Redemption Date; and

(xvi) any relief measures promulgated by federal, state, local and municipal governments designed to suspend, defer or otherwise provide borrower relief for payments on the Mortgage Loans.

The rate of principal payments, including Principal Prepayments, on the Mortgage Loans will depend greatly on the level of Mortgage Interest Rates and the existence of Prepayment Penalties. All other factors being equal, Mortgage Loans with Prepayment Penalties are less likely to prepay. If prevailing interest rates for similar mortgage loans fall below the interest rates on the Mortgage Loans, the rate of prepayment is likely to increase. Conversely, if prevailing interest rates for similar mortgage loans rise above the Mortgage Interest Rates on the Mortgage Loans, the rate of prepayment is likely to decrease. In general, a contraction of the availability of or an increase in the cost of credit may decrease refinancing activity, which would be expected to decrease the rate of prepayment even if interest rates are comparably low. However, the expansion of credit could result in an increase in refinancing activity even in a rising interest rate environment if credit standards are relaxed and the Acquisition Guidelines are expanded.

No representation is made as to the rate of principal payments, including Principal Prepayments, on the Mortgage Loans or as to the yield to maturity of the Notes. In addition, there can be no assurance that any of the Mortgage Loans will or will not be prepaid prior to maturity. An investor is urged to make an investment decision with respect to the Notes based on the anticipated yield to maturity of the Notes resulting from its purchase price and the investor's own determination as to anticipated mortgage loan prepayment and default rates under a variety of scenarios. The extent to which the Notes are purchased at a discount or a premium and the degree to which the timing of payments on the Notes is impacted by prepayments will determine the extent to which the yield to maturity of the Notes may vary from the anticipated yields.

If you are purchasing Notes at a discount, you should consider the risk that if principal payments on the applicable Mortgage Loans occur at a rate slower than you expected, your yield will be lower than you expected. If you are purchasing Notes at a premium you should consider the risk that if principal payments on the Mortgage Loans occur at a rate faster than you expected, your yield may be lower than you expected. See "*Prepayment and Yield Considerations*" in this Offering Memorandum.

The timing of changes in the rate of prepayments may significantly affect the actual yield to you, even if the average rate of principal prepayments is consistent with your expectations. In general, the earlier the payment of principal of the Mortgage Loans, the greater the effect on your yield to maturity. As a result, the effect on your yield of principal prepayments occurring at a rate higher (or lower) than the rate you anticipate during the period immediately following the issuance of the Notes may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments.

Interest Shortfalls on the Mortgage Loans Resulting from Principal Prepayments and the Servicemembers Civil Relief Act and Similar State Laws May Cause Interest Shortfall on the Notes and Reduce Available Funds

When a Mortgage Loan is prepaid in full, the Borrower is charged interest only up to the date on which payment is made, rather than for an entire month (unless the Mortgage Loan is repaid in its first month following origination). When a Borrower makes a partial Principal Prepayment on a Mortgage Loan, the Borrower is not charged interest in the amount prepaid for the month in which such Principal Prepayment was received. This will reduce available funds for payment on the next Payment Date. Any Asset Manager and Servicer is not required to cover any shortfall in interest collections that is attributable to prepayments in full and partial prepayments on the Mortgage Loans.

Additionally, available funds may be reduced as a result of restrictions on the servicing and/or enforcement of a Mortgage Loan due to the Relief Act.

The Relief Act and similar state laws provide relief to servicemembers who enter active military service, and to servicemembers in reserve status who are called to active duty after the origination of a Mortgage Loan. The Relief Act provides generally that a servicemember who is covered by the Relief Act may not be charged interest on a mortgage loan in excess of 6% *per annum* during the period of the servicemember's active duty. The Relief Act also limits the ability of servicers to foreclose on a mortgage loan secured by property owned by a servicemember during the servicemember's period of active duty and, in some cases, during an additional one-year period thereafter. The Relief Act also imposes limitations on the ability to enforce obligations against servicemembers and certain of their dependents, including restrictions on default judgments and requirements related to stays or vacation of judgments, attachments, and garnishments. Current or future military operations of the United States may result in an increase in the number of servicemembers who may be in active military service, and the activation of additional U.S. military reservists or members of the National Guard, which may in turn significantly increase the proportion of mortgage loans whose mortgage rates are reduced by application of the Relief Act. Certain protections under the Relief Act may apply during the servicing and/or enforcement of Mortgage Loans guaranteed by an individual who is a servicemember or certain dependents of a servicemember. In addition, Mortgage Loans in the Mortgage Pool that have not been identified as such may already be subject to the Relief Act. The funds available for payment to Noteholders will be reduced by any reductions in the amount of funds collectible as a result of application of the various protections under the Relief Act or similar state or local laws, and none of the Asset Managers, any Servicer or any other party will be required to fund any shortfall caused by any these reductions. Moreover, there may be delays in payment and increased losses on the Mortgage Loans due to application of protections available to servicemembers under the Relief Act. It is unknown how many Mortgage Loans have been or may be affected by the application of the Relief Act or similar legislation or regulations.

Shortfalls in interest resulting from the foregoing factors may result in a reduction of the yield on your Notes. See "*Certain Legal Aspects of the Mortgage Loans—Servicemembers Civil Relief Act and Similar State Laws*" in this Offering Memorandum.

Certain Issuer Expenses Will Reduce the Amount Available for Payments on the Notes

The Issuer may incur certain extraordinary expenses payable on a Payment Date to various transaction parties in reimbursement of certain fees, charges and other costs, such as indemnification amounts and costs of arbitration and other amounts incurred as a result of taking actions in connection with breaches of representations and warranties. Any such expenses incurred will reduce the Available Funds for distribution on any Payment Date. See "*The Indenture—Fees and Expenses; Indemnification*" in this Offering Memorandum.

The Asset Managers, the Servicers and the Trust Manager May Be Reimbursed from General Collections

The Asset Managers and the Servicers are required to advance amounts constituting "out-of-pocket" costs and expenses relating to the preservation, restoration, inspection and protection of the Mortgaged Property, unpaid borrower taxes and insurance payments, enforcement or judicial proceedings, including foreclosures and certain other customary amounts described in the Asset Management Agreement and Servicing Agreements, as applicable, and to the extent related Collections are insufficient to reimburse the Asset Managers for such amounts, the Trust Manager is obligated to reimburse the Asset Managers and the Servicers. The Trust Manager on behalf of the Issuer may be required to advance Construction Advance Shortfall Amounts in the event that Collections on the Mortgage Loans are not enough to cover the related Construction Advance Request or in the event that the related Asset Management or Servicing Agreement otherwise requires the Trust Manager to pre-fund such amounts.

Pursuant to the transaction documents, the Asset Managers and the Servicers are entitled to reimbursement of Servicing Advances from Collections in respect of all of the Mortgage Loans and to the extent the Trust Manager pre-funds or reimburses an Asset Manager or a Servicer for any remaining outstanding amounts, the Trust Manager is entitled to reimbursement for such amounts from the Priority of Payments pursuant to the Indenture or from amounts in the Payment Account and the Accumulation Account. In accordance with the Indenture, the Trust Manager will be permitted to withdraw or direct the Paying Agent (in writing) to withdraw amounts on deposit in the Accumulation Account (i) to reimburse an Asset Manager or a Servicer for any Construction Advance, (ii) to fund any such Construction Advance Shortfall Amounts or (iii) to reimburse the Trust Manager for any Construction Advance Shortfall Reimbursement Amounts. The ability of the Asset Managers and the Servicers to reimburse themselves from Collections, as well as the ability of such parties or the Trust Manager to be reimbursed from the Priority of Payments, may affect the amount and timing of payments on the Notes.

Each Asset Manager is required to pay all expenses incurred by it in connection with its oversight activities under the Asset Management Agreement and is entitled to be reimbursed for all customary, reasonable and necessary "out-of-pocket" costs incurred in its performance under the Asset Management Agreement.

Asset Manager's and Servicer's Discretion over the Servicing of the Mortgage Loans and any Asset Manager's, Servicer's and Trust Manager's Compliance with the Terms of the Asset Management Agreement, the related Servicing Agreement or the Administration Agreement, as Applicable, May Impact the Amount and Timing of Funds Available to Make Payments on the Notes

The Asset Managers and the Servicers are obligated to service the Mortgage Loans in accordance with accepted servicing practices, which provide such party certain discretion in servicing the Mortgage Loans. The Asset Managers and the Servicers also have advance recoverability and determination procedures. In addition, the servicing standard employed by the Asset Managers or the Servicers may change from time to time, subject to the terms of the applicable Servicing Agreement, and those changes could reduce Collections on the Mortgage Loans or increased prepayments of the Mortgage Loans. Consequently, the manner in which the Asset Managers or the Servicers exercise their servicing discretion (including through activities that cause a prepayment of Mortgage Loan) could have an impact on the amount and timing of Collections on the Mortgage Loans, which will impact the amount and timing of funds available to make payments on the Notes.

The Trust Manager will perform certain asset management and servicing oversight actions on behalf of the Issuer in connection with the Mortgage Loans, including the Rehabilitation Disbursement Request disbursement process, pursuant to the Indenture and the Administration Agreement, including: (i) engaging one or more new Servicers, Asset Managers or vendors with respect to the Mortgage Loans and any related REO Properties on behalf of the Issuer; (ii) reviewing, negotiating and approving any new Servicing Agreement or Asset Management Agreement for the Issuer's execution following the Closing Date, and confirming the related Servicer or Asset Manager will be required pursuant to the terms thereof to comply with applicable Accepted Servicing Criteria; (iii) providing guidance and necessary approvals with respect to asset-related decisions on behalf of the Issuer, including to the extent required or permitted under the Asset Management Agreement or any Servicing Agreement, and including any determinations related to loss mitigation, liquidations and REO Property management, repairs or rentals; (iv) causing the Issuer to create one or more bankruptcy-remote, special purpose entities to own and hold title to REO Properties (each, an "REO Company"), and to pledge its ownership interests in each REO Company to the Indenture Trustee pursuant to the Indenture; (v) managing, or engaging vendors or manage, REO Properties on behalf of the Issuer or any REO Company, without any Servicer or Asset Manager (vi) to the extent permitted under the related Servicing Agreement, the Asset Management Agreement or the Custodial Agreement, exercising the right to terminate (or direct the termination of) any Servicers, the Asset Managers and/or the Custodian with respect to some or all of the Mortgage Loans or REO properties and appointing a successor thereto, as applicable; (vii) causing the reconciliation and standardization of the final monthly reports received from each Servicer or Asset Manager; (viii) approving the purchase of Additional Mortgage Loans by the Issuer; (ix) reviewing Additional Mortgage Loans to test for compliance with the Concentration Limits and certain criteria for Eligible Mortgage Loans, as described in "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum, including (A) calculating the criteria for Eligible Mortgage Loans and confirming that the Additional Mortgage Loans comply with such Eligible Mortgage Loan criteria, and (B) reviewing the Eligible Securitization Diligence Providers' reports with respect to certain Additional Mortgage Loans proposed to be sold to the Issuer during the Reinvestment Period and confirming that no materially adverse diligence findings exist with respect to such Additional Mortgage Loans and (x) subject to the limitations set forth in the Indenture, facilitating sales of Mortgage Loans or any related REO Properties to third-party purchasers or to the Depositor or its affiliates, in each case from time to time on behalf of the Issuer. Consequently, the manner in which the Trust Manager exercises its servicing administration discretion (including through activities that cause a prepayment of Mortgage Loan) could have an impact on the amount and timing of collections on the Mortgage Loans, which will impact the amount and timing of funds available to make payments on the Notes.

The current servicing practices described in this Offering Memorandum may change as any Asset Manager, Servicer or the Trust Manager adapts its policies and procedures in light of changes in law, regulations and other guidance relating to the mortgage servicing industry.

Failure of any Servicer to Perform, Servicer Default, Servicer Termination or Servicer Resignation May Cause the Notes to Suffer Delays or Shortfalls in Payments

The Issuer will be permitted to purchase Additional Mortgage Loans meeting the Eligibility Criteria, including in order to cause the Mortgage Pool to be closer to compliance with the Concentration Limits. If any Servicer is unable to perform any of its obligations under the applicable Servicing Agreement, it could result in reductions or delays in the payments on the Notes.

In the event the related Servicing Agreement entitles the Issuer to terminate the related Servicer, and such Servicer is terminated in connection with a Servicer Default, the Trust Manager on behalf of the Issuer will, within ninety (90) days of such termination, appoint a successor servicer, although there can be no assurance that this process will result in the appointment of a successor servicer. The Trust Manager will have sole discretion to appoint a successor servicer and negotiate the related servicing agreements, including any related compensation arrangements for a successor servicer; provided, however, the Trust Manager will agree pursuant to the Administration Agreement that in the performance of its obligations thereunder, the Trust Manager will take any action that is directed by the

Issuer or Noteholders holding more than 50% of the Percentage Interest of the Notes, which relates to the Trust Manager's oversight obligations with respect to the Mortgage Loans under this Agreement (unless the Trust Manager determines in its reasonable judgment that such action or inaction (i) may cause a violation of applicable laws, regulations, codes, ordinances, court orders or restrictive covenants with respect to any Mortgage Loan, Borrower or Mortgaged Property or (ii) may cause a violation of any provision of a Mortgage Loan Document). The fees paid to a successor servicer may be higher than those payable to the terminated Servicer; however, pursuant to the Concentration Limits, the Issuer will be required to maintain a minimum ratio of the weighted average adjusted Pass-Through Rate to the weighted average Note Rate of Notes in connection with the acquisition of Additional Mortgage Loans. Additionally, it is possible that the resignation or termination of the applicable Servicer, or the termination of a Servicer without cause by the Trust Manager, and the transfer of the rights, duties and obligations of a Servicer under the applicable Servicing Agreement to a successor servicer could adversely affect the servicing of the Mortgage Loans. For example, transfers of servicing involve the risk of disruption in collections due to data input errors, misapplied or misdirected payments, system incompatibilities and other reasons. In addition, the servicing of mortgage loans similar to the Mortgage Loans differs from servicing residential mortgage loans made to consumers, so the Sponsor may have difficulty identifying a successor servicer capable of servicing the Mortgage Loans. If such a transfer were to take place, the rate of delinquencies and defaults on the Mortgage Loans could increase, resulting in reductions or delays in the payments on the Notes. See "*The Asset Management Agreements and the Servicing Agreements—Rights Upon Servicer Defaults*" and "*—Assignment and Resignation of the Trust Manager*" in this Offering Memorandum.

Further, certain governmental authorities, including U.S. federal, state or local governments, could enact, and in some cases already have enacted, laws, regulations, executive orders or other guidance that allow borrowers to forgo making scheduled payments for some period of time, require modifications to the Mortgage Loans, preclude creditors from exercising certain rights or taking certain actions with respect to collateral or mandate limited operations or temporary closures of a Servicer's vendors as "non-essential businesses" or otherwise. See "*Risks Related to General Market Conditions–Potential Risks Associated with the COVID-19 pandemic*" in this Offering Memorandum.

Failure of any Asset Manager or Servicer to Perform, Termination With or Without Cause or Resignation May Cause the Notes to Suffer Delays or Shortfalls in Payments

If any Asset Manager or Servicer is unable to perform any of its respective obligations under the Asset Management Agreement, or applicable Servicing Agreement, it could result in reductions or delays in the payments on the Notes. There is no assurance that any Asset Manager, Subservicer or Servicer will not resign or be terminated as the asset manager or servicer of the Mortgage Loans, and the cost of replacing an Asset Manager, a Subservicer or a Servicer may adversely affect the Notes. The replacement of an Asset Manager, a Subservicer or a Servicer may also adversely affect the future performance of the related Mortgage Loans. In addition, the servicing of mortgage loans similar to the Mortgage Loans differs from servicing residential mortgage loans made to consumers, so the Trust Manager may have difficulty identifying a successor asset manager or servicer capable of servicing the Mortgage Loans. If such a transfer were to take place, the rate of delinquencies and defaults on the Mortgage Loans could increase, resulting in reductions or delays in the payments on the Notes. See "*The Asset Management Agreements and the Servicing Agreements—Rights Upon Servicer Defaults*" and "*—Assignment and Resignation of the Trust Manager*" in this Offering Memorandum. Each Asset Manager is entitled to retain certain fees, expenses and other amounts due to such Asset Manager thereunder upon termination.

Further, certain governmental authorities, including U.S. federal, state or local governments, could enact, and in some cases already have enacted, laws, regulations, executive orders or other guidance that allow borrowers to forgo making scheduled payments for some period of time, require modifications to the Mortgage Loans, preclude creditors from exercising certain rights or taking certain actions with respect to collateral or mandate limited operations or temporary closures of any Asset Manager's or Servicer's vendors as "non-essential businesses" or otherwise. See "*Risks Related to General Market Conditions–Potential Risks Associated with the COVID-19 pandemic*" in this Offering Memorandum.

The Credit Enhancement Features may be Inadequate, Resulting in Realized Losses on the Notes

The Notes are not insured by any financial guaranty insurance policy. The credit enhancement features of payment subordination and loss allocation are intended to enhance the likelihood that holders of the Notes will receive regular payments of interest and principal, but these credit enhancement features are limited in nature and may be insufficient to cover all losses on the Mortgage Loans. Collections on the Mortgage Loans, overcollateralization, excess interest, and certain amounts available on deposit in the Accumulation Account, Expense Reserve Account and the Interest Reserve Account after the Reinvestment Period, are the sole source of funds from which credit enhancement is provided. See "*Summary Information—Credit Enhancement*" in this Offering Memorandum.

On any Payment Date, payments of principal and interest will be made to the Notes in the order of priority described under "*Description of the Notes—Priority of Payments*" in this Offering Memorandum. To the extent credit enhancement for the holders' Notes is insufficient, the holders of the Notes will bear all the risks resulting from Realized Losses on the Mortgage Loans.

You should fully consider the risks of investing in a Note, including the risk that you may not fully recover your initial investment as a result of the allocation of Realized Losses.

Investors Have No Direct Right to Enforce Remedies

Noteholders generally do not have the right to institute any suit, action or proceeding in equity or at law upon or under or with respect to the Indenture, but instead must rely on the Indenture Trustee to enforce their rights under these agreements. If the Indenture Trustee is not required or does not have the right to take action under the terms of the Indenture or fails to take action, Noteholders could experience losses.

The rights of the Noteholders in the Indenture will be limited by certain restrictions placed on their ability to cause the Indenture Trustee (on behalf of the Issuer) to enforce remedies as a result of breaches of representations and warranties. The Indenture Trustee will only by obligated to enforce remedies for breaches of representations and warranties at the direction of Noteholders holding more than a 50% Percentage Interest of the Notes, and only to the extent such Noteholders provide indemnity satisfactory to the Indenture Trustee. These provisions may limit the Noteholders' ability to enforce the provisions of the Transaction Documents. In no event will the Noteholders have the right to direct the Indenture Trustee (with regard to the Issuer) to investigate whether a breach of any representation or warranty has occurred. No Noteholder will have any right to seek judicial review of whether any breach of any representation or warranty under the Transaction Documents in respect of any Mortgage Loan has occurred or whether a Material Breach exists or whether a Material Document Defect exists.

The Noteholders Have Limited Control over Amendments, Modifications and Waivers to the Indenture

Certain amendments, modifications or waivers to the terms of the Indenture may require the consent of holders of only a certain specified percentage of the voting rights of the Notes, and certain amendments, modifications or waivers to the Indenture may not require the consent of any holder of Notes. As a result, certain amendments, modifications or waivers to the terms of the Indenture may be effected even without your consent. A holder of Notes seeking an amendment does not have a right to discover the identity of the other holders of Notes, which may adversely affect such Noteholder's ability to amend the Transaction Documents. See "*The Indenture—Amendments*" in this Offering Memorandum.

Book-Entry System for the Notes May Decrease Liquidity, Delay Payment and Have Other Adverse Consequences

The Notes will each be initially represented by one or more Notes registered in the name of Cede & Co., as the nominee for DTC, and will not be registered in your name. As a result, you will not be recognized as a Noteholder or as a holder of record of the Notes. As a consequence, investors may experience difficulties in identifying or communicating with other investors in the Notes for the purpose of exercising remedies, taking collective action or otherwise.

Because transactions in the classes of book-entry Notes generally can be effected only through DTC, DTC participants and indirect DTC participants,

(i) your ability to pledge book-entry Notes to persons that do not participate in the DTC system, or to otherwise take action relating to your book-entry Notes, may be limited due to the lack of a physical security representing the Notes;

(ii) your access to information regarding the Notes may be limited since conveyance of notices and other communications by DTC to its participating organizations, and directly and indirectly through those participating organizations to you, will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect at that time;

(iii) you may experience delays in your receipt of payments of interest and principal on book-entry Notes because payments will be made by the Paying Agent to Cede & Co., as nominee for DTC, rather than directly to you, which then will be required to credit those payments to the accounts of its participating organizations and only then will they be credited to your account either directly or indirectly through DTC's participating organizations; and

(iv) you may experience delays in your receipt of payments on book-entry Notes in the event of misapplication of payments by DTC, DTC participants or indirect DTC participants or bankruptcy or insolvency of those entities, and your recourse will be limited to your remedies against those entities.

See "*Description of the Notes—Book-Entry Notes*" in this Offering Memorandum.

Financial Difficulties May Impact the Return on the Notes

The financial difficulties of originators, servicers and subservicers of residential mortgage loans may be exacerbated by higher delinquencies and defaults that reduce the value of mortgage loan portfolios, requiring originators to sell their portfolios at greater discounts to par. The value of many residual interests retained by sellers of mortgage loans in the securitization market has also been declining in these market conditions. Many originators and aggregators that also have large servicing portfolios may be experiencing rising costs of servicing as mortgage loan delinquencies have increased, without an increase in servicing compensation. In addition, any regulatory oversight, proposed legislation and/or governmental intervention may have an adverse impact on originators and servicers. These factors, among others, may have the overall effect of increasing costs and expenses of originators, servicers and subservicers while at the same time decreasing servicing cash flow and loan origination revenues. Financial difficulties of originators, servicers and subservicers may result in the inability of representing parties to repurchase mortgage loans in the event of loan representation and warranty breaches. See also, "*Risk Related to the Sponsor and its Affiliates—Financial Condition of the Sponsor*" in this Offering Memorandum.

Financial difficulties may also have a negative effect on the ability of servicers and subservicers to pursue collections on mortgage loans that are experiencing increased delinquencies and defaults and to maximize recoveries on the sale of underlying properties following foreclosure. The Asset Managers, the Servicers or the Subservicers will have the right to determine, in accordance with accepted servicing practices, the necessity for all Servicing Advances under the Asset Management Agreement or the applicable Servicing Agreement. The Asset Managers, the Servicers or the Subservicers will advance all funds as are necessary for the purpose of effecting the payment of any Servicing Advance in connection with the servicing and administering of the Mortgage Loans; *provided*, *however*, that notwithstanding anything contrary in the Asset Management Agreement or the applicable Servicing Agreement, the Asset Managers, the Servicers and the Subservicers will not be required to make any Servicing Advance that would be a nonrecoverable servicing advance. If the Asset Managers, the Servicers or Subservicers experience financial difficulties, it may not be able to perform its advancing obligations. Due to application of provisions of bankruptcy law, if the Asset Managers, the Servicers or Subservicers were to seek bankruptcy protection, it may be relieved of its obligation to make Servicing Advances to the Issuer. If the Asset Managers, the Servicers or the Subservicers do not fulfill its respective obligation to make Servicing Advances for whatever reason, the timing and amount of payments available for payment to the Noteholders may be adversely affected.

Additionally, any adverse changes in macroeconomic conditions, particularly in the housing market, could result in liquidity pressures on a Servicer, a Subservicer and any party on which the Asset Managers may rely for funding of advances of delinquent principal and interest payments or servicing advances. In addition, the imposition by federal, state and local regulators of forbearance arrangements on the Asset Managers, the Servicers and Subservicers can also be expected to affect the capacity of the Asset Managers, the Servicers and Subservicers to make advances to the extent required by the Asset Management Agreement or the applicable Servicing Agreement, although the extent of all liquidity pressures in the future is not known at this time and is subject to continual change.

Bankruptcy or Insolvency of an Asset Manager or a Servicer Could Result in Losses on the Notes

Each Asset Manager, Subservicer and Servicer will be permitted to commingle Collections on the Mortgage Loans with funds collected by it for its own benefit or the benefit of another person for a period of time set forth in the applicable Asset Management Agreement and Servicing Agreement. In addition, to the extent that an Asset Manager, a Subservicer or a Servicer has commingled Collections of Mortgage Loans with its own funds, the holders of the Notes may be required to return to such Asset Manager, Subservicer or Servicer certain payments received on the Notes.

If an Asset Manager, a Subservicer or a Servicer were to go into bankruptcy or become the subject of a receivership or conservatorship, then the parties may be prohibited (unless authorization is obtained from the court or the receiver or conservator) from taking any action to enforce any obligations of an Asset Manager, a Subservicer or Servicer under the Indenture or to collect any amount owing by an Asset Manager, a Subservicer or Servicer under the Indenture, and the parties may be prohibited from terminating the Servicer and appointing a successor servicer. If an Asset Manager or a Servicer were to become a debtor under the Bankruptcy Code, the Asset Management Agreement and applicable Servicing Agreement provides that such an event would be a termination event entitling the Trust Manager to terminate any Asset Manager or Servicer, but the provision would most likely not be enforceable. However, a rejection of the applicable Asset Management Agreement and Servicing Agreement by such Asset Manager or Servicer in a bankruptcy proceeding would be treated as a breach of the Indenture and give the Issuer a claim for damages and the ability to appoint an asset manager or servicer, as applicable. An assumption under the Bankruptcy Code would require an Asset Manager or a Servicer to cure its pre-bankruptcy defaults, if any, and demonstrate that it is able to perform following assumption. The bankruptcy court may permit an Asset Manager or a Servicer to assume the Indenture, the Asset Management Agreement or the applicable Servicing Agreement and assign it to a third party. An insolvency by an entity governed by state insolvency law would vary depending on the laws of the particular state. We cannot assure you that a bankruptcy or receivership of an Asset Manager, a Subservicer or a Servicer would not adversely impact the servicing of the Mortgage Loans or the Issuer would be entitled to terminate an Asset Manager, a Subservicer or Servicer in a timely manner or at all.

It is possible that a period of adverse economic conditions resulting in high defaults and delinquencies on the Mortgage Loans and other mortgage loans serviced by an Asset Manager, a Subservicer or a Servicer will increase the risk of an Asset Manager, a Subservicer or a Servicer becoming subject to bankruptcy or receivership proceedings if its servicing compensation is less than its cost of servicing.

The occurrence of any of these events could result in delays or reductions in payments on, or other losses with respect to, the Notes. There may also be other possible effects of a bankruptcy, receivership or conservatorship of an Asset Manager that could result in delays or reductions in payments on, or other losses with respect to, the Notes. Regardless of any specific adverse determinations in a bankruptcy, receivership or conservatorship of an Asset Manager, a Subservicer or a Servicer, the fact that such a proceeding has been commenced could have an adverse effect on the value of the Mortgage Loans and the liquidity and value of the Notes.

Modification of a Mortgage Loan May Adversely Affect Your Notes

As of the Initial Cut-off Date, none of the Initial Mortgage Loans have had their maturities extended.

While any Asset Manager or Servicer (in certain cases), with the approval of the Trust Manager, may extend the maturity or modify Mortgage Loans following the Closing Date, investors should make their own determination on the potential impact of these extensions and modifications on collections on the Mortgage Loans. An extension of the maturity of a Mortgage Loan may indicate that the related Borrower was unable to sell the related Mortgaged Property due to adverse conditions in the area in which the Mortgaged Property is located or due to delay in repairing the Mortgaged Property to a sufficient extent to enable the Mortgaged Property to be sold, or to complete the required repair and renovation projects, which may continue and could impact the collections to be received on the related Mortgage Loans.

Pursuant to the Asset Management Agreement or applicable Servicing Agreement, in order to limit losses on delinquent Mortgage Loans and maximize collections, the Trust Manager may approve loss mitigation measures, including forbearance agreements and other modification agreements and pre-foreclosure sales in connection with any modifications, waivers and amendments of a Mortgage Loan, which may include (1) any increase or decrease in any monetary obligations of a Borrower under any Mortgage Loan; (2) any decrease (other than by operation of the applicable Mortgage Loan Documents) in the interest rate under any Mortgage Note; (3) any extension (other than by operation of the applicable Mortgage Loan Documents) of the maturity date of any Mortgage Loan; (4) any release, termination, modification or amendment of any guaranty of a Mortgage Loan or any indemnity with respect to any Mortgage Loan provided in the applicable Mortgage Loan Documents (except any release or termination required or permitted pursuant to the express terms of such guaranty or other applicable Mortgage Loan Documents); (5) any short sale or short payoff with respect to a Mortgage Loan; (6) the waiver of any "event of default" under any Mortgage Loan; (7) the approval of any request by a Borrower to release all or any portion of the collateral securing the related Mortgage which is not otherwise specifically provided for in such Mortgage Loan Documents; (8) cross-defaulting any Mortgage Loan with any other indebtedness; (9) any material amendment or modification of default provisions in any of the Mortgage Loan Documents; (10) any mezzanine or subordinate financing with respect to any Mortgaged Property, if approval is required under the applicable Mortgage Loan Documents; or (11) any actions in furtherance of the foreclosure on any collateral securing the related Mortgage Loan or the taking of any action to enforce the terms of such Mortgage Loan. Modifications of Mortgage Loans implemented by the related Asset Manager or Servicer in order to maximize ultimate proceeds of the Mortgage Loans may have the effect of, among other things, reducing the Mortgage Interest Rate, forgiving payments of principal, interest or other amounts owed under the Mortgage Loan, such as taxes or insurance premiums, extending the maturity date of the Mortgage Loan, capitalizing or deferring delinquent interest and other amounts owed under the Mortgage Loan, reducing the Unpaid Principal Balance of the Mortgage Loan or any combination of these or other modifications. Any modified Mortgage Loan may remain in the Issuer, and the reduction in collections resulting from a modification may result in reduced payments of interest on or principal of the Notes. If the Trust Manager allows the related Asset Manager or Servicer to reduce the Mortgage Interest Rate, extend the payment period or accept a lesser amount than stated in the Mortgage Note in satisfaction of the Mortgage Note, or charge off or sell the Mortgage Loan, amounts available to make payments on the Notes will be reduced. The actual final Payment Date might be later, and could be significantly later, than the final scheduled Payment Date if the related Asset Manager or Servicer extends the maturity date of a Mortgage Loan beyond the final scheduled Payment Date for the Notes.

While it is possible that the related Asset Manager or Servicer will extend or otherwise modify the terms of any Mortgage Loans, it is not certain what form any such modified terms may take, how or when such modifications may be implemented, or how the Notes may be impacted by such modifications. Both the failure of the related Asset Manager or Servicer to modify a Mortgage Loan that results in a default and liquidation of the Mortgage Loan and the modification of a Mortgage Loan that reduces the payment of amounts payable under the related Mortgage Note may have an adverse effect on the Notes.

The increased number of delinquencies and other loss mitigation activities described above and elsewhere herein, coupled with obligations to fund advances, may adversely impact the related Asset Manager's or Servicer's performance and could increase the risk that servicing will be required to be transferred. See also "*Failure of any Asset Manager or Servicer to Perform, Termination With or Without Cause or Resignation May Cause the Notes to Suffer Delays or Shortfalls in Payments*" in this Offering Memorandum.

Proposals to Acquire Mortgage Loans by Eminent Domain May Adversely Affect Your Notes

Over the past several years, certain localities have considered voluntary purchases or the use of eminent domain to acquire "underwater" mortgage loans in an effort to assist homeowners facing, or at risk of facing, foreclosure. In the event that any municipality or governmental authority elects to pursue the acquisition of mortgage loans by eminent domain, there is no assurance whether any mortgage loans sought to be purchased will be Mortgage Loans included in the Mortgage Pool or what purchase price would be paid for any such Mortgage Loans. Any such actions could have a material adverse effect on the market value of the Notes. There is also no certainty as to whether any such action without the consent of investors would face legal challenge, and, if so, the outcome of any such challenge.

Recent federal appropriations bills included provisions that discourage the use of eminent domain programs like the programs described above. Under these provisions, appropriated federal funds cannot be used to insure, securitize or guarantee any mortgage or mortgage-backed security that refinances a mortgage that has been subject to eminent domain condemnation or seizure. Laws that limit access to federally guaranteed loans will likely make it difficult for governmental entities to fund such eminent domain programs. While these developments may discourage governmental entities from using eminent domain programs, they do not prohibit such programs and there can be no assurance that governmental entities will not adopt such programs in the future or that the policy of discouraging such eminent domain programs will be repeated in future federal appropriations legislation. If there is an eminent domain proceeding, it could delay or reduce the proceeds on the Notes, which could have an adverse effect on the Noteholders.

The Weighted Average Lives of Your Notes May Differ from the Weighted Average Lives Shown in the Sensitivity Tables and Could Adversely Affect the Return on Your Notes

The structuring tables appearing under the heading "*Prepayment and Yield Considerations*" have been prepared on the basis of the structuring assumptions set forth under "*Prepayment and Yield Considerations—Structuring Assumptions*" in this Offering Memorandum. The models used in this Offering Memorandum for prepayments do not purport to be an historical description of the prepayment experience or a prediction of the anticipated rate of prepayments, defaults, loss severity and draws or extension of the terms of any pool of mortgage loans, including the Mortgage Loans. There can be no assurance that the Mortgage Loans will be extended at any of the rates specified or that losses will be incurred according to one particular pattern. The prepayment, default, loss severity and draw assumptions are for illustrative purposes only. Whether the Issuer redeems or fails to redeem the Notes after the Optional Redemption Date will affect the weighted average life of the Notes, and as a result the weighted average life of the Notes may differ from the weighted average lives shown in the table appearing under the heading "*Prepayment and Yield Considerations*."

Combination or "Layering" of Multiple Risk Factors May Significantly Increase Your Risk of Loss

Although the various risks discussed in this Offering Memorandum are generally described separately, prospective investors in the Notes should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to an investor may be significantly increased. For example, the Mortgage Pool may include Mortgage Loans that not only have relatively high Loan-to-Cost Ratios and Loan to As-Repaired Value Ratios but also may have other features such as lower credit scores or are cash-out refinancings. Certain of these Mortgage Loans may be secured by properties in regions that are experiencing home price depreciation. There are many other circumstances in which layering of multiple risks with respect to the Mortgage Loans and the Notes may magnify the effect of those risks. In considering the potential effects of layered risks, you should carefully review the descriptions of the Mortgage Loans and the Notes.

Forfeiture for Drug, RICO and Money Laundering Violations

Federal law provides that property purchased or improved with assets derived from criminal activity or otherwise tainted, or used in the commission of certain offenses, can be seized and ordered forfeited to the United States of America. The offenses which can trigger such a seizure and forfeiture include, among others, violations of the Racketeer Influenced and Corrupt Organizations Act, the Bank Secrecy Act, the anti-money laundering laws and regulations, including the USA PATRIOT Act of 2001 and the regulations issued pursuant to that Act, as well as the narcotic drug laws. In many instances, the United States may seize the property even before a conviction occurs.

In the event of a forfeiture proceeding, a lender may be able to establish its interest in the property by proving that (1) its mortgage was executed and recorded before the commission of the illegal conduct from which the assets used to purchase or improve the property were derived or before the commission of any other crime upon which the forfeiture is based, or (2) the lender, at the time of the execution of the mortgage, "did not know or was reasonably without cause to believe that the property was subject to forfeiture." However, there is no assurance that such a defense will be successful.

RISKS RELATING TO TAXES

The Issuer Could Become a Taxable Entity and/or Be Required to Withhold U.S. Tax

As discussed under "Certain U.S. Federal Income Tax Consequences" in this Offering Memorandum, upon the issuance of the Notes on the Closing Date, Mayer Brown LLP, counsel to the Sponsor, is expected to deliver its opinion generally to the effect that, although there is no direct legal authority that specifically addresses the United

States federal income tax treatment of securities having terms the same as the Notes or of entities that possess characteristics identical to those of the Issuer, (i) each of the Class A1 Notes and each of the Class A2 Notes will be treated as debt for United States federal income tax purposes, in each case, to the extent such Note is issued on the Closing Date to a beneficial owner (for U.S. federal income tax purposes) other than the single beneficial owner (for U.S. federal income tax purposes) of the Residual Interest Certificate and (ii) none of the Issuer or any portion thereof will be classified as an association or a "publicly traded partnership" taxable as a corporation, or as a "taxable mortgage pool", in each case, as defined for United States federal income tax purposes. No tax opinion has been requested or will be delivered with respect to the U.S. federal income tax treatment of the Class M Notes.

Under the Transaction Documents, the Issuer and each Noteholder and beneficial owner of a Note (other than the single beneficial owner of the Residual Interest Certificate with respect to any Notes it owns) will agree to treat the Notes, by virtue of its acceptance of a Note, as debt for all U.S. federal, state and local income and franchise tax purposes and to not take any position inconsistent with such characterization unless required by Applicable Law. Prospective investors in the Notes should be aware that neither the parties' agreement to treat the Notes as debt for U.S. federal income tax purposes nor counsel's opinion as to the U.S. federal income tax characterizations of the Class A Notes and the Issuer is binding on the Internal Revenue Service or the courts. If the Internal Revenue Service were to successfully contend that any of the Notes do not constitute debt for U.S. federal income tax purposes or that the Issuer is properly classified as a taxable corporation, the U.S. federal income tax and economic consequences to the Noteholders and the Issuer could be materially different than in the case of treatment of the Class A Notes and the Issuer in accordance with tax counsel's opinion. See *"Certain U.S. Federal Income Tax Consequences—U.S. Federal Tax Treatment of the Issuer and the Notes."*

The Transaction Documents contain restrictions on the transfer and ownership of the Class M Notes and the Residual Interest Certificate that are intended to (i) prevent the Issuer from being classified as a taxable corporation for U.S. federal income tax purposes, and (ii) reduce the likelihood of the Issuer being subject to U.S. withholding tax. If, contrary to the Issuer's intentions, the transfer restrictions applicable to the Class M Notes or the Residual Interest Certificate are not met or, if one or both classes of Class A Notes are successfully recast as an equity interest in the Issuer or the Trust Estate, the Issuer could be treated as a taxable corporation subject to current U.S. federal income tax on its taxable income at the prevailing U.S. corporate income tax rate. Such a result could materially reduce cash flow available for, and adversely affect the timing of, payments on the Notes. Moreover, if the Issuer (or any portion of the Issuer) were characterized as a taxable corporation under the "taxable mortgage pool" rules, it (or such portion) would be unable to file a consolidated U.S. federal income tax return with any other corporation, which filing can reduce the cost of corporate income tax imposed on certain affiliated corporations. Under certain circumstances, even if the Issuer is not treated as a taxable corporation for U.S. federal income tax purposes, the failure to adhere to applicable transfer restrictions with respect to the Class M Notes or the Residual Interest Certificate could result in the imposition of U.S. withholding tax on the Issuer which also could reduce cash flow available to the Issuer to make payments on the Notes. It should be noted that the Issuer will not "gross-up" any Noteholder or beneficial owner of a Note for any U.S. withholding or similar tax imposed on payments made on or amounts allocated to the Notes. See *"Certain U.S. Federal Income Tax Consequences—U.S. Federal Tax Treatment of the Issuer and the Notes."*

As indicated above, if the Internal Revenue Service were to successfully contend that any of the Class A Notes do not constitute debt for U.S. federal income tax purposes, but, rather, represent a beneficial ownership interest in the Issuer or the Trust Estate, the U.S. federal income tax consequences to the Noteholders could be materially different than in the case of treatment of the Class A Notes as debt. For example, if one or both classes of the Class A Notes were found to not constitute debt for U.S. federal income tax purposes and any such recharacterized Class A Notes were not beneficially owned by United States persons (as determined for U.S. federal income tax purposes), the Issuer could be obligated to withhold applicable tax, possibly on a retroactive basis, on any taxable income recognized by the Issuer that is allocable to such recharacterized Class A Notes held by its Non-U.S. Noteholder. Any such withholding tax could materially reduce cash available to make payments on the Notes, and also subject the Non-U.S. Noteholder of a recharacterized Class A Note to adverse U.S. income tax return filing and U.S. tax payment obligations pursuant to the "effectively connected income" provisions of the Code. Additionally, under Section 1446(f) of the Code, in the case of any transferee that acquires an interest in a recharacterized Class A Note from a Non-U.S. Noteholder, the Issuer could be required to withhold tax at the highest applicable rate on such transferee's allocable share of income on or payments made to such recharacterized Class A Note, in the event the transferee does not withhold tax on the amount realized by and paid to the Non-U.S. Noteholder at the time the transferee acquired the recharacterized Class A Note. This outcome, too, could materially reduce the amount of cash available to the Issuer to make payments on the Notes. As previously stated, in any such case, the Issuer will not "gross-up" for any U.S. withholding or similar tax that is imposed on payments made on any class of Notes, including, without limitation, as a result of any withholding or deduction for amounts described under Section 1446(f) of the Code. See *"Certain U.S. Federal Income Tax Consequences—U.S. Federal Tax Treatment of the Issuer and the Notes" and "-Possible Alternative Characterization."*

FATCA

Under the Foreign Account Tax Compliance Act ("FATCA"), Non-U.S. Noteholders may be subject to a 30% withholding tax on interest payments on the Notes unless they establish an exemption from the withholding tax. Holders are required to provide the Issuer and its agents with any documentation that may be required for the Issuer to make payments to the holders without deduction or withholding.

Changes in Tax Law; No Gross Up in Respect of the Notes

Although it is not expected that any U.S. withholding tax will be imposed on payments of interest or principal on the Notes to a Noteholder that timely provides the appropriate forms and documentation to the Indenture Trustee (including the information required under FATCA), the Issuer cannot assure you that payments on the Notes will not in the future be subject to U.S. withholding or similar taxes, as a result of a change in applicable law, treaty, rule or regulation, or the interpretation thereof. If and to the extent that any U.S. withholding or similar tax is imposed on or with respect to payments made on any Note, neither the Issuer nor any other person will be obligated to "gross-up" or pay any additional amounts to the holder of such Note, which would likely result in a shortfall to the affected Noteholder.

Risks Related to Other Changes in U.S. Federal Tax Law

Changes in U.S. federal tax law can and do occur. For example, numerous changes were made to the U.S. federal income tax laws by legislation commonly known as the Tax Cuts and Jobs Act of 2017 (the "**Tax Act**"), some of which may be considered generally adverse to the U.S. residential housing market and could potentially impact the Notes. Among other things, the Tax Act eliminated the deduction for interest with respect to home equity indebtedness, with certain exceptions for indebtedness from refinancing existing indebtedness. In addition, the annual deduction for state and local income tax and property taxes is now capped at $10,000 (for both single and married tax filers) until January 1, 2026. The reduction or elimination of these tax deductions could reduce home affordability and adversely affect home prices nationally and/or in local markets, particularly in states with high state and local taxes and property values. The current U.S. presidential administration has proposed additional changes to the federal income tax law, some of which have been enacted. We cannot predict whether, when or to what extent any new U.S. federal tax bills, laws, regulations, interpretations or rulings will be issued or become law, or the long-term impact of any such bills, laws, regulations, interpretations or rulings on the value of the Notes.

Risks Relating to Tax Audit Procedures

If the Issuer is classified as a partnership (other than a publicly traded partnership) for U.S. federal income tax purposes, then unless it elects otherwise, taxes arising from any audit adjustments with respect to tax items of such Issuer partnership may be required to be paid by the Issuer rather than by the persons treated as partners of the Issuer. So long as the Notes are outstanding, under the Trust Agreement, the person designated as the partnership representative under Section 6223(a) of the Code will use it best efforts to utilize any available exceptions under the Code's partnership tax audit provisions (including any subsequent changes to such rules) and related Treasury regulations so that the partners of such Issuer partnership, rather than the Issuer itself, will be liable for any taxes arising from any audit adjustments with respect to any Issuer partnership taxable income. It is unclear how any such elections may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such elections. Investors should consult their own tax advisors regarding the application of the partnership audit provisions.

State, Local, Foreign and Other Tax Risks

In addition to the U.S. federal income tax considerations described under the heading "*Certain U.S. Federal Income Tax Consequences*" in this Offering Memorandum, prospective investors should consider the state, local, foreign and any other tax consequences arising from the acquisition, ownership and disposition of the Notes. State, local and foreign tax laws may differ substantially from U.S. federal tax law, and this Offering Memorandum does not purport to describe any aspect of the tax laws of any state, locality or other jurisdiction.

It is possible that one or more state or local jurisdictions could successfully seek to tax a Noteholder that is not otherwise resident in such jurisdiction solely by reason of the presence in such jurisdiction of the Issuer, other transaction parties, the location of any REO Properties or on some other basis, and require such Noteholder to file tax returns in such jurisdiction and impose penalties for any failure to file such returns. No assurance can be given that Noteholders will not be subject to tax in any particular state, local, foreign or other taxing jurisdiction. If any tax or penalty is successfully asserted by any state, local or other taxing jurisdiction, no transaction party will be obligated to indemnify or otherwise reimburse any such Noteholder for any such tax or penalty amount.

Prospective investors are urged to consult their tax advisor with respect to state, local, foreign and other tax consequences arising from an investment in the Notes. See "*State, Local and Foreign Tax Considerations*" in this Memorandum.

The Notes Lack SMMEA Eligibility and May Lack Liquidity, Which May Limit Your Ability to Resell the Notes

As of the Closing Date, the Notes do not constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984 ("SMMEA"). Accordingly, many institutions with legal authority to invest in SMMEA-eligible securities will not be able to invest in the Notes, thereby limiting the market for such Notes. In addition, the Notes are backed by Mortgage Loans which may not have the same resale value as notes backed by a mortgage pool composed of more conventional mortgage products, including those that would make the related notes SMMEA-eligible. As a result, the resale market for the Notes may be limited.

Lack of Control Over eMortgage Loans in the Form of Electronic Contracts May Jeopardize Perfection or Priority of the Indenture Trustee's Interest in such Loans

The Originators may elect, with respect to certain Additional Mortgage Loans, to originate such Additional Mortgage Loans with some or all of the Mortgage Loan Documents, including eNotes and eMortgage Loans, being executed only in electronic format using digital signatures ("Electronic Contracts"). The Originators may use the services of DocuSign, Inc. or some other entity (the "Electronic Vendor"), in its sole and absolute discretion, to create such Electronic Contracts. The use of such Electronic Contracts is new, and may raise novel questions about the authenticity, validity, authority and enforceability of such Electronic Contracts. In the event the Originator elects to originate such Additional Mortgage Loans as eMortgage Loans, the Originator will receive and store the related Electronic Contracts in an electronic vault ("e-Vault") or in some manner intended to satisfy the requirements to establish "control" (within the meaning of Section 9-105 of the UCC) over each Electronic Contract in favor of the designated "secured party" within the meaning of Section 9-105 of the UCC if such Electronic Contracts constituted "electronic chattel paper" as defined in Article 9 of the UCC. However, there can be no assurance that eMortgage Loans will be considered electronic chattel paper under the UCC.

If necessary, the Sponsor will transfer (or cause to be transferred) the Electronic Contract related to such Additional Mortgage Loan sold to a new e-Vault and the parties may enter into an electronic collateral control agreement or other similar agreement under which the parties will each agree to maintain the e-Vault and the Electronic Contracts in accordance with an electronic collateral control agreement or other similar agreement (the "Electronic File Procedures").

Although the eMortgage Loans may not be considered electronic chattel paper under the UCC, the Originator's procedures that it may establish in the future will be made for creating, vaulting and assigning Electronic Contracts and the Electronic File Procedures with an intention to design such procedures to perfect a security interest in each eLoan Agreement by satisfying the UCC requirements for "control" of electronic chattel paper. If the

Electronic Contracts are electronic chattel paper, in order for the Indenture Trustee, as secured party for the benefit of the Noteholders, to have "control" over the Electronic Contracts, the Sponsor must employ a system for evidencing the transfer of interests in the eLoan Agreements that reliably establishes that the Issuer is the party to which such Electronic Contract was assigned and the Indenture Trustee is the assignee secured party (for the benefit of the Noteholders) with respect thereto. For such system to satisfy the foregoing requirement, the record or records comprising the Electronic Contract must be created, stored and assigned in the following manner: (i) there must be a "single authoritative copy" of the eLoan Agreement that is unique, identifiable, unalterable and readily distinguishable from all other copies, (ii) that "authoritative copy" of the eLoan Agreement must identify the Issuer as the assignee of, and the Indenture Trustee as their assignee secured party (for the benefit of the Noteholders) with respect to, the related eLoan Agreement, and that information must be communicated to and maintained by or for the benefit of the secured party, (iii) all other copies of the eLoan Agreement must indicate that they are not the "authoritative copy" of the eLoan Agreement, (iv) any amendments to the "authoritative copy" of the eLoan Agreement must be readily identifiable as either authorized or unauthorized, and (v) authorized amendments of the eLoan Agreement cannot be made without the consent or participation of the Indenture Trustee, as the secured party for the benefit of the Noteholders.

Notwithstanding the foregoing procedures, there can be no assurance that such procedures will be adequate to establish "control" within the meaning of the UCC, that the meaning of "control" under the UCC will not change or be interpreted differently by courts, or that the Indenture Trustee, as secured party for the benefit of the Noteholders, will be able to maintain control over the eLoan Agreements. If the eMortgage Loans are electronic chattel paper, another person could acquire an interest in an eLoan Agreement that is superior to the interest of the Indenture Trustee, as secured party for the benefit of the Noteholders, if, for example, a third party purchases an eLoan Agreement without knowledge that doing so violates the rights of the Indenture Trustee, or if the Issuer or the Indenture Trustee transfers "control" over an Electronic Contract to a third party. The Indenture Trustee may not have control over the Electronic Records if they are deemed not to be electronic chattel paper or could lose "control" over an Electronic Contract if, through fraud, forgery, negligence or error, or as a result of a computer virus or a failure of or weakness in the systems of e-Vault provider or another person party to an electronic collateral control agreement or other similar agreement, a person other than the Indenture Trustee or a party acting with the consent of the Indenture Trustee (acting at written direction pursuant to the terms of the transaction documents) is able to modify or duplicate the authoritative copy of such Electronic Contract. If another person gets control of the Electronic Records, or the Electronic Records are not electronic chattel paper, the Indenture Trustee may not have a perfected security interest in the Electronic Records, which may increase risk of loss or loss severity on your Notes. The use of Electronic Records is relatively new and the procedures for establishing and maintaining control of electronic chattel paper, and the technology used to do so, are relatively new and whether the Electronic Records are considered electronic chattel paper and/or the Indenture Trustee has control over the Electronic Records have not faced legal challenge. There is a risk that such systems may not be sufficient as a matter of law to give the Indenture Trustee control over the Electronic Contracts evidencing the related Additional Mortgage Loans. In the event the Originator elects to originate certain Additional Mortgage Loans as eMortgage Loans, it is anticipated that each of the Issuer and the Indenture Trustee (for the benefit of the Noteholders) will have a perfected interest in the eMortgage Loans and related eLoan Agreements on account of financing statements filed with the office of the Secretary of State of the State of Delaware reflecting the sale of such eMortgage Loans and related eLoan Agreements by the Sponsor to the Depositor and subsequent transfer from the Depositor to the Issuer, and the grant to the Indenture Trustee (for the benefit of the Noteholders) of a security interest in the Trust Estate by the Issuer and in the Electronic Contracts by the Issuer, but the fact that the ownership interest of the Issuer or the security interest of the Indenture Trustee may not be perfected by "control" may affect the priority of the security interest of the Issuer or the Indenture Trustee in an eLoan Agreement with the result that such security interest could be junior to another party with a perfected security interest in such eLoan Agreement. Due to the novelty of Electronic Contracts and the lack of legal precedents regarding their treatment as electronic chattel paper, there can be no assurance that the security interest in the eLoan Agreements will be a valid perfected security interest.

Further, the Sponsor relies on third-party products and service providers, including but not limited to the Servicers, to file the UCC financing statement against its Borrowers on such eMortgage Loans, the Electronic Vendor to create electronic contracts that evidence such eMortgage Loans, and the applicable e-Vault provider to maintain the e-Vaults where such electronic contracts are stored.

If the Issuer does not have a perfected ownership interest in an eLoan Agreement, or the Indenture Trustee does not have a perfected security interest in such eLoan Agreement, such interests may be or become junior to that of another person, which may affect the ability of the Issuer or Indenture Trustee to collect the payments on the related eMortgage Loans or to enforce security interests against the Sponsor. The occurrence of any of these events could result in delays or reductions in payments, which may result in a loss on your investment in the Notes.

RISKS RELATED TO THE SPONSOR AND OTHER TRANSACTION PARTIES

Lack of Recourse to the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Indenture Trustee, the Custodian, the Trust Manager. the Paying Agent, the Note Registrar or the Initial Purchasers May Limit Amounts Available to Pay the Notes

Collections on the Mortgage Loans, funds available to be withdrawn from the Redemption Account to pay the Interest Payment Amount and the Note Amount of the Class A2 Notes and the Class M Notes, and to the extent not used to purchase Additional Mortgage Loans during the Reinvestment Period or to fund Unfunded Draw Amounts, funds in the Accumulation Account and the Interest Reserve Account, will be the only source of payments on the Notes and the ultimate source of funding Construction Advances. The Notes do not represent an interest in or obligation of the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Custodian or the Initial Purchasers, or any of their affiliates, except for (i) the Trust Manager's obligation to fund Construction Advances in the event a Construction Advance Shortfall Amount exists, (ii) the Sponsor's obligations with respect to certain breaches of representations and warranties and certain missing or defective documents and (iii) the Asset Manager's, or Servicer's limited obligations with respect to their servicing responsibilities. Neither the Notes nor the Mortgage Loans will be guaranteed or insured by any governmental agency or instrumentality or any other entity. Additionally, there can be no assurances that the Issuer will be able to refinance the Notes following the Optional Redemption Date or that the Issuer will be able to sell the Mortgage Loans for a sufficient amount or at all, in order to pay the Notes in full on or following the Optional Redemption Date, or any date thereafter.

Consequently, in the event that proceeds received in respect of the Mortgage Loans and funds available to be withdrawn from the Redemption Account to pay the Interest Payment Amount and the Note Amount of the Class A2 Notes and the Class M Notes and to the extent not used to purchase Additional Mortgage Loans during the Reinvestment Period or fund Unfunded Draw Amounts, funds in the Accumulation Account and the Interest Reserve Account, are insufficient or otherwise unavailable to make all payments required on your Notes, there will be no recourse to the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Custodian or the Initial Purchasers or any of their affiliates or any other person. If the Issuer does not have sufficient assets to distribute the full amount due and payable to you as a Noteholder, your yield will be impaired, and the return of your principal may even be impaired, without your having recourse to anyone else. In addition, if the Trust Manager, Asset Managers or any Servicer fail to fund or reimburse such Construction Advances or Construction Advance Shortfall Amounts, Borrowers may commence litigation against the applicable Originator, such advances may go unfunded and returns on the Notes may be limited. In the event of a bankruptcy of the Trust Manager, Asset Managers or any Servicer, such Construction Advance or Construction Advance Shortfall Amounts may not be funded or reimbursed and may cause construction delays on the related Construction Advance Mortgage Loan and delays or reductions on payments on the Notes. Furthermore, certain funds of the Issuer may be released and paid out to other persons, such as service providers, or any other person entitled to payments from the Issuer prior to making payments on the Notes. Those funds will no longer be available to make payments to you.

The Sponsor and the Depositor Are Subject to Bankruptcy or Insolvency Laws That May Affect the Issuer's Ownership of the Mortgage Loans

In the event of the bankruptcy or insolvency of the Sponsor or the Depositor, it is possible the Issuer's right to payment from or ownership of the Mortgage Loans could be challenged, and if such challenge were successful, delays, reductions in payments and/or losses on the Notes could occur.

In the case of the Sponsor, an opinion of counsel will be rendered on the Closing Date, based on certain facts and assumptions and subject to certain qualifications, to the effect that the transfer of the related Mortgage Loans by the Sponsor to the Depositor would generally be respected in the event of a bankruptcy or insolvency of the Sponsor. A legal opinion is not a guaranty as to what any particular court would actually decide, but rather an opinion as to the decision a court would reach if the issues are competently presented and the court followed existing precedent as to legal and equitable principles applicable in bankruptcy cases. In any event, we cannot assure you that a bankruptcy trustee or another interested party, as applicable, would not attempt to assert that such transfer was not a sale. Even if a challenge were not successful, it is possible that payments on the Notes would be delayed while a court resolves the claim.

Financial Condition of the Sponsor

The Sponsor is not obligated to maintain any specific net worth or reserve capital, and there can be no assurance that the Sponsor will have the financial ability to repurchase any Mortgage Loan for which a Material Breach or a Material Document Defect has occurred.

If the Sponsor fails to perform a specified remedy with respect to a Mortgage Loan with respect to which a Material Breach has occurred or a Material Document Defect exists, the related Mortgage Loan will generally remain in the assets of the Issuer and the Issuer's continued ownership of the Mortgage Loan may lead to greater Realized Losses. In particular, Mortgage Loans (or any related REO Properties) that the Sponsor is unable to repurchase could experience significant losses that may equal or exceed the Unpaid Principal Balances on such Mortgage Loans, in particular to the extent that any such Mortgage Loan lacks an enforceable title insurance policy, which, in turn, could result in losses on the Notes.

Failure of the Sponsor, the Originators and/or the Asset Managers or Servicers to Successfully Attract and Retain Personnel May Cause the Notes to Suffer Delays or Shortfalls in Payments

Each of the Sponsor, the Originators, the Asset Managers and Servicers continuously evaluate the costs and expenses it incurs in its ordinary course of their respective businesses. As a result of such analysis, the Sponsor, the Originators and the Asset Managers or Servicers may from time to time lease additional office space and shift personnel among their respective offices in order to maximize their capital and reduce their costs of doing business. There can be no assurance that (i) any cost savings would be achieved from such lease of office space, shifting of personnel among its offices, reducing the size of its workforce in one location or expanding the size of its workforce in another location and (ii) the relevant entity will be able to find and recruit team members with similar experience or that the length of time the search for suitable replacements will not be longer than anticipated. Any difficulty or delay in finding the appropriate human resources could adversely impact their ability to perform its obligations under the Indenture, the Servicing Agreement and/or other Transaction Documents, as applicable. In addition, with respect to the Originators, a transition process may involve the risk of disruption of their respective origination activities which may affect their ability to originate Additional Mortgage Loans for transfer to the Issuer, and could cause the Notes to be paid earlier than anticipated. With respect to each of the Asset Managers or Servicers, the disruption of its servicing operations may affect its ability to process Collections, which could result in reductions or delays in the payments of the Notes.

Business interruptions could delay or prevent the Sponsor's business activities, which could have a material adverse effect on the Sponsor's business, financial condition and results of operations

Natural disasters, terrorists attacks, and other events could disrupt the Sponsor's operations, including cybersecurity breaches, that may be beyond the Sponsor's control. The Sponsor may not carry sufficient business interruption insurance to compensate it for losses that may occur. Any losses, costs or damages incurred by the Sponsor could have a material adverse effect on its operating results, cash flows, success as an overall business, ability to perform its obligations under the Transaction Documents including its repurchase and indemnification obligations and duties as Trust Manager and could result in reductions or delays in the payments of Notes.

The Sponsor's, Asset Manager's, any Subservicer's or any Servicer's Business Operations Could Suffer in the Event of Information Technology System Failures or Security Breaches.

Each of the Sponsor's, any Asset Manager's, any Subservicer's and any Servicer's information technology systems may be subject to security breaches, unauthorized access (malicious or accidental), misuse of information by authorized users, data leaks or unintentional exposure of information, failed process, loss of data, damages from computer viruses or malware, natural disasters, terrorism, telecommunication failures or disruption of service. Any system failure or security breach could cause interruptions in the Sponsor's, any Asset Manager's, any Subservicer's, or Servicer's, as applicable, operations in addition to the possibility of losing proprietary information and trade secrets. To the extent that any disruption or security breach results in inappropriate disclosure of our confidential information, the Sponsor, any Asset Manager, any Subservicer and/or Servicer, as applicable, may incur liability or additional costs to remedy the damages caused by these disruptions or security breaches. Any losses, costs or damages could affect the Sponsor's, the Asset Manager's or the Servicer's ability to perform its obligations under the Transaction Documents and could result in reductions or delays in the payments of Notes.

A Failure in or Breach of the Sponsor's, the Asset Manager's, Subservicer's or Servicer's Operational or Security Systems or Infrastructure, or Those of Third Parties, Could Disrupt the Sponsor's or Asset Manager's Business, and Adversely Impact its Results of Operations, Liquidity and Financial Condition, as well as Cause Legal or Reputational Harm

The Sponsor, any Asset Manager, any Subservicer and any Servicer each receive, maintain and store the non-public personal information of the Borrowers of the Mortgage Loans. The sharing, use, disclosure and protection of this information are governed by its privacy and data security policies. Moreover, there are federal, state and international laws regarding privacy and the storing, sharing, use, disclosure and protection of certain personal information and user data. Specifically, certain personal information is increasingly subject to legislation and regulations, including the California Consumer Privacy Act, which became effective on January 1, 2020, the intent of which is to protect the privacy of non-public personal information that is collected and handled. In addition, parties may become subject to new legislation or regulation concerning any information they may store or maintain. Any such parties could be adversely affected if legislation or regulations are modified such that they require changes to their business practices or privacy policies.

Security breaches, acts of vandalism, employee misconduct, human error, and developments in computer intrusion capabilities could result in a compromise or breach of the technology that the Sponsor, any Asset Manager, any Subservicer and any Servicer or their vendors use to protect Borrower's and the loan applicant's personal information and transaction data. The Sponsor, any Asset Manager, any Subservicer and any Servicer each invest in industry standard security technology designed to protect their data and business processes against risk of data security breach and cyber-attack. The Sponsor's, any Asset Manager's, any Subservicer's and any Servicer's data security management programs include identity, trust, vulnerability and threat management business processes as well as adoption of standard data protection policies. The Sponsor, any Asset Manager, any Subservicer and any Servicer each measure their data security effectiveness through industry accepted methods and remediates significant findings. The technology and other controls and processes designed to secure its client and loan applicant information and to prevent, detect and remedy any unauthorized access to that information were designed to obtain reasonable, not absolute, assurance that such information is secure and that any unauthorized access is identified and addressed appropriately. Accordingly, such controls may not have detected, and may in the future fail to prevent or detect, unauthorized access to non-public personal information it maintains.

Despite its efforts to ensure the integrity of its systems, it is possible that the Sponsor, any Asset Manager, any Subservicer or any Servicer, as applicable, may not be able to anticipate or implement effective preventive measures against all security breaches, especially because the techniques used change frequently or are not recognized until launched, and because security attacks can originate from a wide variety of sources, including third parties such as persons involved with organized crime or associated with external service providers. Those parties may also attempt to fraudulently induce employees, customers or other users of its systems to disclose sensitive information in order to gain access to its data or that of its customers, clients, or Borrowers.

Cybersecurity risks for mortgage lenders have significantly increased in recent years, in part, because of the proliferation of new technologies, the use of the Internet and telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. The Sponsor, any Asset Manager, any Subservicer and any Servicer and their respective customers, regulators and other third parties have been subject to, and are likely to continue to be the target of, cyberattacks. These cyberattacks include computer viruses, malicious or destructive code, phishing attacks, denial of service or information, improper access by employees or vendors or other security breaches that could result in the unauthorized release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information of the Sponsor, any Asset Manager, any Subservicer and any Servicer and their respective employees, its customers or of third parties, or otherwise materially disrupt its or its customers' or other third parties' network access or business operations.

Any penetration of network security, mobile devices or other misappropriation or misuse of personal information could cause interruptions in the operations of its businesses, financial loss to its customers, damage to its computers or operating systems and to those of its customers and counterparties and subject us to increased costs, litigation and other liabilities. In addition, the foregoing events could result in violations of applicable privacy and other laws. If this information is inappropriately accessed and used by a third party or an employee for illegal purposes, such as identity theft, the Sponsor, any Asset Manager, any Subservicer or any Servicer, as applicable, may be responsible to the affected mortgagor for any losses he or she may have incurred as a result of misappropriation. In such an instance, the Sponsor, any Asset Manager, any Subservicer or any Servicer, as applicable, may also be liable to a governmental authority for fines or penalties associated with a lapse in the integrity and security of its clients' and Borrowers' information. The Sponsor, any Asset Manager, any Subservicer or any Servicer, as applicable, may be required to expend significant capital and other resources to protect against and remedy any potential or existing security breaches and their consequences. In addition, the Sponsor, any Asset Manager, any Subservicer or any Servicer, as applicable, may not have adequate insurance to cover these losses.

Security breaches could also significantly damage its reputation with customers and third parties with whom the Sponsor, any Asset Manager, any Subservicer or any Servicer does business. Any publicized security problems affecting its businesses and/or those of such third parties may discourage customers from doing business with the Sponsor, any Asset Manager, any Subservicer or any Servicer, which could have a material adverse effect on their respective business, liquidity, financial condition, cash flows and results of operations.

Risks Relating to Other Servicers

The Mortgage Loans may be serviced by any combination of Asset Manager or Servicer, subject to the oversight of the Trust Manager, and other Asset Managers and Servicers may be appointed by the Trust Manager from time to time in accordance with the terms of the Administration Agreement pursuant to arrangements approved by the Trust Manager; provided, however, the Trust Manager will agree pursuant to the Administration Agreement that in the performance of its obligations thereunder, the Trust Manager will take any action that is directed by the Issuer or Noteholders holding more than 50% of the Percentage Interest of the Notes, which relates to the Trust Manager's oversight obligations with respect to the Mortgage Loans under this Agreement (unless the Trust Manager determines in its reasonable judgment that such action or inaction (i) may cause a violation of applicable laws, regulations, codes, ordinances, court orders or restrictive covenants with respect to any Mortgage Loan, Borrower or Mortgaged Property or (ii) may cause a violation of any provision of a Mortgage Loan Document). Although the Trust Manager will conduct diligence with respect to the new Servicers that service Mortgage Loans, the related Servicer may have limited operating experience and may change its respective approaches to loan servicing over time. Although the new Servicers will be required to service the related Mortgage Loans in accordance with the Accepted Servicing Criteria, no assurance can be given that the policies and procedures employed by any Servicer will not change over time. The Sponsor makes no representations or warranties regarding any Servicer. Noteholders will have no recourse to the Servicers with respect to any breaches of Sponsor's representations and warranties concerning the Mortgage Loans.

RISKS RELATED TO GENERAL MARKET CONDITIONS

Turbulence in the Financial Markets, the Mortgage Market and the Economy May Adversely Affect the Performance and Market Value of Your Notes, and These Conditions May Not Improve

Market and economic conditions during the past several years have caused significant disruption in the credit markets. Continued concerns about the availability and cost of credit, the U.S. mortgage market, some real estate markets in the U.S., economic conditions in the U.S. and Europe and the systemic impact of inflation or deflation, energy costs, geopolitical issues, political gridlock on United States federal budget matters including full or partial government shutdowns, trade wars, the COVID-19 pandemic (and any future outbreaks of coronavirus or similar disease) and potential military actions or threats have contributed to increased market volatility and diminished expectations for the U.S. economy. Increased market uncertainty and instability in both U.S. and international capital and credit markets, combined with declines in business and consumer confidence and increased unemployment, have contributed to volatility in domestic and international markets, especially in light of recent disruptions in global economies, markets and supply chains and historically high inflation in the United States.

The financial crisis that emerged in 2008 and ensuing events have resulted in a substantial level of uncertainty in the financial markets, particularly with respect to mortgage-related investments, in particular private label RMBS. The responses to the crisis and events have included, among other things, numerous actions of monetary and fiscal authorities in the United States and Europe, such as:

(i) the conservatorship and the control by the U.S. government since September 2008 of Freddie Mac and Fannie Mae, as further described under "—*Developments in the Residential Mortgage Market May Adversely Affect the Performance and Market Value of Your Notes*" in this Offering Memorandum; and

(ii) the adoption or revision, or proposed adoption or revision, of statutes and regulations governing securitization markets in the United States and Europe, such as the adoption of revised Regulation AB by the U.S. Securities and Exchange Commission ("SEC") in August 2014, the adoption of the Federal Deposit Insurance Corporation's final securitization safe harbor rule, the enactment of the Dodd-Frank Act and pending and recently finalized regulatory implementation and certain European Union regulatory initiatives, as further described below under "—*Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Trust Manager or on the Value or Marketability of the Notes*" in this Offering Memorandum.

Although the United States economy emerged from the recession resulting from the 2008 Financial Crisis, the U.S. and the global economy have been materially and adversely impacted as a result of the recent COVID-19 pandemic and other adverse events such as interest rate volatility, supply chain issues, labor shortages and inflation.

Increased market uncertainty and instability in both U.S. and international capital and credit markets, combined with declines in business and consumer confidence and increased unemployment, have contributed to volatility in domestic and international markets. Concern about the stability of the markets and the creditworthiness of counterparties has led many lenders and institutional investors to reduce, and in some cases cease, lending to certain borrowers. Continued turbulence in the U.S. and international markets and economies may negatively affect the U.S. housing market and the credit performance and market value of residential mortgage loans.

On January 20, 2021, Joseph Biden became President of the United States. The legislative agenda of the Biden Administration and the Senate has prioritized recovery from the COVID-19 pandemic, including economic stimulus to many sectors of the economy. These changes may have a direct impact on real estate values and prevailing mortgage rates for commercial and residential properties. To the extent such changes impact the U.S. residential housing sector, in particular housing values or residential mortgage rates, the impact could lead to (i) higher or lower housing inventories based on the impact to residential real estate values, and/or (ii) higher or lower mortgage residential mortgage interest rates which will directly impact affordability.

Particular uncertainty persists regarding the prospects for growth in the U.S. economy, and a number of factors have contributed to this uncertainty, including the COVID-19 pandemic and resulting volatility in the financial markets, government debt levels, prospective Federal Reserve policy shifts, the armed conflict between Ukraine and Russia, the armed conflict in the Middle East, changing U.S. consumer spending patterns, pending regulations (including with respect to asset-backed securitization), and changing expectations for inflation and deflation. Furthermore, many state and local governments in the United States are experiencing, and may continue to experience, severe budgetary strain including full or partial government shutdowns. In order to avert a government shutdown, Congress enacted a series of continuing resolutions before passing government funding packages on March 8, 2024 and March 22, 2024. These measures keep the federal government funded through the 2024 fiscal year ending on September 30, 2024. There is no assurance that Congress will pass future spending bills in time to avert a government shutdown. One or more states or significant local governments could default on their debt or seek relief from their debt under the Bankruptcy Code or by agreement with their creditors. Any or all of the circumstances described above may lead to further volatility in or disruption of the credit markets at any time and adversely affect the value of your

Notes. Moreover, other types of events may affect financial markets, such as war, revolt, insurrection, armed conflict, terrorism, political crisis, natural disasters and man-made disasters. We cannot predict such matters or their effect on the mortgage markets generally, or on the value or performance of the Mortgage Loans or your Notes.

In addition to COVID-19, other epidemic diseases, such as measles, Severe Acute Respiratory Syndrome, Ebola, H1N1, Zika, avian influenza, and swine flu or the fear of such diseases, could foster economic downturns or otherwise affect the markets in which the Sponsor operates and the Sponsor's abilities to operate its business and investments in the Mortgage Loans, as well as the Trust Manager's ability to fund or reimburse any Construction Advance or Construction Advance Shortfall Amount payments. Outbreaks of epidemic diseases may result in adverse impacts on the global economy in general or on the U.S. or other economies in particular, as well as causing significant uncertainty in both domestic and global financial markets and increasing volatility and/or disruption in the capital markets. In addition, responses to an outbreak could have a material adverse effect on economies generally and may result in increased defaults on the Mortgage Loans and decreased cash flow among other effects, any of which alone or in combination could negatively affect the ability of the Issuer to generate sufficient cash flow to pay its obligations. The various future impacts of these matters are difficult to predict, and these additional risks may adversely affect the Issuer's ability to pay the interest and principal payments due on the Notes. See also "*—Potential Risks Associated with the COVID-19 pandemic*" in this Offering Memorandum.

Investors should consider that general conditions in the residential real estate and mortgage markets and any changes in those conditions may adversely affect the performance of the Mortgage Loans and the performance or market value of the Notes. There can be no assurance that governmental or other actions will improve these conditions. In addition, in connection with all the circumstances described above, you should be aware in particular that:

(i) such circumstances may result in substantial delinquencies and defaults on the Mortgage Loans and adversely affect the amount of Liquidation Proceeds the Issuer would realize in the event of foreclosures and liquidations;

(ii) such circumstances may adversely affect the performance of the Sponsor which may in turn adversely affect the Sponsor's, or its designated affiliate's, ability to repurchase Mortgage Loans or make an indemnification payment with respect to Liquidated Loan, in each case, subject to a Material Breach or a Material Document Defect;

(iii) defaults on the Mortgage Loans may occur in large concentrations over a period of time, which might result in rapid declines in the value of your Notes;

(iv) notwithstanding that many of the Mortgage Loans were recently underwritten and originated, the values of the related Mortgaged Properties may have declined since the Mortgage Loans were originated and may decline following the issuance of the Notes and such declines may be substantial and occur in a relatively short period following the issuance of the Notes, and such declines may occur for reasons largely unrelated to the circumstances of the particular Mortgaged Property;

(v) if you desire to sell your Notes, you may be unable to do so or you may be able to do so only at a substantial discount from the price you paid, and this may occur within a relatively short period following the issuance of the Notes and for reasons unrelated to the then current performance of the Notes or the Mortgage Loans;

(vi) if you desire to obtain financing for your Notes, you may be unable to do so or you may be able to do so only at higher interest rates, and this may occur within a relatively short period following the issuance of the Notes and for reasons unrelated to the then current performance of the Notes or the Mortgage Loans;

(vii) such circumstances may result in increased or decreased prepayment activity with respect to the Mortgage Loans, which may affect the performance and market value of one or more classes of Notes;

(viii) such circumstances may result in substantial delinquencies on the Mortgage Loans, which may become the subject of modifications, including reductions in the principal balance of the Mortgage Loans;

(ix) if the Mortgage Loans default, then the yield on your investment may be substantially reduced notwithstanding that Liquidation Proceeds may be sufficient to result in the repayment of the principal of and accrued interest on your Notes;

(x) the time periods to resolve defaulted Mortgage Loans may be long, and those periods may be further extended because of borrower bankruptcies, related litigation and any federal and state legislative, regulatory and/or administrative actions or investigations; and

(xi) each of the circumstances described above may be exacerbated due to the COVID-19 pandemic.

In light of the circumstances described above, the risks we describe elsewhere under "*Risk Factors*" in this Offering Memorandum are heightened substantially, and you should review and carefully consider such risk factors in light of such circumstances.

Illiquidity in the Mortgage-Backed Securities Market May Adversely Affect the Market Value of Your Notes

Your Notes will not be listed on any national securities exchange or traded on any automated quotation systems of any registered securities association, and there is currently no secondary market for the Notes. The Notes also have significant transfer restrictions, including the restriction that any purchaser must be a (1) "qualified institutional buyer" as defined in Rule 144A under the Securities Act or (2) with respect to the Class A1 Notes or the Class A2 Notes, an institution that is not a "U.S. person" within the meaning of Regulation S. The Depositor has been advised by the Initial Purchasers that the Initial Purchasers intend to make a market in the Class A Notes but the Initial Purchasers have no obligation to do so. No representation is made by any person or entity as to what the market value of any Note will be at any time. In recent years, the RMBS market has experienced greatly reduced liquidity and could continue to experience significant disruptions resulting from reduced investor demand for mortgage loans and mortgage-backed securities, increased investor yield requirements and fluctuating investor confidence. In particular, the recent COVID-19 pandemic created severe disruptions and significant uncertainty in global financial markets. The Federal Reserve declared emergency interest rate cuts on March 3, 2020 and March 15, 2020, respectively, in an attempt to help stabilize the financial markets in response to concerns surrounding the economic effects of the COVID-19 pandemic. On March 16, 2022, the Federal Reserve approved an interest rate increase of 0.25% and, on May 4, 2022, announced a further increase of 50 basis points and announced it would cap holdings to $30 billion of Treasury securities per month and after three months will increase to $60 billion per month, and $17.5 billion in agency debt and agency mortgage-backed securities per month and after three months will increase to $35 billion per month. On March 22, 2023, May 4, 2023 and July 27, 2023, the Federal Reserve increased the benchmark rate an additional 1/4 percent and raised the target range for the federal funds rate to 5-1/4 to 5-1/2 percent, and could, in the future, introduce further increases. The continuance of these actions could cause the secondary market for mortgage-backed securities to stagnate or become more illiquid. Any additional interest rate increases in the future could adversely impact the residential mortgage market. There can be no assurance that a secondary market for the Notes will develop or, if it does develop, that it will continue. Accordingly, you may not have an active or liquid secondary market for your Notes.

The market value of the Notes can be volatile. This market value can change rapidly and significantly and changes can result from a variety of factors. However, a decrease in market value may not necessarily be the result of deterioration in the performance or anticipated performance of the Mortgage Loans. For example, changes in mortgage rates, perceived risk, supply and demand for similar investment products, accounting standards, capital requirements that apply to regulated financial institutions, and other factors that are not directly related to the Mortgage Loans can adversely and materially affect the market value of the Notes.

It is possible that investors who desire to sell their Notes in the secondary market may find no or few potential purchasers and experience lower resale prices than expected. Investors who desire to obtain financing for their Notes similarly may have difficulty obtaining any credit or credit with satisfactory interest rates, which may result in lower leveraged yields and lower secondary market prices upon the sale of the Notes.

We make no representation as to the proper characterization of the Notes for legal investment, regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Notes under applicable legal investment or other restrictions or as to the consequences of an investment in the Notes for such purposes or under such restrictions. However, the following are examples of statutory and regulatory developments that may adversely affect the ability of particular investors to hold or acquire RMBS or the consequences to them of an investment in RMBS and, thus, the ability of investors in the Notes to resell their Notes in the secondary market.

(i) Section 939A of the Dodd-Frank Act requires the U.S. federal banking agencies and other federal regulators to modify their existing regulations to remove any reliance on credit ratings and establish alternative standards of creditworthiness. As a general rule, national banks are permitted to invest only in "investment grade" instruments, which under pre-existing regulations has been determined based on the credit ratings assigned to these instruments. These national bank investment-grade standards are incorporated into statutes and regulations governing the investing authority of most state banks, and, thus, most state banks are required to adhere to these same investment-grade standards. The Office of the Comptroller of the Currency, the primary regulator of national banks (the "OCC") revised its regulatory definition of "investment grade" to require a bank's determination regarding whether "the issuer of a security has adequate capacity to meet financial commitments under the security for the projected life of the asset or exposure." While national banks may continue to consider credit ratings, they may not rely exclusively on such ratings and must conduct separate due diligence to confirm the investment grade of the instruments. Likewise, the federal banking regulators adopted amendments to the market risk capital rules to reflect the appropriate capital treatment of debt and securitization positions without reliance on the credit ratings assigned to those instruments. These developments may limit the ability or willingness of national banks to purchase notes, especially any notes that have not been assigned a credit rating, which in turn may adversely affect the liquidity of the Notes in the secondary market. This could adversely affect your ability to transfer Notes or the price you may receive upon your sale of Notes.

(ii) The Financial Accounting Standards Board recently adopted changes to the accounting standards for structured products such as the Notes. These changes, or any future changes, may affect the manner in which you must account for your investment in any Notes and, under some circumstances, may require that you consolidate the entire Issuer on your balance sheet. Prospective investors in the Notes should consult their accounting advisors to determine the effect that accounting standards, including the recent changes, may have on them. The imposition of these standards could affect the ability or willingness of various entities to purchase Notes, which in turn may adversely affect the liquidity of the Notes in the secondary market. This could adversely affect your ability to transfer Notes or the price you may receive upon your sale of Notes.

(iii) The application of Rule 15c2-11 under the Exchange Act, and other regulatory requirements applicable to the publication or submission of quotations, directly or indirectly, in any quotation medium by a broker or dealer for securities such as the Notes may adversely affect the liquidity of the Notes in the secondary market. This could adversely affect your ability to transfer Notes or the price you may receive upon your sale of Notes.

In addition, future statutory or regulatory developments may further limit the ability or desire of investors in the Notes to resell their Notes in the secondary market. The Federal Reserve may raise its benchmark interest rate at any time. Such an interest rate increase could adversely impact the residential mortgage market. In addition, the SEC amended Exchange Rule 15c2-11, which governs the publication or submission of quotations in the over-the-counter securities markets. On November 30, 2022, the staff of the SEC issued a no-action letter providing interpretive guidance under Exchange Act Rule 15c2-11, which requires that brokers and dealers, who publish quotations on securities on any interdealer quotation system or other quotation medium, must ensure that certain information about the issuer be publicly available. The November 30, 2022 no-action letter provides that these information requirements will not be applicable to certain categories of fixed income securities, including asset-backed securities offered under Rule 144A where the broker or dealer reasonably believes that the issuer will provide information as and when required under Rule 144A(d)(4). On October 30, 2023, the SEC issued an order providing exemptive relief for fixed income securities issued under Rule 144A. However, any future regulatory requirements restricting the ability of brokers and dealers to publish quotations may adversely affect any secondary market for the Notes.

On November 27, 2023, the SEC issued the final Rule 192 pursuant to Section 27B of the Securities Act (the "Securitization Conflicts of Interest Rule") for the purpose of prohibiting material conflicts of interest in asset-backed securities transactions. The rule prohibits an underwriter, placement agent, initial purchaser or sponsor of any asset backed securities, and certain affiliates and subsidiaries of such entities, from engaging in any transaction that would involve or result in a material conflict of interest as defined by the SEC, subject to certain exceptions. Compliance with the new rule will be required with respect to any asset backed security the first closing of the sale of which occurs 18 months after publication of the new rules in the Federal Register. It is uncertain at this time what impact the rule, if adopted, will have on the RMBS market, securitization participants or the Notes.

Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Trust Manager or on the Value or Marketability of the Notes

Disruptions in the global financial markets in recent years have led to extensive and unprecedented governmental intervention. Such intervention was, in certain cases, implemented on an expedited basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions often have been unclear in scope and application, resulting in confusion and uncertainty, which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

Recent legislative initiatives and completed and pending regulatory implementation and any uncertainty about the nature and timing of the regulations, including the Dodd-Frank Act and related implementing regulations and recently adopted and proposed amendments to Regulation AB, may create uncertainty in the credit and other financial markets. Such uncertainty may affect the performance of the transaction parties and may adversely affect the value or marketability of the Notes.

The Dodd-Frank Act and Regulatory Implementation. Changes in federal banking and securities laws, including those resulting from the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") enacted in the United States, may have an adverse effect on issuers, investors, or other participants in the asset-backed securities markets (including RMBS). In particular, capital regulations were issued by the U.S. banking regulators in July 2013; these regulations implement the increased capital requirements established under the Basel Accord. These capital regulations eliminate reliance on credit ratings and otherwise alter, and in most cases increase, the capital requirements imposed on depository institutions and their holding companies, including with respect to ownership of asset-backed securities. Further changes in capital requirements have been announced by the Basel Committee on Banking Supervision and it is uncertain when such changes will be implemented in the United States. These changes may have an adverse effect with respect to investments in asset-backed securities (including RMBS).

The Issuer has not registered and is not required to register with the Securities and Exchange Commission as an investment company pursuant to the Investment Company Act of 1940, as amended (the "Investment Company Act") in reliance on the exclusion afforded by Section 3(c)(5)(C) of the Investment Company Act, although other exemptions or exclusions may be applicable. The Issuer is being structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the "Volcker Rule"). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. Under the Volcker Rule, unless otherwise jointly determined by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. Any prospective investor in the Notes, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

In 2018, the five federal agencies responsible for implementing the Volcker Rule issued a notice of proposed rulemaking that would amend certain aspects of the implementing regulations not relevant to this transaction. As part of that notice, though, the agencies also requested public comment on the need for potential changes to virtually all aspects of the implementing regulations, including those aspects of the regulations relevant to securitizations and their treatment under the Volcker Rule's covered fund provisions. In 2019, these agencies adopted final regulations consistent with the amendments proposed in 2018. In addition, in early 2020, these agencies proposed additional amendments to the final regulations, including changes relevant to the treatment of securitizations, although none of the proposed changes, if adopted as proposed, would affect the exclusion from the "covered fund" definition afforded by Rule 3a-7 promulgated under the 1940 Act. It is unclear at this time what changes ultimately will be made to the Volcker Rule's implementing regulations arising from this public comment process, and whether any such changes will affect the ability of banking entities to acquire and retain securities issued by securitization issuers. In addition, in June 2020, these agencies adopted additional amendments to the final regulations, including changes relevant to the treatment of securitizations, which amendments became effective October 1, 2020. In particular, these recent amendments narrow the definition of "ownership interest," ease certain aspects of the loan securitization exclusion, and create additional exclusions from the "covered fund" definition. It is unclear at this time whether any additional amendments to the Volker Rule regulations will be proposed or adopted. Each investor in the Notes must make its own determination as to whether it is subject to the Volcker Rule, whether its investment in the Notes would be restricted or prohibited under the Volcker Rule, and the potential impact of the Volcker Rule on its investment, any liquidity in connection therewith and on its portfolio generally. Investors in the Notes are responsible for analyzing their own regulatory position and none of the Depositor, Issuer, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Note Registrar or Sponsor nor any of their affiliates makes any representation to any prospective investor or purchaser of the Notes regarding the application of the Volcker Rule to the Issuer, or to such investor's investment in the Notes on the Closing Date or at any time in the future.

Many provisions of the Dodd-Frank Act are required to be implemented through rulemaking by the applicable federal regulatory agencies, and some of this rulemaking has yet to occur. Therefore, the full impact of financial regulatory reform on the financial markets and its participants and on the asset-backed securities market in particular will not be known for some time. No assurance can be given that the Dodd-Frank Act and its implementing regulations, or the imposition of additional regulations, will not have a significant adverse impact on the value of the Notes, on the servicing of the Mortgage Loans or on the Issuer, the Sponsor, the Depositor, the Asset Managers, the Servicers, the Originators, the Indenture Trustee, the Custodian, the Trust Manager, the Paying Agent, the Note Registrar or the Owner Trustee.

Amendments to Regulation AB. In August 2014, the SEC adopted rules that substantially revised Regulation AB and other rules governing the offering process, disclosure and reporting for asset-backed securities issued in registered transactions. Among other things, the changes require enhanced disclosure of asset-level information at the time of the securitization and on an ongoing basis. Revised Regulation AB introduced shelf eligibility requirements for depositors, including a requirement that the chief executive officer of the depositor or the chief executive officer in charge of securitization for the depositor deliver a certification with respect to the prospectus and the transaction structure. As required under Section 939A of the Dodd-Frank Act, the shelf eligibility requirements remove any reliance on investment-grade credit ratings. No assurance can be given that the standards will not be applied by other issuing entities of RMBS relying on the Rule 144A safe harbor, and, if so, what effect (if any) any such issuance will have on the value or marketability of the Notes. Neither this Offering Memorandum nor the provisions of the Transaction Documents will be compliant with the provision of Regulation AB. Such noncompliance may adversely affect the market values of the Notes.

Certain elements of proposals to revise Regulation AB remain outstanding, including the proposal conditioning reliance by issuers of structured finance products (including RMBS) on the Rule 144A and Rule 506 safe harbors on the inclusion of provisions in the Transaction Documents requiring an issuer to provide, and represent that it will provide, on request, the same initial and ongoing information (including asset-level information) as would be required if the offering were a registered offering. It is not clear when or whether any of the proposed revisions to Regulation AB that remain outstanding will be adopted or how those standards will be implemented, what effect those standards will have on securitization transactions and to what extent the Issuer, the Sponsor, the Depositor, the Asset Managers, the Originators, the Indenture Trustee, the Owner Trustee, the Custodian, the Trust Manager, the Paying Agent or the Note Registrar will be affected. No assurance can be given that the proposed revisions, if implemented, will not apply to this transaction or have an adverse impact on the value or marketability of the Notes.

On October 21, 2014, the Federal Deposit Insurance Corporation (the "FDIC"), the Federal Housing Finance Agency ("FHFA") and the OCC adopted a final rule implementing the credit risk retention requirements of section 941 of the Dodd-Frank Act for asset-backed securities (the "Risk Retention Rules"). The following day, the Federal Reserve, the SEC and the Department of Housing and Urban Development adopted the Risk Retention Rules. As required by the Dodd-Frank Act, the Risk Retention Rules generally require "securitizers" to retain not less than 5% of the credit risk of the mortgage loans securitized and generally prohibit securitizers from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. In accordance with Risk Retention Rules, as of the Closing Date, the Sponsor or its majority-owned affiliate will retain an eligible horizontal residual interest equal to at least 5% of the fair value of the securities issued by the Issuer as determined using a fair value measurement framework under GAAP. See "*U.S. Credit Risk Retention*" in this Offering Memorandum.

On September 15, 2021, the FHFA issued a proposed rule on amendments to the Enterprise Regulatory Capital Framework, including in connection with the leverage buffer and the risk-based capital treatment of credit risk transfer transactions. The FHFA issued the final rule amending the Enterprise Regulatory Capital Framework on February 25, 2022. On May 26, 2022, the FHFA published a final rule further amending the Enterprise Regulatory Capital Framework by introducing new public disclosure requirements for the GSEs. Then on November 21, 2023, the FHFA published a final rule with additional amendments to the Enterprise Regulatory Capital Framework, including in connection with guarantees on commingled securities, multifamily mortgage exposures secured by properties with government subsidies, derivatives and cleared transactions, and credit scores. As of the date of this Offering Memorandum, it remains unclear whether any of these legislative or regulatory reforms will be enacted or implemented. While it is unclear whether, and to what extent, these proposals and reform plans (including any plans that may be proposed by the Biden administration) may be implemented, how long any such wind-down or conversion of Fannie Mae and Freddie Mac, if implemented, would take, or how the court ruling may impact the FHFA, Fannie Mae or Freddie Mac, a reduction in the ability of mortgage loan originators to access Fannie Mae and Freddie Mac to sell their mortgage loans may adversely affect the financial condition of mortgage loan originators. In addition, any decline in the value of securities issued by Fannie Mae and Freddie Mac may affect the value of residential mortgage-backed securities in general and the Notes in particular.

There is limited guidance from regulatory authorities as to whether certain types of financing arrangements the Sponsor or its majority-owned affiliates may enter into would comply or would not comply with the Risk Retention Rules. As a result, it is possible that a regulatory agency would make a determination that the terms and conditions of any financing arrangement entered into by the Sponsor or its majority-owned affiliates would fail to comply with the Risk Retention Rules.At this time, it is unclear what effect a failure of the Sponsor to be in compliance with the Risk Retention Rules at any time will have on the market value or liquidity of the Notes.

In addition, these and other regulatory agencies recently have proposed or adopted financial reform regulations. It is not clear whether or when any proposed regulations will be adopted, what the final form of any such regulations will be, how they will be implemented, or if the Issuer, the Depositor, the Asset Managers, the Originators, the Trust Manager, the Owner Trustee or any successor servicer will be affected. No assurance can be given that any proposed regulations will not have an adverse impact on the Issuer, the Depositor, the Originators, the Asset Managers, the Trust Manager or any successor servicer or on the market value of your Notes.

Senate Bill 264. A number of jurisdictions have passed or proposed legislation to restrict the ownership of real estate by individuals from certain countries and entities controlled by such individuals. For example, on May 8, 2023, the Florida Legislature enacted Senate Bill 264 ("SB 264"), which revises and adds certain statutory restrictions on persons, entities, and governments from certain countries to operate in the state of Florida. SB 264, which became effective on July 1, 2023, restricts certain "foreign principals," which include persons who are domiciled in a "Country of Concern" (which the bill defines as China, Russia, Iran, North Korea, Cuba, Syria, and Venezuela) and who are not U.S. citizens/lawful permanent U.S. residents, from purchasing certain types of agricultural property or property around a military installation or critical infrastructure facilities (within 10 miles of such facility) except for a de minimis indirect interest. In addition, SB 264 specifically prohibits Chinese persons who are domiciled in China and who are not U.S. citizens/lawful permanent U.S. residents from purchasing any sort of real property in Florida except for a de minimis indirect interest. With respect to the Chinese person provisions, if any real property is owned or acquired in violation of the law, the real property may be forfeited to Florida. The state may sell the property and any proceeds must first be paid to any lienholders, however there can be no assurance whether the proceeds of such a sale would be adequate to pay off any outstanding mortgage loan in its entirety. A violation constitutes a felony of the third degree and a person who knowingly sells property or any interest in violation of this law will be committing a misdemeanor of the first degree. Similar penalties apply for violating of the agricultural land provisions or the military installation/critical infrastructure provisions. SB 264 is subject to legal challenges in Florida, seeking an injunction against the law's implementation, citing its unconstitutionality against the U.S. Constitution. it is unclear how those legal challenges will affect the implementation of SB 264 and there can be no assurance regarding the impact of SB 264 or any other similar legislation enacted or pursued in other U.S. states. The third-party review firms have not performed any testing on the Mortgage Loans to determine whether the Mortgage Loans are subject to and in violation of SB 264 or any similar laws in other states given the difficulty in developing reliable review procedures. Due to the lack of clarity and diligence testing around these new laws, we cannot predict the effect of these new laws, if any, on payments (or any delay in payments) in respect of the Mortgage Loans or on the delinquency, default, prepayment or nonpayment performance of the Mortgage Loans which may be subject to these laws or on payments on the Offered Notes.

Corporate Transparency Act and Beneficial Ownership Reporting. On January 1, 2024, the Corporate Transparency Act (31 U.S.C. § 5336) and its implementing regulation (31 C.F.R. § 1010.380) ("CTA") went into effect and require any legal entity that is formed or registered to do business in the U.S. that is not otherwise exempt to file a beneficial ownership information report with the U.S. Department of the Treasury's Financial Crimes Enforcement Network ("FinCEN"). Each beneficial ownership information report must contain identifying information of the reporting company and each individual with substantial control or 25 percent or more of the ownership interests of the reporting company. New York State has passed a law similar to the CTA and other U.S. states may do so in the future. The Initial Purchasers do not anticipate having any obligation to monitor the requirements of, or compliance with, the CTA and other similar laws or regulations.

To comply with such laws, the Issuer may be required to file beneficial ownership information reports with FinCEN or disclose information related to itself or its Beneficial Owners (as such term is defined in the CTA). The Issuer may impose additional requirements or transfer restrictions on the Securities to comply with the CTA and similar laws, including requiring Securityholders to make representations and/or provide certain personally identifying information and documentation to in connection with such compliance. Such information and documentation may be used for purposes of compliance with the CTA and similar laws, and to satisfy anti-money laundering and anti-terrorism financing laws, or to the extent required by applicable law, subpoena or other legal process, or request by any governmental authority having jurisdiction over the Issuer.

Failure to comply with the CTA and similar laws, including by willfully providing, or attempting to provide, false or fraudulent beneficial ownership information, or willfully failing to report complete or updated beneficial ownership information to FinCEN, may result in significant penalties, including civil and criminal fines levied upon the Issuer, which could adversely affect the value of the Securities.

EU Due Diligence Requirements and UK Due Diligence Requirements Will Affect Certain Potential Investors. Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017, laying down a general framework for securitization and creating a specific framework for simple, transparent and standardized securitization and amending certain other European Union directives and regulations (as amended by Regulation (EU) 2021/557 and as may be further amended, supplemented or replaced from time to time, the "EU Securitization Regulation") is directly applicable in member states of the European Union (the "EU") and will be applicable in any non-EU states of the EEA in which it has been implemented.

Article 5 of the EU Securitization Regulation places certain conditions on investments in a "securitisation" (as defined in the EU Securitization Regulation) (the "EU Due Diligence Requirements") by "institutional investors", defined to include (a) a credit institution or an investment firm as defined in and for purposes of Regulation (EU) No 575/2013, as amended, known as the Capital Requirements Regulation (the "EU CRR"), (b) an insurance undertaking or a reinsurance undertaking as defined in Directive 2009/138/EC, as amended, known as Solvency II, (c) an alternative investment fund manager as defined in Directive 2011/61/EU that manages and/or markets alternative investment funds in the EU, (d) an undertaking for collective investment in transferable securities ("UCITS") management company, as defined in Directive 2009/65/EC, as amended, known as the UCITS Directive, or an internally managed UCITS, which is an investment company that is authorized in accordance with that Directive and has not designated such a management company for its management, and (e) with certain exceptions, an institution for occupational retirement provision falling within the scope of Directive (EU) 2016/2341, or an investment manager or an authorized entity appointed by such an institution for occupational retirement provision as provided in that Directive. Pursuant to Article 14 of the EU CRR, the EU Due Diligence Requirements also apply to investments by certain consolidated affiliates, wherever established or located, of institutions regulated under the EU CRR (such affiliates, together with all such institutional investors, the "EU Affected Investors").

Prior to investing in (or otherwise holding an exposure to) a "securitisation position" (as defined in the EU Securitization Regulation), an EU Affected Investor, other than the originator, sponsor or original lender (each as defined in the EU Securitization Regulation) must, among other things: (i) verify that, where the originator, sponsor or original lender (each as defined in the EU Securitization Regulation) is established in a third country (that is, not within the EU or the EEA), the originator, sponsor or original lender will retain, on an ongoing basis, exposure to a material net economic interest of not less than five percent in this securitization determined in accordance with Article 6 of the EU Securitization Regulation and such risk retention is disclosed to institutional investors; (ii) verify that the originator, sponsor or securitization special purpose entities ("SSPEs") (as defined in the EU Securitization Regulation) has, where applicable, made available the information required by Article 7 of the EU Securitization Regulation in accordance with the frequency and modalities provided for in that Article; (iii) verify that, where the originator or original lender is established in a third country (that is, not within the EU or the EEA), the originator or original lender grants all the credits giving rise to the underlying exposure on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness, and (iv) carry out a due-diligence assessment which enables the EU Affected Investor to assess the risks involved, considering at least (A) the risk characteristics of the securitization position and the underlying exposures, and (B) all the structural features of the securitization that can materially impact the performance of the securitization position.

The EU Due Diligence Requirements also provide that, while holding a securitization position, an EU Affected Investor must: (a) establish appropriate written procedures in order to monitor, on an ongoing basis, its compliance with the foregoing requirements and the performance of the securitization position and of the underlying exposures; (b) regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures; (c) ensure internal reporting to its management body to enable adequate management of material risks; and (d) be able to demonstrate to its regulatory authorities that it has a comprehensive and thorough understanding of the securitization position and its underlying exposures and has implemented written policies and procedures for managing risks of the securitization position and maintaining records of the foregoing verifications and due diligence and other relevant information.

Article 6 of the EU Securitization Regulation imposes a direct obligation on the originator, sponsor or original lender of a securitization to retain a material net economic interest in the securitization of not less than 5% (the "EU Risk Retention Requirements"). Certain aspects of the EU Risk Retention Requirements are further specified in regulatory technical standards set out in Commission Delegated Regulation (EU) No. 2023/2175 of July 7, 2023 (the "EU RTS").

The EU Securitization Regulation is silent as to the jurisdictional scope of the EU Risk Retention Requirements and consequently, whether, for example, they impose a direct obligation upon U.S.-established entities, such as the Sponsor. However, the explanatory memorandum to the original European Commission proposal for legislation that was ultimately enacted as the EU Securitization Regulation stated that "The current proposal thus imposes a direct risk retention requirement and a reporting obligation on the originator, sponsor or the original lenders. For securitizations notably in situations where the originator, sponsor nor original lender is not established in the EU, the indirect approach will continue to fully apply."; and the EBA, in a paper published on July 31, 2018 in relation to the draft regulatory technical standards then proposed to be made in respect of the EU Risk Retention Requirements, said: "The EBA agrees however that a 'direct' obligation should apply only to originators, sponsors and original lenders established in the EU as suggested by the European Commission in the explanatory memorandum". This interpretation (the "EBA Guidance Interpretation") is, however, non-binding and not legally enforceable. Based on the above, the Sponsor is of the view that it is not subject to a direct obligation to comply with the EU Risk Retention Requirements. Notwithstanding the above, the Sponsor, as "originator" for purposes of the EU Securitization

Regulation as in effect as at the Closing Date, will agree to retain a material net economic interest in the transaction of not less than 5% as described in *"EU and UK Risk Retention"* in this Offering Memorandum.

The Boards of Supervisors of the European Supervisory Authorities (the "ESAs") published an opinion on 25 March 2021 with regard to the EU Securitization Regulation (the "ESAs' Opinion"), which indicated that an EU Affected Investor may be required to verify compliance with the transparency requirements in Article 7 of the EU Securitization Regulation by (for example) an originator or an issuer established in the United States. The ESAs' Opinion noted that it may be (at least) very challenging for EU Affected Investors to discharge their requirements relating to such transparency requirements in third country securitisations. Accordingly, the ESAs' view was that the obligations regarding the transparency requirements in Article 7 of the EU Securitization Regulation should be reassessed to determine whether more flexibility could be added to the framework for third country securitisations (and, in this respect, the ESAs recommended that the European Commission considers the feasibility of establishing a third country equivalence regime in respect of the Transparency Requirements). However, the report of the Joint Committee of the ESAs on the implementation and functioning of the EU Securitization Regulation published on 17 May 2021 (the "Joint Committee Report") suggested that interpretative guidance should follow the proposals made in the ESAs' Opinion on the jurisdictional scope of application of the EU Securitization Regulation. Neither the ESA's Opinion nor the Joint Committee Report are official regulatory guidance and are not binding on EU Affected Investors. Both the ESA Opinion and the Joint Committee Report were considered by the European Commission, which subsequently published a report to the European Parliament and Council on the functioning of the EU Securitization Regulation on 10 October 2022 (the "Commission Report") in which, among other things, included guidance on interpretation of Article 5(1)(e) and the applicability of Article 7 of the EU Securitization Regulation, clarifying that an EU Affected Investor investing in a non-EU securitisation must ensure that that originator, sponsor or SSPE (as defined in the EU Securitization Regulation) comply with the requirements of Article 7. Such compliance would also include the requirement to use prescribed reporting templates. While the Commission Report is not a statement of law, it represents influential guidance as to the interpretation of the current EU Securitization Regulation, and therefore EU Affected Investors should likely conclude that an investment in the Notes would not enable them to comply with the EU Investor Requirements, as it is not presently intended that the reports available to Noteholders would be conformed to any of the reporting templates prescribed for the purposes of Article 7 of the EU Securitization Regulation, and neither the Sponsor nor the Issuers presently intend to take any other action or provide any other information in the form prescribed by Article 7 of the EU Securitization Regulation.

Since January 2021, with respect to the UK, relevant UK-established or UK-regulated persons are subject to the restrictions and obligations of the EU Securitization Regulation as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended, the "EUWA"), and as amended by the Securitisation (Amendment) (EU Exit) Regulations 2019 (SI 2019/660), and as may be further amended, supplemented or replaced, including by the UK Securitisation Regulations 2024) (the "UK Securitization Regulation," and together with the EU Securitization Regulation, the "Securitization Regulations").

Article 5 of the UK Securitization Regulation as in effect on the Closing Date places certain conditions on investments in a "securitisation" (as defined in the UK Securitization Regulation) (the "UK Due Diligence Requirements" and, together with the EU Due Diligence Requirements, the "Due Diligence Requirements") (and references in this Offering Memorandum to "the applicable Due Diligence Requirements" mean such Due Diligence Requirements to which a particular Affected Investor is subject) by an "institutional investor," defined to include (a) an insurance undertaking as defined in section 417(1) of the Financial Services and Markets Act 2000 (the "FSMA"); (b) a reinsurance undertaking as defined in section 417(1) of the FSMA; (c) an occupational pension scheme as defined in section 1(1) of the Pension Schemes Act 1993 that has its main administration in the UK, or a fund manager of such a scheme appointed under section 34(2) of the Pensions Act 1995 that, in respect of activity undertaken pursuant to that appointment is authorized for the purposes of section 31 of the FSMA; (d) an AIFM as defined in regulation 4(1) of the Alternative Investment Fund Managers Regulations 2013 which markets or manages AIFs (as defined in regulation 3 of those Regulations) in the UK; (e) a management company as defined in section 237(2) of the FSMA; (f) a UCITS as defined by section 236A of the FSMA which is an authorized open ended investment company as defined in section 237(3) of the FSMA; (g) a CRR firm as defined by Article 4(1)(2A) of the EU CRR as it forms part of UK domestic law by virtue of the EUWA (the "UK CRR") and (h) an FCA investment firm as defined by Article 4(1)(2AB) of the UK CRR. The UK Due Diligence Requirements may also apply to investments by certain consolidated affiliates, wherever established or located (such affiliates of entities subject to the UK CRR, together with all such institutional investors, "UK Affected Investors" and, together with EU Affected Investors, the "Affected Investors").

Prior to investing in (or otherwise holding an exposure to) a "securitisation position" (as defined in the UK Securitization Regulation), a UK Affected Investor, other than the originator, sponsor or original lender (each as defined in the UK Securitization Regulation) must, among other things: (a) verify that, where the originator or original lender is established in a third country (i.e. not the UK), the originator or original lender grants all the credits giving rise to the underlying exposures on the basis of sound and well-defined criteria and clearly established processes for approving, amending, renewing and financing those credits and has effective systems in place to apply those criteria and processes to ensure that credit-granting is based on a thorough assessment of the obligor's creditworthiness, (b) verify that, if established in a third country (i.e. not the UK), the originator, sponsor or original lender retains on an ongoing basis a material net economic interest which, in any event, will not be less than 5%, determined in accordance with Article 6 of the UK Securitization Regulation, and discloses the risk retention to UK Affected Investors, (c) verify that if established in a third country (i.e. not the UK), the originator, sponsor or the SSPE has, where applicable, made available information which is substantially the same as that which an originator, sponsor or SSPE would have made available as required by Article 7 of the UK Securitization Regulation if it had been established in the UK and has done so with such frequency and modalities as are substantially the same as those with which it would have made information available as required by Article 7 of the UK Securitization Regulation if it had been established in the UK, and (d) carry out a due-diligence assessment which enables the UK Affected Investor to assess the risks involved, considering at least (i) the risk characteristics of the securitization position and the underlying exposures, and (ii) all the structural features of the securitization that can materially impact the performance of the securitization position.

The UK Due Diligence Requirements also provide that, while holding a securitization position, a UK Affected Investor must: (a) establish appropriate written procedures in order to monitor, on an ongoing basis, its compliance with the foregoing requirements and the performance of the securitization position and of the underlying exposures; (b) regularly perform stress tests on the cash flows and collateral values supporting the underlying exposures; (c) ensure internal reporting to its management body to enable adequate management of material risks; and (d) be able to demonstrate to its regulatory authorities that it has a comprehensive and thorough understanding of the securitization position and its underlying exposures and has implemented written policies and procedures for managing risks of the securitization position and maintaining records of the foregoing verifications and due diligence and other relevant information.

Article 6 of the UK Securitization Regulation contains provisions relating to the requirement that the originator, sponsor or original lender of a securitization retains a material net economic interest in the securitization of not less than 5 per cent. (the "UK Risk Retention Requirements"). As at the date of this Offering Memorandum, certain provisions of Commission Delegated Regulation No. 625/2014, as it forms part of the domestic law of the UK by virtue of the EUWA, apply in respect of the UK Risk Retention Requirements.

The UK Securitization Regulation regime has been recently updated pursuant to a statutory instrument made under the Financial Services and Markets Act 2023, known as the Securitisation Regulation 2024 (SI 2024/102) (the "2024 UK SR SI"), which contemplates the repeal and replacement of the UK Securitization Regulation and amendments by the UK regulators to the UK Securitization Rules. Investors should note that some divergence between EU and UK regimes exists already, and further divergence is expected.

Pursuant to a risk retention agreement, dated as of the Closing Date, by and among the Sponsor, the Issuer and the Indenture Trustee (the "Risk Retention Agreement"), the Sponsor will agree for so long as the Notes are outstanding that: (i) it will, on the basis that it is an originator (as such term is defined in the Securitization Regulations), retain exposure to the Residual Interest Certificate, which represents overcollateralization of not less than 5% of the nominal value of the securitized Mortgage Loans and which will constitute a material net economic interest in this securitization of not less than 5% of the nominal value of the securitized exposures in accordance with paragraph (d) of Article 6(3) of each of the Securitization Regulations (as in effect on the Closing Date); and (ii) neither it nor its affiliates will sell, transfer, or otherwise surrender all or any part of the rights, benefits or obligations arising from the EU/UK Retained Interest or hedge or otherwise mitigate its credit risk under or associated with the EU/UK Retained Interest, except to the extent permitted in accordance with both the EU Securitization Rules and the UK Securitization Rules.

The transparency and reporting requirements contained in Article 7 of the EU Securitization Regulation (the "EU Transparency Requirements") and Article 7 of the UK Securitization Regulation (the "UK Transparency Requirements" and, together with the EU Transparency Requirements, the "Transparency Requirements") require the originator, sponsor and SSPE of a securitization to make certain prescribed information relating to the securitization available to investors, competent authorities and, upon request, to potential investors.

The Issuer has developed a disclosure process to comply with the information requirements set out in the template "*Annex 2: Underlying exposures – residential real estate*" and the template "*Annex 12: Investor report – Non-ABCP securitisation*" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority for the purposes of making available to Affected Investors the information required to be provided in accordance with Article 7(1)(a) and Article 7(1)(e) of each Securitization Regulation, respectively, except for (i) information that is not required to be disclosed because the relevant template allows a "non-disclosure option" and (ii) information that is subject to a confidentiality undertaking or personal data (such confidential information will only be made available to an Affected Investor after such Affected Investor has sent to the Issuer a signed non-disclosure agreement in the form scheduled to the Risk Retention Agreement).

On at least a quarterly basis, the Issuer will provide a report (each such report, an "Underlying Exposures Report") in the form of "*Annex 2: Underlying exposures – residential real estate*" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority (or, to the extent agreed by the Issuer, any updated form required pursuant to the Transparency Requirements and/or published by the European Securities and Markets Authority or other regulator or permitted under the Securitization Rules) for the purposes of making available to Affected Investors the information required to be provided in accordance with Article 7(1)(a) of each Securitization Regulation. The Issuer will also provide a report in the form of "*Annex 12: Investor report – Non-ABCP securitisation*" (each such report, an "Investor Report") of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority (or, to the extent agreed by the Issuer, any updated form required pursuant to the Transparency Requirements and/or published by the European Securities and Markets Authority or other regulator or permitted under the Securitization Rules) for the purposes of making available to Affected Investors the information required to be provided in accordance with Article 7(1)(e) of each Securitization Regulation.

The Issuer will undertake in the Indenture, for so long as the Notes are outstanding, that it will make available at the Paying Agent's website located at www.ctslink.com: (i) a copy of this Offering Memorandum and each of the transaction documents required to be disclosed under the Transparency Requirements; (ii) each Underlying Exposures Report (to be made available on a quarterly basis); (iii) each Investor Report (to be made available on a monthly basis); and (iv) any event-based disclosure as required by the Transparency Requirements.

The Issuer will also undertake to make available to each Affected Investor such additional information as is in the Issuer's possession or reasonably obtainable (as determined by the Issuer) by the Issuer, as may reasonably be required to enable such Affected Investor to satisfy the Due Diligence Requirements, subject to such Affected Investor executing a non-disclosure agreement in the form set forth in Exhibit A attached to the Risk Retention Agreement, provided that the Issuer will not be liable to any Affected Investor if the information that the Issuer is required to provide in accordance with the Risk Retention Agreement is insufficient to enable any Affected Investor to comply with its applicable Due Diligence Requirements under the Securitization Rules or fails to provide such information in accordance with the format and templates required by the applicable Securitization Rules.

Article 6(1) of the EU Securitization Regulation and Article 6(1) of the UK Securitization Regulation, in each case as in effect on the Closing Date, provides that an entity shall not be considered an "originator" for purposes of Article 6 of the EU Securitization Regulation or the UK Securitization Regulation, as applicable, if it has been established or operates for the sole purpose of securitizing exposures. The EU RTS further provides that "*[a]n entity shall not be considered to have been established or to operate for the sole purpose of securitising exposures… where all of the following applies: (a) the entity has a strategy and the capacity to meet payment obligations consistent with a broader business model that involves material support from capital, assets, fees or other sources of income, by virtue of which the entity does not rely on the exposures to be securitised, on any interests retained or proposed to be retained in accordance with Article 6 of the EU Securitization Regulation, or on any corresponding income from such exposures and interests, as its sole or predominant source of revenue; (b) the members of the management body have* *the necessary experience to enable the entity to pursue the established business strategy, as well as adequate corporate governance arrangements*." See, in particular, "*The Sponsor*" in this Offering Memorandum for information regarding the Sponsor, its business and activities.

In relation to originator credit granting standards, see "*The Originator, the Seller and the Servicer – Underwriting*" in this Offering Memorandum.

The Issuer intends that this Offering Memorandum constitutes a transaction summary overview of the main features of the transaction contemplated herein for the purposes of Article 7(1)(c) of the Securitization Regulations.

Although the Sponsor has structured this transaction with the intention of enabling Affected Investors to satisfy their applicable Due Diligence Requirements under the Securitization Regulations in effect as of the Closing Date, each prospective investor in the Offered Notes that is an Affected Investor is required to assess independently and to determine whether: (i) the undertaking by the Sponsor to retain exposure to the EU/UK Retained Interest and (ii) the information in this Offering Memorandum and the information to be provided in any reports provided to investors in relation to the transaction described in this Offering Memorandum are sufficient to comply with the Securitization Rules or any corresponding national measures which may be relevant. None of the transaction parties, their respective affiliates or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose or that the structure of the Offered Notes, the Sponsor (including its exposure to the EU/UK Retained Interest) and the transactions described herein are compliant with the Securitization Rules or any other applicable legal, regulatory or other requirements, and no such person will have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transaction or structure contemplated hereby to comply with or otherwise satisfy such requirements, any subsequent change in law, rule or regulation or any other applicable legal, regulatory or other requirements or any failure by any investor that is an Affected Investor to satisfy the applicable Due Diligence Requirements.

Failure by an Affected Investor to comply with the applicable Due Diligence Requirements with respect to an investment in the Offered Notes may result in the imposition of a penalty regulatory capital charge on that investment or of other regulatory sanctions by the competent authority of such Affected Investor. Non-compliance of the transaction described in this Offering Memorandum with the Securitization Regulations and any other changes to the regulation or regulatory treatment of the Offered Notes for some or all investors may negatively impact the regulatory position of Affected Investors and have an adverse impact on the value and liquidity of the Offered Notes.

Prospective investors should analyze their own regulatory position, and should consult with their own investment and legal advisors regarding application of, and compliance with, the applicable Due Diligence Requirements or other applicable regulations and the suitability of the Offered Notes for investment in the secondary market.

None of the transaction documents, including the Indenture and the Risk Retention Agreement, impose any obligation on any parties and no party will have any obligation, in respect of the monitoring or enforcement of any risk retention requirements or Transparency Requirements described in this Offering Memorandum or arising out of such agreements contemplated under this Offering Memorandum.

The Sponsor may from time to time, either directly or through a wholly-owned subsidiary, enter into financing arrangements in relation to the EU/UK Retained Interest. Such financing arrangements could include, among other things, the incurrence of indebtedness by the Sponsor (or such wholly owned subsidiary) secured by the EU/UK Retained Interest or the entry into repurchase or other arrangements pursuant to which the Sponsor (or such wholly-owned subsidiary) may transfer title to the EU/UK Retained Interest as collateral. Investors should also be aware that any incurrence of debt by the Sponsor (or such wholly-owned subsidiary), including that used to finance the acquisition of the EU/UK Retained Interest, could potentially lead to an increased risk of the Sponsor becoming insolvent and therefore unable to fulfil its obligations in its capacity as the Sponsor. Although such arrangements are permitted by the Securitization Regulations (subject to meeting specified criteria), if the Sponsor (or such wholly-owned subsidiary) or the provider of such financing defaults in the performance of its obligations there could be circumstances in which the Sponsor (or such wholly-owned subsidiary) may cease to hold some or all of the EU/UK Retained Interest (whether as a result of the enforcement of a security interest or the retention of Notes provided pursuant to a title transfer collateral arrangement). There can be no assurance that any provider of financing to the Sponsor (or such wholly-owned subsidiary) would be required to have regard for the EU Securitization Regulation or the UK Securitization Regulation when exercising its rights under the relevant financing arrangement and any associated security or collateral arrangements. The enforcement of those rights could, therefore, cause the securitization constituted by the transaction documents (as described in this Offering Memorandum) to be non-compliant with the risk retention requirements under the Securitization Regulations. This may affect the price and liquidity of the Notes, and Notes held by other investors could be subject to increased regulatory capital charges levied by a relevant regulator with jurisdiction over any such investors.

The Japanese Retention Requirement. The Japanese Financial Services Agency published final rules, which became effective on March 31, 2019, to introduce risk retention and disclosure requirements for certain categories of Japanese investors (such investors, "Japanese Affected Investors") seeking to invest in securitization transactions (the "JRR Final Rules"). Among other things, the JRR Final Rules require Japanese Affected Investors to apply higher risk weighting to securitization exposures they hold unless the applicable "originator" (as defined in the JRR Final Rules) commits to hold a "securitization exposure" (as defined in the JRR Final Rules) of at least 5% of the total underlying assets in the securitization transaction or such investors determine that the original assets collateralizing the securitization transaction were not inappropriately formed (the "Japanese Retention Requirement"). Under the JRR Final Rules, Japanese Affected Investors will be subject to punitive capital requirements and/or other regulatory penalties with respect to investments in securitization transactions that fail to comply with the Japanese Retention Requirement.

If a Japanese Affected Investor determined that the Japanese Retention Requirements apply to this transaction, such requirements may reduce liquidity and trading in respect of the Notes. Each Noteholder is responsible for analyzing its own regulatory position and is advised to consult with its own advisers regarding the suitability of the Notes for investment and the applicability, if any, of the Japanese Retention Requirement. None of the Depositor, the Issuer, the Indenture Trustee, the Paying Agent, the Note Registrar, the Sponsor, the Trust Manager, the Owner Trustee, the Custodian, the Servicers, the Initial Purchasers or any other party intends to take any steps to comply with the Japanese Retention Requirement or makes any representation or agreement regarding compliance with the Japanese Retention Requirement or the consequences of the Japanese Retention Requirement for any person. In addition, none of the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers or the Note Registrar will be charged with knowledge of any Japanese Retention Requirement, nor will the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers or the Note Registrar be responsible for monitoring, confirming or enforcing any Japanese Retention Requirement applicable to the transaction, and none of them will be liable to any Noteholder or other party for violation of such rules now or hereinafter in effect.

Other. Noteholders will bear the risk that future regulatory and legal developments will result in losses on their Notes, to the extent not covered by the applicable credit enhancement. The effect on the Notes likely will be more severe if any of these future legal and regulatory developments occur in one or more states in which there is a significant concentration of Mortgaged Properties.

In general, compliance with applicable laws and regulations may be costly because new processes, forms, controls and additional infrastructure may be required to comply with new requirements. Any failure to comply with these laws and regulations could result in significant statutory civil and criminal penalties, monetary damages, attorneys' fees and costs, possible revocation of licenses and damage to reputation, brand and valued customer relationships.

Other Legal Reforms. In addition, proposals to change the laws and regulations governing the banking and financial services industries have been proposed or adopted by, and are frequently introduced in, Congress, state legislatures and the various bank regulatory or financial regulatory agencies. Congress and the federal government have continued to evaluate and develop legislation, programs and initiatives designed to, among other things, stabilize the financial and housing markets and prevent future financial crises by further regulating the financial services industry. As a result of the financial crisis in 2007-9 and the recent challenging economic environment, additional regulatory scrutiny of the financial industry in general and a particularly high level of regulatory scrutiny of residential mortgage loan securitizers, originators and servicers may be expected. This scrutiny may result in additional regulation that could prohibit or discourage the use of foreclosure as a remedy for certain residential mortgage loan defaults or otherwise adversely affect the timeliness and amount of collections that the Servicers are able to realize on the Mortgage Loans. It is not clear whether and when the final form of proposed programs or initiatives or any related legislation or regulation will go into effect, or the impact they may have on the Sponsor, the Trust Manager, the Depositor, the Issuer, the Servicers, the Asset Managers or any successor servicer.

RISKS RELATED TO RESIDENTIAL REAL ESTATE

Risk Associated with Short-Term Residential Business Purpose Mortgage Loans

The Initial Mortgage Loans are mortgage loans backed by non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects. The Initial Mortgage Loans are, and the Additional Mortgage Loans are expected to be, interest-only loans with a Balloon Payment of the entire principal balance due at maturity. Many, if not all, of the Borrowers will be unable to make the required balloon principal payment on the Mortgage Loan without the funds generated from the sale of the Mortgaged Properties, refinancing of the Mortgage Loan or conversion of the Mortgage Loan to a rental property. As such, the completion of any necessary construction or rehabilitation projects and the sale of the related Mortgaged Properties will be critical in order to generate the funds necessary to make principal payments on the Notes. The related Borrower's ability to complete these necessary projects and sell the related Mortgaged Property are subject to a variety of risks including weather, construction delays and, most significantly, the current state of the real-estate market in the applicable area in which the related mortgaged property is located. Furthermore, as a result of recent turbulence in the housing markets, the process of selling the Mortgaged Properties and the completion of rehabilitation and construction projects may be delayed or cost more than anticipated. Borrowers may find it difficult to rent Mortgaged Properties for income because of difficulties in finding tenants and weak employment. In certain markets, rents which previously declined due to the COVID-19 pandemic are now experiencing sharp increases. Tenants may cease paying rent, especially if they become unemployed or face other hardships. In certain jurisdictions, tenants may be protected from eviction, or eviction may be delayed due any applicable regulatory relief actions. The presence of non-paying tenants in a property securing a Mortgage Loan may delay or otherwise restrict a borrower's ability to sell the property or refinance the Mortgage Loan.

Investors will also be subject to any construction or other delays that may be encountered by a Borrower and, to the extent that such delays result in extensions of the maturity dates of certain of the Mortgage Loans, principal payments on the Notes will also be delayed. In addition, a number of Mortgage Loans have already had their terms extended, and this may be an indication that future extensions will be necessary, as described in "*Risks Related to the Notes—Modification of a Mortgage Loan May Adversely Affect Your Notes*" in this Offering Memorandum.

Developments in the Residential Mortgage Market May Adversely Affect the Performance and Market Value of Your Notes

Beginning in late 2006, delinquencies, defaults, modifications, foreclosures and losses with respect to residential mortgage loans increased significantly. The increase in delinquencies, defaults, modifications and foreclosures was not limited to "subprime" mortgage loans, which are made to a borrower with weaker creditworthiness, but also affected "Alt A" mortgage loans, which are made to a borrower often with more limited documentation, and "prime" mortgage loans, which are made to a borrower with better creditworthiness who often provide full documentation.

Losses on all types of residential mortgage loans have increased due to declines in residential real estate values, resulting in reduced home equity. Although home prices have recently shown greater stability and increased in some geographic areas, there can be no assurance that a decline will not resume and continue for an indefinite period of time in the future. A decline in property values or the failure of property values to increase where the outstanding balances of the Mortgage Loans are close to or in excess of the value of the Mortgaged Properties may result in higher delinquencies, foreclosures and losses. Any decline in real estate values may be more severe for mortgage loans secured by high-value properties. Declining property values may create an oversupply of homes on the market, which may increase negative home equity.

In response to some of the circumstances described above, federal, state and local authorities have enacted and continue to propose new legislation, rules and regulations relating to the origination, servicing and treatment of mortgage loans in default or in bankruptcy, including as described above under "*—Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Issuer, the Sponsor, the Depositor, the Asset Managers, the Originators, the Servicers, the Trust Manager or on the Value or Marketability of the Notes*" in this Offering Memorandum. These efforts may be increased in response to the outbreak of COVID-19. These initiatives could result in delayed or reduced collections from the related Borrower, limitations on the foreclosure process and generally increased servicing costs. Certain of these initiatives could also permit or require the Asset Managers to take actions, such as modification of Mortgage Loans, including the reduction of principal due on the Mortgage Loan, which might adversely affect the Notes, without any remedy or compensation to the holders of the Notes.

The conservatorships of Fannie Mae and Freddie Mac in September 2008 have impacted both the real estate market and the value of real estate assets generally. While Fannie Mae and Freddie Mac currently act as the primary sources of liquidity in the residential mortgage markets, both by purchasing Mortgage Loans for their own portfolios and by guaranteeing mortgage-backed securities, their long-term role is uncertain as legislation has been proposed that would reduce and eventually eliminate their role in the residential mortgage markets. Any such proposals, if enacted, may have broad adverse implications for the mortgage-backed securities market. The extent and timing of any regulatory reform regarding Fannie Mae and Freddie Mac and the home mortgage market, as well as any effect on our business operations and financial results, are uncertain. We expect those proposals to be the subject of significant discussion, and it is not yet possible to determine whether such proposals will be enacted and, if so, when, what form any final legislation or policies might take or how proposals, legislation or policies may impact the mortgage-backed securities market and our business, operations and financial condition. A reduction in the ability of sellers to access Fannie Mae and Freddie Mac to sell their Mortgage Loans may adversely affect the financial condition of sellers and their affiliated servicers. Further, our inability to make the necessary changes to respond to these changing market conditions could have a material adverse effect on our mortgage lending operations and our financial condition, results of operations and cash flows. In addition, any decline in the value of securities issued by Fannie Mae and Freddie Mac may affect the value of RMBS in general. See "*—Risks Related to General Market Conditions—Turbulence in the Financial Markets, the Mortgage Market and the Economy May Adversely Affect the Performance and Market Value of Your Notes, and These Conditions May Not Improve*" in this Offering Memorandum.

On March 10, 2023, the California Department of Financial Protection and Innovation closed Silicon Valley Bank and appointed the Federal Deposit Insurance Corporation as receiver, following a major outflow of deposits from Silicon Valley Bank and its failure to raise new capital. The failure of Silicon Valley Bank was the largest bank failure in the United States since 2008. On March 12, 2023, the New York State Department of Financial Services closed Signature Bank and appointed the Federal Deposit Insurance Corporation as receiver after its customers withdrew more than $10 billion in deposits at the bank. On March 19, 2023, UBS Group AG agreed to purchase Credit Suisse AG following the intervention of the Swiss Federal Department of Finance, the Swiss National Bank and the Swiss Financial Market Supervisory Authority, FINMA. On May 1, 2023, the Federal Deposit Insurance Corporation seized First Republic Bank and sold it to JPMorgan Chase Bank, N.A. Similarly, on April 26, 2024, the Federal Deposit Insurance Corporation seized Republic First Bank and entered into an agreement with Fulton Bank, National Association of Lancaster, Pennsylvania to assume substantially all of the deposits and purchase substantially all of the assets of Republic First Bank. The collapse of such banks has resulted in significant concern regarding the health of other banking institutions and the ability of such institutions to withstand the economic conditions posed by rapidly increasing interest rates including a decline in value of securities and loan portfolios, and similar bank failures could occur in the future.

On August 1, 2023, Fitch Ratings downgraded the United States government's credit rating from "AAA" to "AA+", citing rising debt at the federal, state, and local levels and a steady deterioration in standards of governance (including the debt limit negotiations that threatened the government's ability to pay its existing legal obligations). On November 10, 2023, Moody's Investors Service lowered its outlook on the United States government's credit rating from "stable" to "negative" citing large fiscal deficits and a decline in debt affordability. It is not clear if and how these or any future downgrades will impact the market price or the marketability of the Notes, and no assurance can be given that these ratings actions or future ratings actions will not have an adverse effect on the value of the Notes, or that other rating agencies will not take similar actions.

These adverse changes in market and credit conditions may have the effect of depressing the market values of RMBS generally and substantially reducing the liquidity of RMBS generally. These developments may adversely affect the performance, marketability and overall market value of your Notes.

In addition to the foregoing, as a result of the outbreak of COVID-19 as described under "*Risks Related to General Market Conditions–Potential Risks Associated with the COVID-19 Pandemic*" in this Offering Memorandum there are continued concerns about the stability of the real estate markets in the United States and economic conditions in the United States, Europe and Asia which have contributed to increased market volatility and diminished growth expectations for the U.S. economy.

Geographic Concentration May Increase Risk of Loss Due to Adverse Economic Conditions or Natural Disasters

Approximately 27.03% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are secured by Mortgaged Properties located in California; approximately 20.08% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are secured by Mortgaged Properties located in Florida; approximately 9.57% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are secured by Mortgaged Properties located in Texas; approximately 7.56% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are secured by Mortgaged Properties located in Massachusetts; approximately 7.48% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are secured by Mortgaged Properties located in Georgia; and approximately 5.51% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) are secured by Mortgaged Properties located in New York. No other state has a concentration of Initial Mortgage Loans secured by Mortgaged Properties in that state in excess of 5% (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date).

The economies of states where Mortgaged Properties are concentrated may be adversely affected to a greater degree than the economies of other areas of the country by certain developments affecting industries concentrated in such states. Generally, economic conditions may change, including real estate market conditions, in one geographic region to a greater degree than in other geographic regions. Areas of the United States may from time to time be affected by flooding, severe storms, hurricanes, landslides, wildfires, earthquakes, sinkholes, winter storms or other natural disasters, or the effects of global climate change (which may include flooding, drought or severe weather). In addition, Mortgaged Properties located in California and other western states may be more susceptible to certain types of hazards, such as wildfires and mudslides, and certain types of special hazards not covered by insurance, such as earthquakes or windstorms, than Mortgaged Properties located in other parts of the country. Natural disasters, such as wildfires, severe storms, earthquakes, tornadoes, hurricanes and flooding affecting California, Florida and other regions of the United States from time to time may result in prepayments or Realized Losses. See "*Prepayment and Yield Considerations*" in this Offering Memorandum.

Any deterioration in housing prices or economic conditions in the regions in which there is a significant concentration of Mortgaged Properties, and, to a lesser degree, the other regions in which the Mortgaged Properties are located, may adversely affect the ability of any Borrower to perform its obligations under their Mortgage Loans or adversely affect the timing and proceeds from liquidations and sales of the Mortgaged Properties. Such consequences of a deterioration in housing prices or economic conditions may have an adverse effect on the yield to maturity of your Notes. Conversely, any increase in the market value of properties located in the regions in which the Mortgaged Properties are located would reduce the Loan-to-Cost Ratios and Loan to As-Repaired Value Ratios and could, therefore, make alternative sources of financing available to the related Borrower at lower interest rates, which could result in an increased rate of prepayment of the Mortgage Loans.

Further, the concentration of Mortgage Properties in one or more states would have a disproportionate effect on Noteholders if governmental authorities in any of those states take action against any Asset Manager, any Subservicer or any Servicer or take action affecting foreclosures or liquidations that impairs the ability of any Asset Manager, any Subservicer or any Servicer to liquidate the Mortgage Loans.

Additionally, from time to time, certain geographic regions of the United States will experience weaker regional economic conditions and housing markets and, consequently, may experience higher rates of loss and delinquency than will be experienced on mortgage loans and real estate generally. For example, a region's economic condition and housing market may be directly or indirectly adversely affected by natural disasters or civil disturbances, such as earthquakes, tornadoes, windstorms, sinkholes, hurricanes, floods, eruptions or riots. The economic impact of any of these types of events may also be felt in areas beyond the region immediately affected by the disaster or disturbance. The Mortgage Loans may be concentrated in these regions. A deterioration in economic conditions in a region where the Mortgage Loans are concentrated is likely to result in a deterioration of the housing market in such region and lower proceeds upon foreclosure and liquidation of such Mortgage Loans. Such concentration may present risks in addition to those generally present for asset-backed securities without such concentration.

In recent years, several factors have created volatility in the national economy and the economies of many regions, states and municipalities. There have been periods during the past decade in which many areas experienced severe declines in home prices and/or high rates of mortgage loan delinquencies and foreclosures. During this period, the United States has experienced periods in which unemployment and bankruptcies have increased, with greater increases in some regions of the nation. Any continued volatility driven by these factors and other factors may adversely affect the performance and value of the Mortgage Loans and, ultimately, the ability of any Asset Manager, Subservicer or Servicer to realize upon the Mortgage Loans and the amount of proceeds received thereon. In conjunction with a Borrower's bankruptcy, any Asset Manager, Subservicer or Servicer may be required to cease any ongoing foreclosure proceedings, or a bankruptcy court may suspend or reduce the payments of principal and interest to be paid with respect to such Mortgage Loan, thus delaying the amounts received by the Issuer with respect to such Mortgage Loan, in turn delaying the amount received by Noteholders.

In addition, it is possible that the government or regulatory agencies of a state could seek to limit the ability of the Asset Managers or Servicers to recover collections on the Mortgage Loans or exercise rights with respect to the Mortgage Loans located in that state following a default by the related Borrower. If any of these events occur in a region with a high concentration of Mortgage Loans, the adverse impact on the performance of the Mortgage Loans will be increased and could result in delayed payments or losses on your Notes.

See "*Annex B—Certain Characteristics of the Mortgage Loans—Geographic Distribution of the Initial Mortgage Loans*" in this Offering Memorandum for further information regarding the geographic concentration of the Mortgage Loans.

Environmental Conditions Affecting Mortgaged Properties May Result in Losses

To the extent any Asset Manager, Subservicer or Servicer acquires title to any Mortgaged Property related to a Mortgage Loan that is contaminated with or affected by hazardous wastes or hazardous substances, such Mortgage Loans may incur losses. See "*Certain Legal Aspects of the Mortgage Loans—Environmental Considerations*" in this Offering Memorandum. In addition, environmental contamination could impact a Borrower's ability to repay a Mortgage Loan and give rise to delinquencies or defaults. To the extent these environmental risks result in losses on the Mortgage Loans, the yield to maturity of the Notes, to the extent not covered by credit enhancement, may be affected.

RISKS RELATED TO POTENTIAL CONFLICTS OF INTEREST

Potential Conflicts of Interest Relating to the Initial Purchasers

One or more of the Initial Purchasers and their respective affiliates, and in the case of ATLAS SP, its affiliates and accounts or funds managed by Apollo Global Securities, LLC or its affiliates (collectively, the "Initial Purchaser Entities") may from time to time perform asset management, financing, financial advisory and investment banking services for, or solicit investment banking business from, any person or entity named in this Offering Memorandum and their respective affiliates, including issuers or obligors of assets held by the Issuer, and funds or other persons managed, advised or controlled by such persons, and may purchase, hold, sell and otherwise transact in, both for their respective accounts or for the account of their respective clients, on a principal or agency basis, securities, instruments or other investments issued or owed by any of the foregoing persons. Initial Purchaser Entities are expected to derive fees or other revenues from such activities, which may directly or indirectly be at the expense of the Issuer or the holders of the Notes, and may be motivated to act in a manner that will enhance such relationships, facilitate additional business development or otherwise enable them to obtain additional business or generate additional revenue or profits.

The Initial Purchaser Entities may, simultaneously or separately, act in various capacities (including, without limitation, as an underwriter, lender, arranger, administrative agent, structuring agent, advisor, manager, broker, dealer, or calculation agent). As a result of these different capacities, the Initial Purchaser Entities may face conflicts of interests that could, with respect to any or all of the Notes, the assets held by the Sponsor, the Issuer or any of their respective affiliates or any other security, instrument or other investment issued or owed by the related issuer or obligor (or an affiliate thereof), impact the performance of any such security, instrument or other investment.

Each Initial Purchaser Entity, its respective affiliates and/or employees or customers may from time to time have a long or short position in the Notes. With respect to each Initial Purchaser Entity, these long or short positions may be as a result of any market making activities with respect to the Notes. The Initial Purchaser Entities may also acquire, hold or dispose of interests in a variety of different securities, instruments and other investments, which interests may also include interest in other securities, instruments or other investments, including any equity interest (which may be substantial) issued by an issuer or obligor of an asset held by the Sponsor, the Issuer (or an affiliate thereof). Any such ownership or activities, including any related purchases, sales, or exercise of rights, may impact the performance of the Notes or the collateral. In connection with any such investment, the Initial Purchaser Entities may also receive terms that are better than those available to other investors, including holders of Notes, such as reductions in or rebates of fees that may be payable by other investors for the same investment, or contractual rights, including information rights, that such Initial Purchaser Entities may exercise to their own benefit, potentially to the detriment of others. The Initial Purchaser Entities may also deal in such investments, including entering into derivatives or other transactions in respect thereof, and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of business with, the Issuer or any of its affiliates, and may take actions that may have an adverse effect on the Issuer, any holder of Notes or any of their respective affiliates. Each Initial Purchaser Entity, its affiliates and/or its employees or customers may from time to time enter into hedging positions with respect to the Notes or enter into other transactions that may confer an economic benefit to one or more Initial Purchaser Entity as a result of, or under circumstances that coincide with, losses on the Notes or assets owned by the Issuer.

In addition, the Initial Purchaser Entities may from time to time possess rights to exercise voting, consent or other rights (with respect to the Notes, the Transaction Documents, the assets held by the Issuer or otherwise) that may be adverse to the interests of holders of Notes, and may exercise these rights without regard, including in a manner that is adverse, to such holders. In certain circumstances, such as when an Initial Purchaser Entity owes a fiduciary or other duty to another person, such Initial Purchaser Entity may further be obligated to exercise any such right in a manner that is adverse to the Issuer or to holders of the Notes.

Among other whole-loan sale and debt relationships, affiliates of Churchill, Mizuho and ATLAS SP are also warehouse lenders to the Sponsor and/or its affiliates (each, a "Reference Facility"), which Reference Facility is secured by assets similar to the Mortgage Loans and which may be secured, in part, by the Initial Mortgage Loans prior to the Closing Date. Furthermore, the proceeds received from the sale of the Initial Mortgage Loans to the Depositor to repay the amount of such warehouse facilities that relate to the Mortgage Loans. The proceeds paid for Additional Mortgage Loans purchased during the Reinvestment Period may be used to repay a Reference Facility.

If a default occurs, including a cross-default, under a Reference Facility in the future, the Sponsor or its affiliate may seek a waiver of such default or cross-default, as the case may be, but the affiliates of the related Initial Purchaser who are lenders under such Reference Facility may, however, decide in their sole discretion not to grant the waiver or to exercise remedies available to them under such Reference Facility. Should an Initial Purchaser Entity under a Reference Facility refuse to waive such default or cross default or decide to exercise remedies under such Reference Facility, it could have a material and adverse effect on the Sponsor's liquidity, financial condition and ability to perform its obligations under the transaction and on the Notes. Neither the Initial Purchaser Entities nor any of their affiliates, including any affiliates who are lenders to the Sponsor or any of its affiliates, have any obligation to act in the best interests of the Noteholders or to take Noteholders' interest into account when deciding whether to grant waivers, exercise remedies or take any other actions in connection with any financing arrangement, including any Reference Facility, that any of them may at any time have with the Sponsor or any of its affiliates.

Priority of Certain Expenses of Transaction Parties

Pursuant to the Indenture, Available Funds for a Payment Date will be withdrawn by the Paying Agent to pay the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Custodian and the Trust Manager, the Transaction Party Expenses (to the extent not previously paid), and any such fees, expenses and indemnification amounts reimbursed to such parties, subject to the Annual Expense Cap (if applicable), will be paid prior to making any payments on the Notes. Any such certain reimbursable fees, expenses and indemnity amounts that are so paid will reduce amounts available to make payments on the Notes.

Potential Conflicts of Interest Relating to the Sponsor, the Depositor and the Trust Manager

The Sponsor, the Depositor and the Trust Manager are affiliates or the same entity. The Residual Interest Certificate is expected to be held by the Depositor as of the Closing Date and one or more affiliates of the Sponsor may retain all or a portion of any class of Notes. Actions taken by the holder of the Residual Interest Certificate may be adverse to the interests of other Noteholders.

As described herein, the Trust Manager, on behalf of the Issuer, will have the ability to effect sales of Mortgage Loans (or the related Mortgaged Properties) and make certain asset management and loss mitigation decisions, including if required under the Asset Management Agreement or any Servicing Agreement, which, in turn, may affect the weighted average life and yield of the Notes. The interests of the holders of the Notes may differ from those of the Trust Manager as they relate to the management and oversight of Mortgage Loans, and the Trust Manager is not a fiduciary of the holders of the Notes. Investors in the Notes should consider that the timing of such sales of Mortgage Loans may not be in the best interests of the Notes. For example, although the yield to holders of the Notes would be increased by more rapid dispositions of REO Properties even at lower aggregate prices, the Trust Manager may recommend to any Asset Manager or Servicer that it prolong the disposition process in a manner it determines may maximize total proceeds of dispositions of REO Properties in order to reduce the aggregate losses.

In addition, the Trust Manager will be entitled to reimbursement for expenses as described under "*The Administration Agreement*" herein, which will reduce the Available Funds payable or distributable pursuant to the Priority of Payments and, consequently, will be senior to payments on the Notes. Moreover, the Trust Manager may advance funds to fund Servicing Advances, and such advances will be reimbursed from general amounts on deposit in any related Custodial Account and will reduce the Available Funds payable or distributable pursuant to the "—*Priority of Payments*" and, consequently, will be senior to payments on the Notes.

The Sponsor, WSFS Bank, Computershare Trust Company and Their Respective Affiliates Have Many Mortgage-Related Interests

Each of the Sponsor, WSFS Bank, Computershare Trust Company and their respective affiliates may from time to time have economic interests in the performance of residential mortgage loans or RMBS that may include holding, buying or selling residual interests in securitized pools of loans, various classes of RMBS that differ in entitlement to cash flow and allocation of losses, interests in the form of derivatives such as credit default swaps, or long or short positions with respect to RMBS or indices that track the performance of certain RMBS. The interests of the Sponsor, WSFS Bank or Computershare Trust Company in any of its various capacities may not be aligned with the interests of Noteholders.

THE DEPOSITOR

NYMT Loan Financing, LLC, a Delaware limited liability company (the "Depositor"), is a wholly owned subsidiary of the Sponsor. The Depositor was formed in June 2013.

On the Closing Date, pursuant to the Master Reallocation Agreement, the Depositor will (i) transfer the Initial Mortgage Loans to the Issuer and (ii) assign its rights to enforce the representations made with respect to the Mortgage Loans to the Issuer. It is expected that on the Closing Date, the Depositor will retain the Residual Interest Certificate.

THE SPONSOR AND THE TRUST MANAGER

General

New York Mortgage Trust, Inc., a Maryland corporation (the "Sponsor" or the "Trust Manager", as applicable), will be the Sponsor and the Trust Manager. The Sponsor is a "real estate investment trust" and trades publicly on the NASDAQ Stock Market under the ticker symbol "NYMT."

The Trust Manager will perform certain asset management and servicing oversight actions on behalf of the Issuer in connection with the Mortgage Loans and the Rehabilitation Disbursement Request disbursement process, pursuant to the Indenture and an administration agreement, dated as of the Closing Date (the "Administration Agreement"), between the Trust Manager and the Issuer. See "*The Administration Agreement*" in this Offering Memorandum.

Under the Master Reallocation Agreement, the Sponsor will be obligated under certain circumstances to repurchase a Mortgage Loan in connection with breaches of representations or warranties regarding such Mortgage Loan or in connection with certain missing or defective mortgage loan documents. The Sponsor, as securitizer with respect to this transaction, intends to satisfy its obligation to report any repurchase demand activity with respect to the Issuer in compliance with Rule 15Ga-1 under the Exchange Act.

On the Closing Date, the Sponsor will cause the Initial Mortgage Loans to be transferred from a separate series of the Trust that previously acquired the Initial Mortgage Loans to the Issuer pursuant to the Master Reallocation Agreement, and such reallocation shall constitute a sale and contribution by the Sponsor to the Depositor, and by the Depositor to the Issuer, of such Initial Mortgage Loans (including the amounts on deposit in any applicable Rehab Escrow Account maintained by the Asset Managers). The Sponsor will make certain representations and warranties regarding the Mortgage Loans acquired by the Issuer pursuant to the Master Reallocation Agreement.

In order to comply with the U.S. Credit Risk Retention Rules, as well as the European Securitization Rules and the UK Securitization Rules as of the Closing Date, a wholly-owned affiliate of the Sponsor will hold the Residual Interest Certificate. See "*Risk Factors—Risks Related to General Market Conditions—Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Sponsor, the Seller, the Depositor, the Issuer, the Originators, the Servicers or on the Value or Marketability of the Notes*" in this Offering Memorandum.

Acquisition Guidelines

The Sponsor has developed or approved its guidelines (the "Acquisition Guidelines") to establish requirements and procedures with respect to the acquisition of Mortgage Loans. The Acquisition Guidelines may be revised from time to time by the Sponsor, and the Sponsor may rely on either its Acquisition Guidelines, an Originator's Underwriting Guidelines or other guidelines in connection with its or its affiliates' acquisition of business purpose mortgage loans, however, any Additional Mortgage Loans acquired by the Issuer will be required to satisfy the Eligibility Criteria and Concentration Limits which are not subject to change, except in accordance with the terms of the Indenture.

The following table sets forth a summary of certain the key criteria which provide a general framework for acceptable borrower and loan characteristics under the Sponsor's Acquisition Guidelines. During the underwriting review of certain Initial Mortgage Loans, exceptions to the Acquisition Guidelines or Originator's Underwriting Guidelines are permitted based on the underwriting review of risks related to the respective mortgage loan, including reasonable compensating factors that typically alleviate or minimize the relevant risks related to such exceptions.

Criteria	Bridge Loan Product
Loan Purpose	Business Purpose / Non-owner Occupied Property
Property Type	- Single family residential property

Criteria	Bridge Loan Product
	- Condominium
	- Townhome
	- Attached and detached planned unit developments
	- 2-4 unit multi-family property
	- Ground-up construction of one of the aforementioned property types on vacant land or as a tear-down of an existing structure
Original Loan Term	6 to 24 months original term
Loan Product	Interest-only mortgage loan with principal due at maturity
Loan Purpose	- Purchase
	- Rate/Term Refinance
	- Cash-Out Refinance allowed only for owned free and clear property
Maximum As-Is LTV Ratio	85% for Refinance Loan
Maximum Initial LTC Ratio	85% for Purchase Loan
Maximum After-Repair LTV Ratio	75%
Borrower Type	- U.S. Citizens
	- U.S. Permanent Residents
	- A legal entity, including LLC and corporation
	- Foreign Nationals allowed upon Sponsor's approval
Borrower Experience	- Experienced: one or more documented real estate investment property sale, completed rehab, or other equivalent real estate experience over the past three years
Minimum Credit Score	680
Recourse	Full recourse with personal/individual guaranty

Trust Management and Accepted Servicing Criteria

The Trust Manager, will, in accordance with the Administration Agreement and the Indenture, provide certain oversight services in connection with the servicing and sale of the Mortgage Loans and advise the Issuer regarding the purchase of Additional Mortgage Loans and, as required by the Asset Management Agreement or any applicable Servicing Agreement, the rehabilitation holdback disbursement request process.

The Trust Manager will perform certain asset management and servicing oversight actions on behalf of the Issuer in connection with the Mortgage Loans, including the Rehabilitation Disbursement Request disbursement process (to the extent required by the Asset Management Agreement or the applicable Servicing Agreement), including, but is not limited to: (i) engaging one or more new Servicers, Asset Managers or vendors with respect to the Mortgage Loans and any related REO Properties on behalf of the Issuer; (ii) reviewing, negotiating and approving any new Servicing Agreement or Asset Management Agreement for the Issuer's execution following the Closing Date, and confirming the related Servicer or Asset Manager will be required pursuant to the terms thereof to comply with applicable Accepted Servicing Criteria; (iii) providing guidance and necessary approvals with respect to asset-related decisions on behalf of the Issuer, including to the extent required or permitted under any Asset Management Agreement or any Servicing Agreement, and including any determinations related to loss mitigation, liquidations and REO Property management, repairs or rentals; (iv) causing the Issuer to create one or more bankruptcy-remote, special purpose entities to own and hold title to REO Properties (each, an "REO Company"), and to pledge its ownership interests in each REO Company to the Indenture Trustee pursuant to the Indenture; (v) managing, or engaging vendors to manage, REO Properties on behalf of the Issuer or any related RO Company, without any Servicer or Asset Manager; (vi) to the extent permitted under the related Servicing Agreement, the Asset Management Agreement or the Custodial Agreement, exercising the right to terminate (or direct the termination of) any Servicers, the Asset Managers and/or the Custodian with respect to some or all of the Mortgage Loans or REO Properties and appointing a successor thereto, as applicable; (vii) causing the reconciliation and standardization of the final monthly reports received from each Servicer or Asset Manager; (viii) approving the purchase of Additional Mortgage Loans by the Issuer; (ix) reviewing Additional Mortgage Loans to test for compliance with the Concentration Limits and certain criteria for Eligible Mortgage Loans, as described herein, including (A) calculating the criteria for Eligible Mortgage Loans and confirming that the Additional Mortgage Loans comply with such Eligible Mortgage Loan criteria, and (B) reviewing the Eligible Securitization Diligence Providers' reports with respect to certain Additional Mortgage Loans proposed to be sold to the Issuer during the Reinvestment Period and confirming that no materially adverse diligence findings exist with respect to such Additional Mortgage Loans and (x) subject to the limitations set forth in the Indenture, facilitating sales of Mortgage Loans or any related REO Properties to third-party purchasers or to the Depositor or its affiliates, in each case, from time to time on behalf of the Issuer, as described in "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum.

The Trust Manager will require that any new Servicer engaged by the Issuer following the Closing Date is required to comply with any applicable Accepted Servicing Criteria pursuant to the terms of the applicable Servicing Agreement. Any of the servicing obligations of the Servicer may be delegated to another person who meets the eligibility requirements set forth in the Asset Management Agreement or Servicing Agreement, as applicable. To the extent the Trust Manager engages one or more Servicers for specific servicing obligations for the same Mortgage Loan, the Trust Manager will require that such Servicers agree to comply with Accepted Servicing Criteria with respect to the extent applicable to services provided by such Servicer. In the event that a Mortgage Loan is managed and serviced by a combination of a particular Asset Manager and/or Servicer, compliance with the Accepted Servicing Criteria can be met by such parties as a group, together with Trust Manager and any other vendors engaged by the Trust Manager on behalf of the Issuer in order to supplement the services provided by the related Asset Manager or Servicer.

"Accepted Servicing Criteria" means a set of criteria required to be met by any Servicer or Asset Manager, and which shall be consistent with the following, solely to the extent applicable and within the scope of such party's duties under the related Asset Management Agreement or Servicing Agreement: (i) having the proper licenses, if applicable, to service the related Mortgage Loans and collect debt from the respective Borrowers; (ii) maintaining servicing and accounting systems to accurately report relevant loan servicing data points to the Trust Manager, the Issuer and, if requested by the Issuer or the Trust Manager or required under the Servicing Agreement, the Paying Agent, of which such data points include, but are not limited to, the unpaid principal balance, undrawn construction holdback, monthly payment amounts, fees, and servicing advances; (iii) retaining all relevant documentation related to the Mortgage Loans that are in its possession pursuant to all applicable law and regulations; (iv) collecting payments and fees from the relevant Borrowers and segregating such funds in one or more bank accounts established solely for the benefit of the Issuer; (v) paying taxes and insurance for certain Mortgage Loans as and when identified as outstanding; (vi) effecting, releasing or overseeing construction draw disbursements conditional upon receipt of an inspection report, contractor invoices, and lien releases, where and as applicable; (vii) remitting amounts from the respective Custodial Account to the Payment Account pursuant to the applicable Servicing Agreement; (viii) having special servicing capabilities, which include loss mitigation practices, foreclosure administration and REO management; (ix) establishing proper protocol and systems to ensure Borrower non-public personal information is secure, as required by the Issuer or the Trust Manager on behalf of the Issuer, and applicable law and regulations; (x) complying with the applicable Mortgage Loan Documents; and (xi) conforming to applicable market-standard asset management and/or servicing practices for the relevant Mortgage Loans. A Servicer may engage subservicers to assist in complying with the Accepted Servicing Criteria.

The Trust Manager will be entitled to receive certain indemnity amounts pursuant to the terms of the Administration Agreement and the Indenture.

THE ISSUER

NYMT Loan Trust Series 2024-BPL2 (the "Issuer") is a separate series of Residential Mortgage Aggregation Trust, a Delaware statutory trust organized in series (the "Trust"). On the Closing Date, the Depositor or another majority-owned affiliate of the Sponsor will initially hold a certificate representing the beneficial ownership interest in the Issuer (the "Residual Interest Certificate"). Distributions on the Residual Interest Certificate will be allocated as further described in the Priority of Payments and the Issuer's Trust Agreement.

The Issuer will be governed by a second amended and restated trust agreement, dated as of November 2, 2021, together with a series supplement to the second amended and restated trust agreement (the "Trust Supplement"), dated as of the Closing Date (as amended, restated, or modified, collectively, the "Trust Agreement"). The assets allocated to any such other series of the Trust will not be available to make payments on the Notes, and may be pledged to one or more warehouse, repurchase or other similar credit facilities. Similarly, the assets allocated to the Issuer will not be available to satisfy the obligations of any other series of the Trust.

The sole purpose of the Issuer will be to engage in the following activities: (i) to issue the Notes pursuant to the Indenture and to conduct a private placement of the Notes as directed by the Depositor, (ii) to issue the Residual Interest Certificate to the Depositor pursuant to the Trust Agreement, (iii) to enter into and perform its obligations under the Trust Agreement, the Indenture, the Administration Agreement and each Transaction Document to which it is a party, (iv) to engage in those activities that are necessary, suitable or convenient to accomplish the foregoing or are incidental thereto or connected therewith and (v) to engage in such other activities as may be appropriate in connection with conservation of the Trust Estate and the making of payments to Noteholders.

THE OWNER TRUSTEE

Wilmington Savings Fund Society, FSB ("WSFS Bank"), a federal savings bank, will act as trustee of the Issuer under the Trust Agreement (in such capacity, the "Owner Trustee"). See "*The Trust Agreement*" in this Offering Memorandum.

WSFS Financial Corporation is a multi-billion dollar financial services company. Its primary subsidiary, WSFS Bank, is the oldest and largest locally-headquartered bank and trust company in the Greater Philadelphia and Delaware region. As of March 31, 2024, WSFS Financial Corporation had $20.6 billion in assets on its balance sheet and $80.5 billion in assets under management and administration. WSFS operates from 114 offices, 88 of which are banking offices, located in Pennsylvania (57), Delaware (40), New Jersey (14), Florida (1), Nevada (1) and Virginia (1) and provides comprehensive financial services including commercial banking, consumer banking, treasury management and trust and wealth management. Other subsidiaries or divisions include Arrow Land Transfer, Bryn Mawr Capital Management, LLC, Bryn Mawr Trust®, The Bryn Mawr Trust Company of Delaware, Cash Connect®, NewLane Finance®, Powdermill® Financial Solutions, WSFS Institutional Services®, WSFS Mortgage®, and WSFS Wealth® Investments. Serving the Greater Delaware Valley since 1832, WSFS Bank is one of the ten oldest banks in the United States continuously operating under the same name. WSFS Financial Corporation is traded on the NASDAQ under the ticker symbol WSFS. WSFS Bank has been acting as owner trustee in asset-backed and mortgage-backed securities issuances since 1999. As of March 31, 2024, WSFS Bank is acting as owner trustee for several hundred issuances and acts as trustee under pooling and servicing agreements or indentures for several hundred issuances.

WSFS Bank's corporate trust office is located at 500 Delaware Avenue, 11th Floor; Wilmington, Delaware 19801. At the date of this Offering Memorandum, there are no legal proceedings pending, or to the best of the Owner

Trustee's knowledge, contemplated by governmental authorities, against the Owner Trustee or any property of the Owner Trustee that would be material to holders of the Notes issued by the Issuer.

WSFS Bank has provided the information in the previous two paragraphs, and none of the Issuer or the parties to the transaction have verified the accuracy of such information. Other than the above two paragraphs, WSFS Bank has not participated in the preparation of, and is not responsible for, any other information contained herein.

Pursuant to the Trust Agreement, WSFS Bank will be appointed Owner Trustee and will be charged with the duties set forth in the Trust Agreement under and in accordance with the Trust Agreement.

With respect to each Payment Date, the Owner Trustee will be paid an annual fee of $12,500, payable in June of each year beginning in 2024 (the "Owner Trustee Fee"), and will be entitled to reimbursement for expenses and certain other amounts prior to payment of any amounts to Noteholders. The Owner Trustee will be entitled to indemnification from the Issuer prior to payments on the Notes for any liabilities, obligations, indemnity obligations, losses, damages, taxes, claims, actions and suits, and any and all reasonable costs, expenses and disbursements (including reasonable legal and consultants' fees and expenses and fees and expenses incurred in connection with enforcement of indemnification rights) incurred, arising out of the Trust Agreement and the other Transaction Documents, the Trust Estate, the administration of the Trust Estate, or any action or inaction of the Owner Trustee under the Trust Agreement and the other Transaction Documents, except to the extent that such expenses arise out of or result from (i) the Owner Trustee's own willful misconduct, bad faith or gross negligence, (ii) the inaccuracy of any of the Owner Trustee's representations or warranties contained in the Trust Agreement and (iii) taxes based on or measured by any fees, commissions or compensation received by the Owner Trustee for acting as such in connection with any of the transactions contemplated by the Trust Agreement or any other Transaction Documents.

THE PAYING AGENT, THE INDENTURE TRUSTEE, THE NOTE REGISTRAR, THE TAX AGENT, THE CALCULATION AGENT AND THE CUSTODIAN

Computershare Trust Company will act as Custodian under the Custodial Agreement and as paying agent (in such capacity, the "Paying Agent"), indenture trustee (in such capacity, the "Indenture Trustee"), Tax Agent (in such capacity, the "Tax Agent"), the Calculation Agent (in such capacity, the "Calculation Agent") and note registrar under the Indenture. Computershare Trust Company is a national banking association and a wholly-owned subsidiary of Computershare Limited ("Computershare Limited"), an Australian financial services company with approximately $6.1 billion (USD) in assets as of December 31, 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. The transaction parties may maintain commercial relationships with Computershare Trust Company and its affiliates. Computershare Trust Company maintains corporate trust offices at 9062 Old Annapolis Road, Columbia, Maryland 21045-1951 (among other locations), and its office for correspondence related to certificate transfer services is located at 1505 Energy Park Drive, St. Paul, Minnesota 55108.

On November 1, 2021, Wells Fargo Bank, N.A. ("Wells Fargo Bank") and Wells Fargo Delaware Trust Company, N.A. (together with Wells Fargo Bank, collectively "Wells Fargo") sold substantially all of its Corporate Trust Services ("CTS") business to Computershare Limited, Computershare Trust Company, and Computershare Delaware Trust Company (collectively, "Computershare"). Virtually all CTS employees of Wells Fargo, along with most existing CTS systems, technology, and offices transferred to Computershare as part of the sale. On and after November 1, 2021, Wells Fargo has been transferring its roles, duties, rights, and liabilities under the relevant transaction agreements to Computershare. For any transaction where the roles of Wells Fargo have not yet transferred to Computershare, Computershare, as of November 1, 2021, performs all or virtually all of the obligations of Wells Fargo as its agent as of such date.

Computershare Trust Company, through the CTS business acquired from Wells Fargo Bank, serves or may have served within the past two years as loan file custodian or the agent of the loan file custodian for various mortgage loans owned by the Depositor or an affiliate of the Depositor and anticipates that one or more of those mortgage loans may be included in the Issuing Entity. The terms of any custodial agreement under which those services are provided are customary for the mortgage-backed securitization industry and provide for the delivery, receipt, review, and safekeeping of mortgage loan files.

Computershare Trust Company, through the CTS business acquired from Wells Fargo Bank, serves or may have served within the past two years as warehouse master servicer or the agent of the warehouse master servicer for various mortgage loans owned by the Depositor or an affiliate of the Depositor and, to the extent this is the case, one or more of those mortgage loans may be included in the Issuing Entity. The terms of the warehouse master servicing agreement under which any such services are provided by Computershare Trust Company are customary for the mortgage-backed securitization industry.

Computershare Trust Company will act as Indenture Trustee pursuant to the Indenture. Computershare Trust Company has provided corporate trust related services since 2000 through its predecessors and affiliates. Computershare Trust Company provides trustee services for a variety of transactions and asset types, including corporate and municipal bonds, mortgage-backed and asset-backed securities, and collateralized debt obligations. As of December 31, 2023, Computershare Trust Company was acting in some cases as the named trustee or indenture trustee, and in most cases as agent for the named trustee or indenture trustee, on approximately 1,211 residential mortgage-backed securities transactions with an aggregate outstanding principal balance of approximately $47 billion (USD).

As a result of Computershare Trust Company not being a deposit-taking institution, any cash credited to accounts that the Indenture Trustee is required to maintain pursuant to the Indenture will be held by one or more institutions in a manner satisfying the requirements of the Indenture, including any applicable eligibility criteria for account banks set forth in the Indenture.

Computershare Trust Company will act as the Paying Agent pursuant to the Indenture. Under the terms of the Indenture, the Paying Agent 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 December 31, 2023, Computershare Trust Company was acting in some cases as the securities administrator or paying agent, and in most cases as agent for the securities administrator or paying agent, on approximately 4,760 residential mortgage-backed securities transactions with an aggregate outstanding principal balance of approximately $294 billion (USD).

As a result of Computershare Trust Company not being a deposit-taking institution, any cash credited to the accounts that the Paying Agent is required to maintain pursuant to the Indenture will be held by one or more institutions in a manner satisfying the requirements of the Indenture, including any applicable eligibility criteria for account banks set forth in the Indenture.

Computershare Trust Company will act as the custodian of the mortgage loan files pursuant to the Custody Agreement. In that capacity, Computershare Trust Company is responsible to hold and safeguard the mortgage notes and other contents of the mortgage files on behalf of the Indenture Trustee and the Noteholders. Computershare Trust Company maintains each mortgage loan file in a separate file folder marked with a unique bar code to assure loan-level file integrity and to assist in inventory management. Files are segregated by transaction or investor. 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 mortgage document custody business for more than 25 years. As of December 31, 2023, Computershare Trust Company was acting in some cases as the custodian, and in most cases as agent for the custodian, for approximately 7.7 million residential mortgage loan files.

For two RMBS transactions, Computershare Trust Company disclosed transaction-level material noncompliance related to its RMBS bond administration and/or monthly reporting function on its 2023 Annual Statement of Compliance furnished pursuant to Item 1123 of Regulation AB for each such transaction (each, a "Subject 2023 Computershare RMBS Bond Administration Annual Statement of Compliance").

One Subject 2023 Computershare RMBS Bond Administration Annual Statement of Compliance discloses that Computershare Trust Company made an overpayment to certain classes of certificates and a corresponding underpayment to another class of certificates resulting from an administrative error processing settlement funds received by the trust. The payment error was corrected two weeks later. Computershare Trust Company has incorporated additional controls to its payment processing procedures in an effort to prevent similar errors.

One Subject 2023 Computershare RMBS Bond Administration Annual Statement of Compliance discloses errors related to Computershare Trust Company's tax reporting obligations as agent to Wells Fargo Bank, N.A., as securities administrator. Specifically, it discloses that, during the 2023 reporting period, (i) Computershare Trust Company did not prepare, send to the Trustee for execution, and file federal tax and information returns for the 2022 tax year and (ii) by failing to take corrective action to cause the trustee to file a missed REMIC election from 2013, Computershare Trust Company failed to maintain the status of each REMIC as a REMIC under the REMIC provisions. To address the error, Computershare Trust Company prepared, sent to the Trustee for execution, and, on February 27, 2024, filed the relevant federal tax and information returns with a REMIC election to be applicable for all affected years. Computershare Trust Company will, if necessary, work with the Internal Revenue Service and Wells Fargo to take any additional remediation steps.

Other than the above 12 paragraphs, Computershare Trust Company has not participated in the preparation of, and is not responsible for, any other information contained in this Memorandum.

As consideration for its services, the Custodian will be entitled to a monthly account management fee equal to $500, an annual safekeeping fee per Mortgage Loan and certain other fees for services rendered under the Custodial Agreement (collectively, these fees, the "Custodian Fees"). The Custodian will also be entitled certain expenses and indemnification amounts prior to payment of any amounts to Noteholders subject to the Annual Expense Cap and the applicable Group Cap Amount, as further described under "*The Indenture*" and "*The Custodial Agreement*" herein.

As compensation for its services in its capacities as Indenture Trustee and Paying Agent, Computershare Trust Company will be paid a monthly fee on each Payment Date (the "Indenture Trustee Fee") equal to $9,000 beginning in June 2024. The Indenture Trustee will pay the fees of the Paying Agent and Note Registrar out of the Indenture Trustee Fee.

The Calculation Agent will be entitled to receive a monthly fee equal to $2,500, beginning in June 2024 (the "Calculation Agent Fee").

The Paying Agent will make each monthly statement available to Noteholders via the Paying Agent's Internet website at www.ctslink.com, in accordance with the terms set forth in the Indenture. Noteholders with questions may direct them to the Paying Agent's website assistance line at (866) 846-4526.

THE ORIGINATORS AND ASSET MANAGERS

As of the Initial Cut-off Date, Churchill Funding I LLC ("Churchill"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 23.09% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); Conventus LLC ("Conventus"), a California limited liability company, or one of its affiliates originated or acquired, and manages approximately 19.98% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); LendingOne, LLC ("LendingOne"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 19.85% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); CV3 Financial Services, LLC ("CV3"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 17.75% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); HouseMax Funding Fund I, LLC, a Texas limited liability company, and ACI Fund 2, LLC, a Delaware limited liability company (collectively, "HouseMax") or one of their affiliates originated or acquired, and manages approximately 16.23% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); Constructive Loans, LLC ("Constructive"), a Delaware limited liability company, or one of its affiliates originated or acquired, and manages approximately 2.17% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); and Miller Hirko Management LLC and Sierra Madre Fund 2 LLC (together, "Corridor" and together with Churchill, Conventus, LendingOne, CV3, HouseMax and Constructive, each an "Initial Originator" and any third-party originators, together with the Initial Originators, the

"Originators"), each, a Delaware limited liability company, or one of their affiliates originated or acquired, and manages approximately 0.93% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date); and were acquired by the Trust. These Originators may also serve as asset managers for such Initial Mortgage Loans for the benefit of the Trust (the "Initial Asset Managers"). Following the Closing Date, the Issuer may acquire Additional Mortgage Loans originated or acquired by various other third-party originators, subject to the Eligibility Criteria and Concentration Limits.

The Trust Manager on behalf of the Issuer may, from time to time, engage one or more third-party asset managers with respect to the Mortgage Loans (each such party, together with the Initial Asset Managers, an "Asset Manager") and negotiate the terms and conditions of the related asset management agreement and/or assignment, assumption and recognition agreement or similar agreement, including any applicable compensation arrangements (each such assignment, together with each such applicable agreement between the Issuer and the Initial Asset Managers, an "Asset Management Agreement") pursuant to which the Asset Manager will undertake certain servicing obligations, including handling Rehabilitation Disbursement Requests. The Asset Managers will be permitted to delegate their obligations with respect to the Mortgage Loans to the extent permitted under the related Asset Management Agreement, provided that such Asset Manager remains liable to the Issuer for the performance of its obligations under the applicable Asset Management Agreement and for supervising any such delegate. The Asset Managers are entitled to receive an Asset Management Fee and certain Ancillary Fees as described in the "*The Asset Management Agreements and the Servicing Agreements*" in this Offering Memorandum. The Asset Managers will not be responsible for any other Servicers engaged by the Issuer following the Closing Date or any Additional Mortgage Loan originated by an Originator unaffiliated with the Asset Manager.

The Mortgage Loans will be managed pursuant to the terms of the related Asset Management Agreement. From time to time the Trust Manager may remove any Asset Managers and/or engage one or more new Asset Managers with respect to the Mortgage Loans. Each Asset Manager will manage the related Mortgage Loans in accordance with applicable Accepted Servicing Criteria and pursuant to the related Asset Management Agreement. Each Mortgage Loan may be managed and serviced by any combination of Assets Managers and Servicers, together with the Trust Manager.

As compensation for its services under the Asset Management Agreement, each Asset Manager will be entitled to receive the Asset Management Fee and certain Ancillary Fees. The Trust Manager on behalf of the Issuer may terminate any Asset Manager, without cause. See "*Risk Factors—Failure of any Servicer to Perform, Servicer Default, Servicer Termination or Servicer Resignation May Cause the Notes to Suffer Delays or Shortfalls in Payments*" and see "*The Asset Management Agreements and the Servicing Agreements—Rights Upon Servicer Defaults*" in this Offering Memorandum.

Churchill Funding I LLC

General.

Churchill Funding I LLC, a Delaware limited liability company ("Churchill"), or one of its affiliates originated or acquired, and manages approximately 23.09% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date).

Churchill is a privately held financial services company specializing in the origination, purchasing, and servicing of residential and commercial mortgage loans. Churchill is led by a team of industry professionals who have numerous years of experience in working with business purpose and commercial loans. Churchill operates its servicing business from its offices in Charlotte, North Carolina, and New York, New York. Churchill also has offices in Tokyo, Japan.

Churchill will provide customary servicing and REO management functions with respect to the Mortgage Loans, although Churchill will not be required to advance delinquent payments of principal or interest with respect to the Mortgage Loans or pay compensating interest with respect to the Mortgage Loans.

As of the date of this Offering Memorandum, there are no material legal proceedings against Churchill.

Asset Management and Servicing Experience.

Churchill serves as the asset manager of loans it originates and/or sources on behalf of originator partners and investors. This includes the administration and collection of payments pursuant to the loan documents, active ongoing portfolio management, collateral management, and construction draw management.

The following table sets forth, for the first-lien mortgage loan servicing portfolio serviced by Churchill, certain information relating to the delinquency, foreclosure, REO and bankruptcy experience with respect to such mortgage loans as of April 30, 2024. There can be no assurance, and no representation is made, that the delinquency and foreclosure experience with respect to the Mortgage Loans will be similar to that reflected in the table below, nor is any representation made as to the rate at which losses may be experienced on liquidations of Mortgage Loans. The actual delinquency experience with respect to the Mortgage Loans will depend, among other things, upon the value of the real estate securing such Mortgage Loans and the ability of the related mortgagor to make required payments. The past performance of loans in Churchill's portfolio is not a guaranty as to the future performance.

Loan Category	**Loan Count**	**Total Loan Amount**	**UPB**	**Percent of Total**
Current	1840	$ 1,981,713,504.29	$ 1,363,589,840.95	78.16%
30 Days DQ	128	$ 149,137,089.35	$ 125,921,523.92	5.88%
60 Days DQ	34	$ 41,073,095.60	$ 33,943,790.27	1.62%
90+ Days DQ	55	$ 44,963,056.75	$ 31,790,969.41	1.77%
Bankruptcy	14	$ 19,653,350.50	$ 17,919,411.40	0.78%
Pre Foreclosure	18	$ 23,256,634.93	$ 19,568,893.10	0.92%
Foreclosure	163	$ 185,578,198.43	$ 148,391,177.12	7.32%
REO	71	$ 90,193,350.26	$ 72,471,437.27	3.56%
Total Active	**2323**	**$ 2,535,568,280.11**	**$ 1,813,597,043.44**	**100.00%**
PIF	5140	$ 3,606,627,121.78	$ 2,953,122,343.47	58.72%

Asset Management and Servicing Procedures.

Churchill serves as the asset manager of loans it originates and/or sources on behalf of originator partners and investors. This includes the administration and collection of payments pursuant to the loan documents, active ongoing portfolio management, collateral management, and construction draw management.

The transfer and onboarding process involves notifying the mortgagors of the servicing transfer and the transfer of either electronic or physical files containing loan information and a payment history, if applicable. In addition, loan documents are stored in electronically imaged form for future review and reference. Original loan files are transferred to either Churchill's or the Mortgagee's custodian. All boarding activities are monitored by Churchill's in-house asset management and legal teams.

As part of its onboarding process, Churchill conducts a supplemental due diligence review focused on documentation and related credit risk. Churchill reviews underwriting information for compliance with Churchill's underwriting criteria and examines documentation in order to determine whether there are any additional risk factors that must be addressed by the owner of the mortgage loan. If there are any exceptions related to underwriting or collateral, they are required to be cleared with the broker/correspondent or borrower.

Churchill regularly monitors all loans to assure that asset quality is being maintained and identify any asset whose performance is not aligned with its underwritten expectations. As part of the monitoring process Churchill considers factors related to, but not limited to, repair progress, credit, fraud, variances in budget, market values, and exit strategy, to determine if the loan has materially diminished from the initial underwriting. Churchill also reviews the current FEMA declared disaster list to determine if any loans in the portfolio are affected by recent natural disasters. Churchill also works with industry recognized insurance tracking vendors to monitor insurance expiration dates, with automatic reminders sent out to borrowers 15, 45 and 60 days prior to the applicable expiration date.

Loss Mitigation Efforts.

Churchill monitors loan performance, including payment history and upcoming maturities, in order to implement its loss-mitigation program. Churchill works with borrowers to understand the feasibility of the loan and the borrower's proposed exit strategy and then liaises with its investors to opine on and, where advantageous, implement these strategies. A loan extension or modification may be considered if there is a clear exit strategy and/or hardships outside of the borrower's control. In order to consider a modification, borrower communication lines must be open and the extension or modification should complement the original exit strategy and not materially alter the risk profile of loan. As such, Churchill's loss mitigation program includes obtaining up to date valuations of collateral, on-site construction inspections, and incorporates proprietary algorithmic analysis of borrower performance in order to provide recommendations that maximize the chance of repayment.

In connection with loss mitigation, Churchill also works directly with borrowers to optimize collections and loan performance. Late fees and default interest accrue pursuant to the loan documents and are required to be collected to bring loans current during the term of the loan or at payoff. Churchill also requires additional collateral enhancements, including ACH enrollment once loans are current, to avoid future delinquencies.

Foreclosure.

Where loss mitigation efforts are not sufficient to restore a loan to performing, Churchill will work to realize upon the collateral securing the related mortgage loan. Churchill has experience with both judicial and non-judicial foreclosure processes, and through a panel of foreclosure attorneys selected for their regional experience, works to ensure that local rules for notices and commencement of a foreclosure process are followed. As a general matter, Churchill will take such action with respect to mortgage loans requiring foreclosure action as Churchill, in consultation with the owner of the loan, deems to maximize the value of the loan. Prior to foreclosure of a mortgage loan, to the extent not already completed, Churchill will record the related assignment of mortgage in the name of the owner of such mortgage loan. Depending upon the jurisdiction of the related mortgaged property (*i.e.*, judicial/non-judicial), Churchill may sell the mortgaged property pursuant to either (i) a power of sale granted in the mortgage loan documents (*e.g.*, non-judicial) or (ii) at a public sale (*e.g.*, judicial). Churchill (on behalf of the owner of such mortgage loan) may either purchase the mortgaged property on the sale date for an amount equal to or less than the underlying debt or sell the mortgaged property to a third party.

THE SERVICERS

As of the Initial Cut-off Date, FCI Lender Services, Inc. ("FCI"), a California corporation, will service approximately 77.98% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) pursuant to a loan servicing agreement, dated as of the Closing Date (as amended, modified or supplemented from time to time and as modified by the addendum to loan servicing agreement, dated as of the Closing Date, the "FCI Servicing Agreement"). As of the Initial Cut-off Date, Newrez LLC d/b/a Shellpoint Mortgage Servicing ("Shellpoint") a Delaware limited liability company, will service approximately 19.85% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) pursuant to a loan servicing agreement, to be dated as of the Closing Date (as amended, modified or supplemented from time to time, and as modified by an addendum to the loan servicing agreement, dated as of the Closing Date, the "Shellpoint Servicing Agreement"). As of the Initial Cut-off Date, Fay Servicing, LLC ("Fay" and together with FCI and Shellpoint, each an "Initial Servicer"), a Delaware limited liability company, will service approximately 2.17% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) pursuant to a flow servicing agreement, dated as of January 6, 2022 (as amended, modified or supplemented from time to time, and as modified by an addendum to the flow servicing agreement, dated as of the Closing Date, the "Fay Servicing Agreement").

Following the Closing Date, the Trust Manager on behalf of the Issuer may, from time to time, engage one or more third-party loan servicers with respect to the Mortgage Loans (each such party, together with the Initial Servicers, a "Servicer") and negotiate the terms and conditions of the related servicing agreement and/or assignment, assumption and recognition agreement or similar agreement, including any applicable compensation arrangements (each such agreement, together with the FCI Servicing Agreement, the Shellpoint Servicing Agreement and the Fay Servicing Agreement, a "Servicing Agreement"). The Mortgage Loans may be serviced by any combination of Asset Manager or Servicer, subject to the oversight of the Trust Manager. Pursuant to the Administration Agreement, the Trust Manager may approve one or more arrangements with third-party vendors with respect to certain Mortgage Loans in order to supplement the services provided by the related Servicer.

FCI Lender Services, Inc.

History. FCI Lender Services, Inc. ("FCI"), a California corporation, is a leading national Non-QM and Private Money Servicer with annual Loan Servicing Portfolios ranging from 72,000 to 75,000 loans serviced with aggregate balances of $25B to $28B UPB under management that provides a wide variety of services for Lenders, and is one of the nation's oldest Specialty Loan Servicers. FCI offers a full spectrum of Loan Servicing, Collection, Workout and facilitated Foreclosure services locally and nationally for all types of Non-QM loans. Clients include Private Money and Non-QM Lenders, Broker/Originators, Investment Companies, Hedge Funds, Credit Unions, Banks, and Individuals.

FCI is licensed in all 50 states to provide Private Money Servicing, is also licensed by Freddi Mac, and is a recognized Non-QM Securitization Servicer. FCI is NMLS registered, Rated by Fitch, Verified by SOC 1 (SSAE 16), SOC 2, MBA USAP and subject to regular audits by State and Federal Regulators, all of which verifies FCI's regulatory compliance for Clients' safety.

FCI's Executive Team each averages more than 36 years of industry experience including 21 years of company tenure. The Management Team averages more than 24 years of industry experience including 19 years of company tenure. The company ranges between 180 and 200 employees with most cross trained on servicing functions.

Founded in 1982 as Foreclosure Consultants, Inc. offering California Foreclosure Processing and Loan Servicing to Mortgage Brokers and Private Investors, FCI grew rapidly through the acquisition of Loan Servicing and Foreclosure companies to become one of California's largest DRE Brokers. In 2002 FCI began expanding nationally and increasing its array of services for national and institutionally funded Clients.

In 2004 FCI introduced the industry's first Live Customer Login where Clients could view Loan Servicing activity on their Loans in real time, including Payment Statements and Late Notices as they are generated, and Payments as they are posted, cleared and disbursed. FCI's "Open Book Web Policy" provides Clients live access to nearly all of the Servicing Documents and Servicing Notes as they are generated, as well as other information in FCI's Loan Servicing and Foreclosure Tracking systems.

FCI amended their Articles of Incorporation in 2007, changing the name to FCI Lender Services, Inc. to better represent the services of the company as a recognized leading national Private Money Services Provider.

In 2012 FCI became a Rated Servicer by Morningstar and currently has a high RSS2- FITCH Rating. FCI also began working directly with Banks and Wall Street Hedge Funds as the chosen Servicer on Collateral Funding Agreements and Securitizations of Private Money and Non-QM Loans.

In 2020 FCI developed the industry's first Full API Connectivity to Loan Servicing Data. Lenders can PULL information from FCI's system and connect it into their secure internal software, as well as PUSH their Loan information into FCI's system, significantly increasing efficiencies. In 2022 FCI developed Private Financial Technology Blockchain holding all transactions, documents and records in Unchangeable, Immutable and Transferrable Technology that operates in conjunction with FCI's proprietary Servicing Software.

FCI is recognized as a premier national Private Money and Non-QM Services provider with the motto: we board and process one Loan at a time.

Mission and Purpose. Our mission at FCI Lender Services is to serve as a premier complete national Non-QM and Private Money Servicer for Lenders. FCI is the Sub-Servicer acting at the direction of its Lender Clients offering Private Money Lenders, Hedge Funds, Investment Companies, Private Money Brokers, Banks, Credit Unions and Private Money Loan Servicers an all-inclusive outsourcing alternative for Loan Servicing, Collection, and Default processing of their Private Money Loans. FCI strives to deliver great efficiencies and cost savings to our Clients by using some of the finest personnel and technologies in our industry. At FCI we fully understand our relationship to both Borrower and Lender on a Private Money Loan, and promise to embrace our responsibilities with knowledge, courtesy, and integrity.

Staff. The FCI Staff includes some of the most experienced and qualified management and operational personnel in the Lending and Servicing industry. Operational Staff are carefully screened, tested, and put through extensive task specific and cross training. Training continues in all areas to keep Staff and Management current with the constantly changing parameters of this industry. FCI employees are loyal and committed to the company, as many of them have been part of the FCI team for over 16 years.

The Management at FCI includes many outstanding and recognizable people in the industry. The 14 members of FCI's Senior Management Team average over 27 years of servicing and workout experience each, and have impressive industry Resumes.

Experienced Management and Staff are key to providing the high level of service and operational expertise that sets FCI apart.

Reputation. FCI has an industry wide reputation for providing hands on professional Loan Servicing and Collection at the direction of Lenders for over 40 years. We are a "partner you can trust" and not an impersonal, inflexible processing factory. There is a high degree of trust in our ability to effectively handle all types of Private Money and Non-QM Loans for a wide variety of Lenders.

AFFILIATES AND RELATED TRANSACTIONS

This section describes certain affiliations and relationships between a legal entity that is a material party to this securitization transaction, on the one hand, and any separate legal entity that is a material party to this securitization transaction, on the other hand. Each of the entities described below may have conflicts of interest that arise from circumstances other than its affiliation with another party to the securitization. This section does not describe all the conflicts of interest that a party to the securitization may have. For additional information regarding conflicts of interest, see "*Risk Factors—Risks Related to Potential Conflicts of Interest—Potential Conflicts of Interest Relating to the Initial Purchasers*" and "*—Potential Conflicts of Interest Relating to the Sponsor, the Depositor and the Trust Manager*" in this Offering Memorandum.

The Sponsor and the Trust Manager are the same entity, and each are an affiliate of the Depositor. In addition, it is expected that the initial holder of the Residual Interest Certificate will be the Depositor and that the Depositor will retain until the Sunset Date (as defined below) the Required Credit Risk (as defined below). The Initial Purchasers (or affiliates of the Initial Purchasers) provide warehouse financing to the Sponsor or an affiliate of the Sponsor. A portion of the proceeds of the sale of the Notes by the Issuer may be used to repay one or more such warehouse financing facilities, and a portion of the purchase price paid by the Issuer for any Additional Mortgage Loans may be used to repay one or more such warehouse financing facilities.

The Indenture Trustee, the Paying Agent, the Note Registrar and the Custodian are the same entity.

In the normal course of conducting its business, the Initial Purchasers and its affiliates have rendered services to, performed surveillance of, and negotiated with, numerous parties engaged in activities related to structured finance and mortgage securitization and may provide warehouse financing to the Sponsor or one or more of its affiliates. These parties may have included certain transaction parties and any of the transaction parties' respective affiliates. These relationships could continue in the future.

DESCRIPTION OF THE MORTGAGE LOANS

General

The statistical information presented in this Offering Memorandum concerning the Initial Mortgage Loans (the "Initial Mortgage Loans") is based on the Unpaid Principal Balances of the Initial Mortgage Loans as of the close of business on April 30, 2024 (the "Initial Cut-off Date"). Certain Initial Mortgage Loans included in the Mortgage Pool as of the Initial Cut-off Date may be removed from the Mortgage Pool between the Initial Cut-off Date and the Closing Date. The statistical distribution of characteristics as of the Closing Date for the Mortgage Loans may vary somewhat from the statistical distribution of such characteristics as of the Initial Cut-off Date as presented in this Offering Memorandum, although such variance will not be material.

From time to time during the Reinvestment Period, the Depositor may purchase Additional Mortgage Loans (the "Additional Mortgage Loans") from the Sponsor with the characteristics set forth under "*—Additional Mortgage Loans*" in this Offering Memorandum and the Depositor will sell such Additional Mortgage Loans to the Issuer. Unless the context requires otherwise, references below to percentages of the Initial Mortgage Loans in the Mortgage Pool are approximate percentages of the aggregate Unpaid Principal Balance of the Initial Mortgage Loans in the Mortgage Pool as of the Initial Cut-off Date and do not include the Additional Mortgage Loans. Additional Mortgage Loans will be selected using similar criteria used to select the Initial Mortgage Loans and certified as eligible by the Trust Manager, and the same representations and warranties will be made with respect to the Additional Mortgage Loans.

The mortgage pool (the "Mortgage Pool") will consist of the Initial Mortgage Loans included in the Mortgage Pool as of the Initial Cut-off Date and any Additional Mortgage Loans purchased by the Issuer during the Reinvestment Period. The information on the Initial Mortgage Loans presented in this Offering Memorandum is based on a pool consisting of 502 Initial Mortgage Loans having an aggregate Unpaid Principal Balance of approximately $208,996,014 and an aggregate Principal Limit of approximately $247,656,893, in each case as of the Initial Cut-off Date.

The Initial Mortgage Loans to be included in the Mortgage Pool will consist of fixed-rate, performing business purpose mortgage loans with balloon payments due at the end of the terms of the loans, and secured by first liens on non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects. The Mortgage Loans are typically made to real estate investors or entities who acquire residential real estate for the purpose of repairs or renovation of the subject property, in contemplation of a sale or a conversion of the related Mortgaged Property to an investment property. The obligor on a Mortgage Note relating to a Mortgage Loan is referred to herein as the "Borrower". The Initial Mortgage Loans all have original terms to maturity between six (6) to twenty-four (24) months, and remaining terms to maturity ranging between three (3) to twenty-four (24) months.

The Mortgage Loans are typically made to real estate investors in order to finance the real estate investor's purchase and often repair or rehabilitation of the Mortgaged Property. When a Borrower elects to request funds under the related Mortgage Loan to finance construction, rehabilitation or repairs on the related Mortgaged Properties, the Borrower will deliver a disbursement request (a "Rehabilitation Disbursement Request") to the Asset Manager, Trust Manager or Servicer, as applicable, in accordance with the terms of the related Mortgage Note. Funding of such Rehabilitation Disbursement Request will be made by the related Asset Manager or Servicer and is subject to certain review procedures and conditions, as determined by the applicable Originator, Asset Manager or Servicer and (i) with respect to each Mortgage Loan Rehab Escrowed Mortgage Loan, will be funded by funds from the related Rehab Escrow Account previously deposited or otherwise reserved by the related Asset Manager, Servicer or Subservicer to satisfy any such Rehabilitation Disbursement Request, or (ii) with respect to each Construction Advance Mortgage Loan, will be funded (a) from Collections then on deposit in any related Custodial Account, (b) from the funds of any Asset Manager or Servicer, as a reimbursable advance or (c) from funds advanced by the Trust Manager on behalf of the Issuer, following the Trust Manager's receipt of written notice by such Asset Manager or such related Servicer within the time required under the Asset Management Agreement or the related Servicing Agreement, as applicable, in the event that there are insufficient Collections in any related Custodial Account to fund such Construction Advance or in the event that the related Servicing Agreement otherwise requires the Trust Manager to pre-fund such amounts, as described in this Offering Memorandum. As of the Initial Cut-off Date, the Initial Mortgage Loans had an aggregate

Undisbursed Rehabilitation Holdback Amount of approximately $1,472,974 but such amount will be adjusted for the aggregate amount of Rehabilitation Disbursement Requests funded by an Asset Manager to the related Borrower or, if applicable, the Depositor in the case of Construction Advance Mortgage Loans, and prepayments by the Borrower between the Initial Cut-off Date and the Closing Date.

All of the Initial Mortgage Loans were originated to satisfy the related Originator's Underwriting Guidelines, or otherwise satisfy the Sponsor's Acquisition Guidelines, or have documented compensating factors if exceptions to the Acquisition Guidelines or the related Originator's Underwriting Guidelines were made. The Acquisition Guidelines may be revised from time to time by the Sponsor, and the Sponsor may rely on either its Acquisition Guidelines, an Originator's Underwriting Guidelines or other guidelines in connection with its or its affiliates acquisition of business purpose loans. See "*The Sponsor and the Trust Manager—Acquisition Guidelines*" and "—*Mortgage Loan Products and Programs*" in this Offering Memorandum.

The Mortgage Loans are evidenced by notes or other evidence of the indebtedness of a Borrower (the "Mortgage Notes") secured by either mortgages or deeds of trust or instruments creating a first lien on an unsubordinated estate in fee simple (the "Mortgages") on non-owner occupied residential properties, multi-family properties, manufactured housing or mixed-use properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure (the "Mortgaged Properties"), depending upon the prevailing practice in the state in which the Mortgaged Property is located. See "*Certain Legal Aspects of the Mortgage Loans—Types of Mortgage Instruments*" in this Offering Memorandum.

As used in this Offering Memorandum, the "Unpaid Principal Balance," with respect to (A) any Mortgage Loan and any date of determination, (1) with respect to any Mortgage Loan other than a Construction Advance Mortgage Loan, the principal balance of such Mortgage Loan, including all disbursed or undisbursed Rehabilitation Holdback Amounts through such date of determination (if any) or (2) with respect to any Construction Advance Mortgage Loan, the principal balance of such Mortgage Loan, including any Construction Advances made to the Borrower through such date of determination (if any), in either case, *as reduced by* (x) the sum of all collections and other amounts, which may include Undisbursed Rehabilitation Holdback Amounts cancelled by the related Asset Manager or Servicer, credited against the principal balance of such Mortgage Loan prior to such date of determination *plus* (y) any outstanding amounts, such as accrued and unpaid interest added to the Unpaid Principal Balance as part of a modification prior to such date of determination; (B) REO Property and any date of determination, the Unpaid Principal Balance of the related Mortgage Loan immediately prior to the date such REO Property was acquired *less* the sum of all collections and other amounts credited against such principal balance prior to the such date of determination; and (C) Liquidated Loan, zero (0).

As used in this Offering Memorandum, the "Principal Limit" means with respect to (A) each Mortgage Loan with Unfunded Draw Amounts, the maximum principal balance of such Mortgage Loan as of the related date of origination, including all related Unfunded Draw Amounts, and (B) any other Mortgage Loan, the Unpaid Principal Balance of such Mortgage Loan as of the related date of origination. As of the Initial Cut-off Date, the aggregate Principal Limit of the Initial Mortgage Loans is approximately $247,656,893 and the aggregate Unfunded Draw Amounts of the Initial Mortgage Loans are approximately $34,843,689. The aggregate amount of principal prepayments made by Borrowers with respect to the Initial Mortgage Loans on or prior to the Initial Cut-off Date (the "Curtailment Amounts") is approximately $3,817,190.

The Principal Limit and Unpaid Principal Balance for each Mortgage Loan as of the Cut-off Date will be set forth in the Mortgage Loan Schedule and updated Principal Limits and Unpaid Principal Balances will be made available on a monthly basis on the Paying Agent's website.

With respect to any Construction Advance Mortgage Loan that was only partially funded at origination, but with an outstanding commitment to fund Construction Advances, "Unfunded Draw Amounts" as of any date of determination will be an amount equal to such outstanding unfunded commitment to fund Construction Advances.

The Initial Mortgage Loans will be sold by the Sponsor to the Depositor on the Closing Date pursuant to the Master Reallocation Agreement.

The Mortgage Loans will have scheduled monthly payments of interest generally due on the first (1st) day of the month (the "Due Date"); and principal is generally due on the final maturity date of the related Mortgage Loan. Each Mortgage Loan accrues interest at the Mortgage Interest Rate on the related Unpaid Principal Balance.

The delinquency method used for calculations with respect to the Mortgage Loans will be in accordance with the methodology used by the Mortgage Bankers Association (the "MBA Method"). Under the MBA Method, a mortgage loan is considered "30 days delinquent" if any Borrower fails to make a scheduled payment prior to the close of business on the day prior to the Mortgage Loan's first succeeding Due Date. As of the Initial Cut-off Date none of the Initial Mortgage Loans were thirty (30) or more days delinquent in accordance with the MBA Method.

As discussed above, certain of the Mortgage Loans envision the Borrower will undertake certain predetermined repair and/or rehabilitation projects on the related Mortgaged Properties. Therefore, in underwriting each such Mortgage Loan, each Originator used an estimated ARV of the property.

Mortgage Loans where the Borrower is not expected to rehabilitate the Mortgaged Property require an "as-is" value ("AIV") calculation of the subject property to determine the amount of initial loan proceeds distributed to the Borrower on the Mortgage Loan origination date. The AIV of a Mortgaged Property is the value of the property at origination, prior to any contemplated repairs and/or rehabilitation projects, and is determined primarily on the basis of the third-party appraisal report or other valuation product.

Additionally, as of the Initial Cut-off Date, the non-zero range of Loan-to-Cost Ratio of the Initial Mortgage Loans ranged from approximately 7.98% to 90.00%, with a non-zero weighted average (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) Loan-to-Cost Ratio of approximately 74.73%. For each Mortgage Loan where the Borrower is expected to rehabilitate the Mortgaged Property, the " Loan-to-Cost Ratio" means, with respect to each Mortgage Loan, a ratio expressed as a percentage of (x) the disbursed loan amount at origination over (y) (1) the related purchase price for purchase transactions or (2) the As-Is Value for refinance transactions. For the Mortgage Loans that envision the Borrower will undertake certain predetermined repair and/or rehabilitation projects on the related Mortgaged Properties, each Originator generally determines the total loan amount and initial disbursement amount to the Borrower at loan closing based on a combination of ARV and the Borrower's Loan Cost.

None of the Issuer, the Sponsor, the Depositor, the Asset Managers, the Originators or the Trust Manager makes any representations or warranties that the Loan to As-Repaired Value Ratio or Loan-to-Cost Ratio of any Mortgage Loan is an accurate representation of a Borrower's equity in their Mortgaged Property. None of the Indenture Trustee, the Owner Trustee, the Custodian, the Paying Agent or the Note Registrar make any representations or warranties of any kind with respect to the Mortgage Loans.

None of the Indenture Trustee, the Paying Agent or the Note Registrar will be under any obligation (i) to monitor, determine or verify the unavailability or cessation of any applicable benchmark or index applicable to the Mortgage Loans, or whether or when there has occurred, or to give notice to any other transaction party of the occurrence of, any benchmark transition event or benchmark replacement date (each as described in the Transaction Documents), (ii) to select, determine or designate any alternative reference rate or benchmark replacement, or other successor or replacement benchmark index, or whether any conditions to the designation of such a rate have been satisfied, (iii) to select, determine or designate any benchmark replacement adjustment, or other modifier to any replacement or successor index, or (iv) to determine whether or what benchmark replacement conforming changes are necessary or advisable, if any, in connection with any of the foregoing, all of which will be performed by the related Asset Manager or the related Servicer.

Mortgage Loan Products and Programs

The Mortgage Loans are designed to fulfill short-term real estate financing solutions solely for commercial purposes with respect to investment properties. Each Mortgage Loan requires the related Borrower to certify at application or prior to the origination of the Mortgage Loan that the properties are not owner-occupied and are owned solely for investment purposes. The Initial Mortgage Loans consist of 502 fixed-rate, performing business purpose mortgage loans with balloon payments due at the end of the terms of the loans, and secured by first liens on non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects. The Initial Mortgage Loans all have original terms to maturity between six (6) to twenty-four (24) months, and remaining terms to maturity ranging between three (3) to twenty-four (24) months. The Mortgage Loans have a business purpose and are thus not covered by the ATR Rules or the TRID Rules.

As of the Initial Cut-off Date, approximately 61.87% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) were originated for the purpose of a Purchase; approximately 13.96% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) were originated for the purpose of a No Cash-Out Refinance; and approximately 24.17% of the Initial Mortgage Loans (by aggregate Unpaid Principal Balance as of the Initial Cut-off Date) were originated for the purpose of a Cash-Out Refinance. As of the Initial Cut-off Date, all of the Initial Mortgage Loans were originated as a Bridge Loan product type. See "*The Sponsor and the Trust Manager—Acquisition Guidelines*" in this Offering Memorandum.

Review Procedures

Each of the Initial Mortgage Loans was reviewed by Resolute Diligence Solutions (the "Securitization Diligence Provider") with respect to various aspects of the Initial Mortgage Loans, including reviews of the underwriting of the Mortgage Loans and verification of certain aspects of the Mortgage Loans, which the Sponsor used in order to evaluate conformance of the Initial Mortgage Loans with the Originator's stated underwriting criteria. The Sponsor utilizes the services of a Securitization Diligence Provider or other third-party mortgage loan diligence firm regularly engaged to conduct third-party mortgage loan diligence in similar transactions, including, without limitation, Recovco Mortgage Management, LLC, AMC Diligence, LLC, Clayton Services LLC, Infinity IPS, Inc., Opus Capital Markets Consultants, LLC, Selene Diligence LLC, Consolidated Analytics or Resolute Diligence Solutions (collectively, the "Eligible Securitization Diligence Providers"), in order to confirm whether the Mortgage Loans conform to the Sponsor's current Acquisition Guidelines or to the related Originator's stated underwriting criteria. During the Reinvestment Period, the Trust Manager will confirm that any Additional Mortgage Loans satisfy the Eligibility Criteria prior to acquisition by the Issuer, including based on its evaluation of reports previously obtained by the Sponsor from an Eligible Securitization Diligence Provider, and will be obligated to utilize the services of any Eligible Securitization Diligence Provider to conduct a review of the Additional Mortgage Loans similar in nature and scope to the Pre-Offering Review conducted with respect to the Initial Mortgage Loans in order to evaluate conformance with the Eligibility Criteria. The Eligible Securitization Diligence Provider will conduct a review of the Additional Mortgage Loans but such review may not be completed until up to thirty (30) days following the Additional Transfer Date. The applicable Seller will be required to repurchase any Additional Mortgage Loan that does not obtain a grade of "A" or "B" if such Seller cannot cure any Diligence Defect or other issue with respect to such Additional Mortgage Loan within thirty (30) days.

The reviews conducted by the Securitization Diligence Provider with respect to the related Initial Mortgage Loans, consisted of (a) a credit review, (b) a data collection review and (c) a valuation review (collectively, the "**Pre-Offering Review**"). The Securitization Diligence Provider completed a full review of a population of 502 mortgage loans. None of the procedures conducted as part of the Pre-Offering Review constituted, either separately or in combination, an independent underwriting of the Initial Mortgage Loans. The valuation review was not an assessment of the current value of any of the Mortgaged Properties. In addition, the procedures conducted as part of the Pre-Offering Review of the original appraisals were not re-appraisals of the Mortgaged Properties. There can be no assurance that the Pre-Offering Review uncovered all relevant factors relating to the origination of the Initial Mortgage Loans, their compliance with applicable laws and regulations, and the original valuations relating to the Mortgaged Properties. Neither the Sponsor nor the Securitization Diligence Provider will make any representation or warranty as to the value of any Initial Mortgage Loan or loan collateral that was reviewed as part of the Pre-Offering Review.

The Pre-Offering Review also included evaluation according to the respective credit and valuation grading standards of the Securitization Diligence Provider. Grade "A" generally indicates compliance with all applicable underwriting guidelines. Grade "B" indicates the loan meets most but not all applicable underwriting guidelines, with documented compensating factors. Grade "C" indicates the loan does not meet every applicable underwriting guideline and most of the loan characteristics are outside the guidelines. Grade "D" indicates the loan file was not delivered to the Securitization Diligence Provider or critical documentation required to complete the review is missing. Following the Pre-Offering Review, 384 of the Initial Mortgage Loans representing approximately 79.85% of the Initial Mortgage Loans (by Unpaid Principal Balance as of the Initial Cut-off Date) received a final loan grade of "A", 118 of the Initial Mortgage Loans representing approximately 20.15% of the Initial Mortgage Loans (by Unpaid Principal Balance as of the Initial Cut-off Date) received a final loan grade of "B", and none of the Initial Mortgage Loans received a final loan grade of "C" or "D". Such overall grades are reflective of the findings based on the scope of the overall review performed by the Securitization Diligence Provider.

Credit Review. Each Initial Mortgage Loan was evaluated by the Securitization Diligence Provider to determine conformity to the related Originator's stated underwriting criteria. Each such credit review included, but was not limited to: (a) verifying a credit report was present for each Borrower or guarantor as applicable, and gathering certain data; (b) verifying that the borrowing entity is properly documented and the individual signing has the authority to bind the entity; (c) verifying that the Loan to As-Repaired Value Ratio, Loan-to-Cost Ratio and Loan to As-Is Value Ratio, each as applicable, complies with the related underwriting guidelines; (d) verifying that the hazard insurance meets the minimum required amount of coverage required under the related underwriting guidelines; (e) reviewing liens and encumbrances on the Mortgaged Property; (f) reviewing the Borrower background check and (g) confirming evidence of compliance with the Originator's underwriting guidelines regarding non-occupancy status of the Mortgaged Property. With respect to 99 of the Initial Mortgage Loans representing approximately 16.84% of the Initial Mortgage Loans (by Unpaid Principal Balance as of the Initial Cut-off Date), the Securitization Diligence Provider noted certain exceptions with respect to the related Originator's stated underwriting criteria. However, the Sponsor determined that none of these exceptions constituted an exception to the Eligibility Criteria.

Data Collection Review. Each Initial Mortgage Loan was subject to a data integrity review by the Securitization Diligence Provider with respect to certain data fields included in the mortgage loan schedule used by the Sponsor or its affiliate when it acquired such Initial Mortgage Loan. The Sponsor noted certain variances in data in connection with the Initial Mortgage Loans, which were resolved by subsequent corrections to the data tape by the Sponsor, and by subsequent corrections to the data integrity review report by the Securitization Diligence Provider. The corrected data tape, including the corrections made by the Sponsor, will be used to generate the numerical information regarding the Initial Mortgage Loans included in the Offering Memorandum.

Valuation Review. The Securitization Diligence Provider performed a review of the origination valuation report with respect to each Initial Mortgage Loan, which consisted of either (i) a desktop appraisal review and interior inspection, (ii) a broker's price opinion report or (iii) an appraisal report, to verify, among other things, that the appraiser was actively licensed to perform the valuation, that the form of appraisal report included in the origination loan file meets the Originator's stated underwriting criteria, that the appraiser's certification was present and executed with the original appraisal, and the completeness of related data. The valuation review, with regard to the use of comparable properties, (a) confirmed whether the valuation report was substantially complete; (b) confirmed whether the form of valuation report and property type included in the origination loan file meets the Originator's stated underwriting criteria, (c) verified that comparable properties used are similar in size, style, and location to the subject, and (d) checked for the reasonableness of adjustments when reconciling value between the subject Mortgaged Property and comparable properties. Other aspects of the valuation review included (a) verifying that the address matched the Mortgage Note, (b) reviewing whether the related data fields were complete including supporting photographs and a documented property value, (c) confirming whether the appraiser was actively licensed to perform the valuation, (d) confirming whether scope of work and building plans, if applicable, are present, and (e) confirming that the appraisal included an As-Is Value or as-repaired valuation of the Mortgaged Property, as applicable. With respect to 21 of the Initial Mortgage Loans representing approximately 3.43% of the Initial Mortgage Loans (by Unpaid Principal Balance as of the Initial Cut-off Date), the Securitization Diligence Provider noted certain exceptions with respect to the related Originator's valuation report. However, the Sponsor determined that either documented compensating factors were present or that such exception did not constitute an exception to the Eligibility Criteria.

For non-multifamily and non-mixed use appraisals, the Securitization Diligence Provider will conduct a review of the property valuation related to each Mortgage Loan including the age of the appraisal, verification of address and completeness of the appraisal. In addition, the Trust Manager will conduct a valuation test on each non-multifamily and non-mixed use Appraisal by ordering an automated valuation model ("AVM") from an acceptable vendor. The Trust Manager will review each valuation using external data sources which may include an AVM, desktop review product, BPO or appraisals conducted by licensed appraisers hired by the Originators. For any refinance Mortgage Loans or No Rehabilitation Loans, the Trust Manager will conduct the following review:

- If the AVM value is greater than or equal to 90% of the value stated on the origination appraisal, nothing further was required.

- If the AVM value is less than 90% of the value stated on the origination appraisal or the AVM does not produce a value, the Trust Manager orders a new collateral desktop analysis ("CDA"), an exterior broker price opinion from an acceptable vendor or similar products.

The foregoing reviews conducted by each Securitization Diligence Provider did not constitute an independent re-underwriting of the Initial Mortgage Loans, and is not a guarantee of the future performance of any of the Mortgage Loans.

Investors are advised that the aforementioned review procedures to the extent carried out by the Securitization Diligence Provider were performed for the benefit of the Sponsor and its affiliates. The Securitization Diligence Provider makes no representation and provides no advice to any investor or future investor concerning the suitability of any transaction or investment strategy. The Securitization Diligence Provider is not responsible for any decision to include any Mortgage Loan in the Mortgage Pool transferred to the Issuer.

Investors should make their own determination as to the extent to which they place reliance on the limited review procedures carried out as part of the Pre-Offering Review.

Assignment of Initial Mortgage Loans

Pursuant to a master reallocation agreement, dated as of the Closing Date, by and among the Sponsor, the Depositor and the Issuer (as such agreement may be amended, modified, superseded or supplemented from time to time, the "Master Reallocation Agreement"), the Sponsor will cause the Initial Mortgage Loans to be transferred from a separate series of the Trust that previously acquired the Initial Mortgage Loans to the Issuer, and such reallocation shall constitute a sale and contribution by the Sponsor to the Depositor, and by the Depositor to the Issuer, of such Initial Mortgage Loans (including the amounts on deposit in any applicable Rehab Escrow Account maintained by an Asset Manager). Additionally, the Sponsor will make representations and warranties concerning the Mortgage Loans to the Depositor, described below under "*Mortgage Loan Representations and Warranties*" in this Offering Memorandum, which the Depositor will assign to the Issuer.

Pursuant to the Indenture, the Issuer will pledge the Mortgage Loans to the Indenture Trustee for the benefit of the Noteholders and issue the Notes. In connection with the conveyances of the Mortgage Loans from the Sponsor to the Depositor and from the Depositor to the Issuer, the Sponsor will agree to deliver or cause to be delivered to the Issuer all of the documents relating to the Mortgage Loans that the Issuer is required to deliver to the Custodian.

Additional Mortgage Loans

The Depositor will, from time to time during the Reinvestment Period, be obligated to purchase from the Sponsor, subject to the availability thereof, Additional Mortgage Loans, secured by first lien non-owner occupied residential properties, multi-family properties, manufactured housing or mixed-use properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure. Each Additional Mortgage Loan will comply with the following requirements (each such mortgage loan, an "Eligible Mortgage Loan") as of the related acquisition date, the (i) Concentration Limits (as defined below), and (ii) the following criteria (the "Eligibility Criteria"), *provided*, *however*, if the Concentration Limits have been exceeded the Issuer will be permitted to purchase Additional Mortgage Loans meeting the Eligibility Criteria that will bring the Mortgage Loans closer to compliance with the Concentration Limits:

(i) no Additional Mortgage Loan will have been originated without a business purpose affidavit or similar document;

(ii) no Additional Mortgage Loan will be a "wet ink" Mortgage Loan;

(iii) no Additional Mortgage Loan will have an original Principal Limit as of the Mortgage Loan greater than $5,000,000.00;

(iv) no Additional Mortgage Loan where the Borrower is expected to rehabilitate the Mortgaged Property will have a non-zero original Principal Limit less than $70,000.00;

(v) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans with Mortgaged Properties that are a Ground-Up Loan to be in excess of 25.00%;

(vi) no Additional Mortgage Loan that is a Ground-Up Loan will have a Mortgaged Property that is a multi-family (5+ units) property or mixed use property;

(vii) each Additional Mortgage Loan will be a Fixed Rate Mortgage Loan;

(viii) no Additional Mortgage Loan will be an ARM rate Mortgage Loan;

(ix) each Additional Mortgage Loan will be an interest only Mortgage Loan;

(x) no Additional Mortgage Loan will be thirty (30) or more days delinquent (based on the MBA Method) as of the related Cut-off Date;

(xi) no Additional Mortgage Loan will be a Modified Loan as of the related Cut-off Date;

(xii) no natural person guarantor of a Borrower or a Borrower, if applicable, will have a current credit score utilized with respect to Additional Mortgage Loans of less than 625;

(xiii) no Additional Mortgage Loan will have a Loan to As-is Value Ratio in excess of 80.00%;

(xiv) no Additional Mortgage Loan will have a Loan to As-Repaired Value Ratio in excess of 80.00%; and

(xv) no Additional Mortgage Loan will have a Loan-to-Cost Ratio in excess of 90.00%.

The following criteria (the "Concentration Limits") will be satisfied with respect to each Additional Mortgage Loan as of the related acquisition date of such Additional Mortgage Loan (the percentages specified below being the percentage of the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and (b) the amounts on deposit in the Accumulation Account and the Payment Account). All average numbers are weighted by Unpaid Principal Balance:

(i) no Additional Mortgage after giving effect to the purchase of such Additional Mortgage Loan, will cause the non-zero weighted average Loan to As-Is Value Ratio (at origination) of all Mortgage Loans and REO Properties in the Mortgage Pool to exceed 75.00%, provided, that this Concentration Limit will be only applicable to No Rehabilitation Loans;

(ii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Loan to As-Is Value Ratio (at origination) in excess of 75.00% to exceed 7.50% provided, that this Concentration Limit will be only applicable to No Rehabilitation Loans;

(iii) no Additional Mortgage, after giving effect to the purchase of such Additional Mortgage Loan, will cause the non-zero weighted average Loan to As-Repaired Value Ratio (at origination) of all Mortgage Loans and REO Properties in the Mortgage Pool to exceed 70.00%, provided, that this Concentration Limit will be only applicable to Rehabilitation Loans;

(iv) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Loan to As-Repaired Value Ratio (at origination) in excess of 75.00% to exceed 2.50% provided, that this Concentration Limit will be only applicable to Rehabilitation Loans;

(v) no Additional Mortgage after giving effect to the purchase of such Additional Mortgage Loan, will cause the weighted average Loan-to-Cost Ratio (at origination) of all Mortgage Loans and REO Properties in the Mortgage Pool to exceed 80.00% of the Unpaid Principal Balance of the Mortgage Pool;

(vi) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Loan to Loan-to-Cost Ratio in excess of 85.00% to exceed 25.00%;

(vii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the aggregate Unpaid Principal Balance of Mortgage Loans with an original maturity term greater than 24 months to exceed 10.00%;

(viii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the Weighted Average Adjusted Pass-Through Rate of the Mortgage Loans to be less than 8.00%;

(ix) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan and the Issuer's ownership of any other Mortgage Loan or REO Property originated with the same related primary guarantor under such Additional Mortgage Loan, would cause the aggregate Unpaid Principal Balance of such Mortgage Loans and REO Properties with the same related primary guarantor in the Mortgage Pool to exceed 5.00%;

(x) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the aggregate Unpaid Principal Balance of Mortgage Loans cross-collateralized with other mortgage loans to exceed 15.00%;

(xi) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the non-zero weighted average credit score (at the time of origination) of all Mortgage Loans to be less than 735;

(xii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the aggregate Unpaid Principal Balance of Mortgage Loans that have Borrowers with a credit score (at the time of origination) of less than 660 to exceed 2.50%;

(xiii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the non-zero weighted average credit score of Mortgage Loans that have Borrowers with a credit score (at the time of origination) of less than 660 to be less than 630;

(xiv) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the aggregate Unpaid Principal Balance of Mortgage Loans that have Borrowers with a credit score (at the time of origination) of less than 700 to exceed 20.00%;

(xv) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, would cause the non-zero weighted average credit score of Mortgage Loans with Borrowers with a credit score (at the time of origination) of less than 700 to be less than 670;

(xvi) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans made to Borrowers with no credit score to exceed 3.00%;

(xvii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans made to Borrowers that are foreign nationals to exceed 5.00%;

(xviii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Principal Limit greater than $1,000,000 as of Origination Date to be in excess of 50.00%;

(xix) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Principal Limit greater than $2,000,000 as of Origination Date to be in excess of 25.00%;

(xx) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Principal Limit greater than $3,000,000 as of Origination Date to be in excess of 10.00%;

(xxi) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans with Mortgaged Properties that are a single family residence to be less than 75.00%;

(xxii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans with Mortgaged Properties that are a two-to-four family residence to be in excess of 20.00%;

(xxiii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans with Mortgaged Properties that are a multi-family residence or mixed-use to be in excess of 5.00%;

(xxiv) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that are a Cash-Out Refinance to be in excess of 35.00%;

(xxv) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of No Rehabilitation Loans to be in excess of 40.00%;

(xxvi) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a construction budget that is 25% to 50% of its As-Repaired Value to be in excess of 25.00%;

(xxvii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a construction budget that is 50% to 75% of its As-Repaired Value to be in excess of 5.00%;

(xxviii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a construction budget that is more than 75% of its As-Repaired Value to be in excess of 5.00%;

(xxix) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Property Liquidity Ratio greater than 3x for Single Family Residential in excess of 15.00%;

(xxx) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Property Liquidity Ratio greater than 2x for Single Family Residential to be in excess of 30.00%;

(xxxi) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans to have a weighted average Borrower experience of less than 5 projects;

(xxxii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Borrower experience of less than 3 projects to be in excess of 25.00%;

(xxxiii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans that have a Borrower experience of less than 5 projects to be in excess of 50.00%;

(xxxiv) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the quotient, as a percentage, equal to (x) the sum of (i) all Unfunded Draw Amounts and (ii) all Undisbursed Rehabilitation Holdback Amounts divided by (y) the aggregate Unpaid Principal Balance of Mortgage Loans to be in excess of 30.00%;

(xxxv) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans and REO Properties originated in California to exceed 50.00%

(xxxvi) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans and REO Properties originated in the second highest state concentration to exceed 25.00%;

(xxxvii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans and REO Properties originated in the third highest state concentration to exceed 15.00%;

(xxxviii) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of Mortgage Loans and REO Properties originated in the fourth highest state concentration to exceed 15.00%;

(xxxix) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan, will cause the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties originated in New York, Pennsylvania and New Jersey to exceed 10.00%; and

(xl) no Additional Mortgage Loan, after giving effect to the purchase of such Additional Mortgage Loan will have land as a finished property type for the After-Repaired Value.

On a monthly basis, based solely on information regarding the Mortgage Loans provided to the Calculation Agent by the Trust Manager (upon which the Calculation Agent will be entitled to conclusively rely without liability therefor), the Calculation Agent will confirm that, following the acquisition of any Additional Mortgage Loans during such month, each of the Eligibility Criteria is met and Concentration Limits are satisfied or brought closer to compliance; provided, however, that the Calculation Agent will have no liability in connection therewith so long as it acts (or fails to act) without willful misconduct.

The Additional Mortgage Loans will be sold by the Sponsor to the Depositor and from the Depositor to the Issuer pursuant to the Master Reallocation Agreement. In connection with the purchase of Additional Mortgage Loans on such dates of transfer (the "Additional Transfer Dates"), the Issuer will be required to pay to the Depositor from amounts on deposit in the Accumulation Account, a purchase price at least equal to the fair value of such Additional Mortgage Loans, not to exceed the Unpaid Principal Balance of such Additional Mortgage Loans. The purchase price paid by the Issuer for any Additional Mortgage Loan may be funded in part by a capital contribution from the holder of the Residual Interest Certificate. The Sponsor will designate the close of business on the last day of the month immediately preceding the month in which the related Additional Transfer Date occurs as the Additional Cut-off Date (such date for each Additional Mortgage Loan, the "Additional Cut-off Date"). The amount paid from the Accumulation Account on each Additional Transfer Date will not include accrued interest on the related Additional Mortgage Loans prior to the Additional Cut-off Date. Following each Additional Transfer Date, the aggregate Unpaid Principal Balance of the Mortgage Loans will increase by an amount equal to the aggregate Unpaid Principal Balance of the Additional Mortgage Loans so purchased, and the amount in the Accumulation Account will decrease accordingly in an amount equal to the cash purchase price attributable to the funds withdrawn from the Accumulation Account for such purchase.

As used in this Offering Memorandum, the "Cut-off Date" means the Initial Cut-off Date, with respect to the Initial Mortgage Loans, and the related Additional Cut-off Date with respect to Additional Mortgage Loans. Any conveyance of Additional Mortgage Loans on an Additional Transfer Date is subject to certain conditions, including, but not limited to the following: (a) each such Additional Mortgage Loan must satisfy the representations and warranties specified in the Master Reallocation Agreement; (b) each Additional Mortgage Loan must be an Eligible Mortgage Loan; (c) the Sponsor will not select such Mortgage Loans in a manner that it believes to be adverse to the interests of the Noteholders; (d) the Issuer will provide certain certifications with respect to the conveyance of such Additional Mortgage Loans; (e) on or prior to the Additional Transfer Date, receipt by the Custodian of such Mortgage Loan Documents which are to be part of the mortgage loan file; and (f) confirmation by the Trust Manager that such Additional Mortgage Loan meets the Eligibility Criteria. In addition, the Issuer will not be permitted to purchase any Additional Mortgage Loans unless (i) such Additional Mortgage Loans are Eligible Mortgage Loans and (ii) after giving effect to the purchase of any Additional Mortgage Loan, the amount on deposit in the Accumulation Account will not be less than zero. The Paying Agent will have no liability in the event any of the Additional Mortgage Loans do not meet the Eligibility Criteria and will not be deemed to have any knowledge of any breaches of any representations and warranties with respect to the Mortgage Loans by virtue of performing its role in assisting the Trust Manager in determining whether Additional Mortgage Loans meet the Eligibility Criteria.

Rehabilitation Disbursement Requests

With respect to a Mortgage Loan, the related Borrower may be entitled to request Rehabilitation Disbursement Requests as further described under "*The Asset Management Agreements and the Servicing Agreements—Rehabilitation Disbursement Requests Process; Reimbursement of the Construction Advance Shortfall Amounts*" in this Offering Memorandum.

MORTGAGE LOAN REPRESENTATIONS AND WARRANTIES

General

All of the Initial Mortgage Loans were originated by an Originator and fall within the parameters of the Acquisition Guidelines or the Originator's Underwriting Guidelines, or with documented compensating factors if exceptions to the Acquisition Guidelines or the Originator's Underwriting Guidelines were made. The Sponsor or one of its affiliates purchased the Initial Mortgage Loans, and prior to the Closing Date the Initial Mortgage Loans were held in a series statutory trust owned by the Sponsor.

In connection with the conveyance of the Mortgage Loans to the Depositor pursuant to the Master Reallocation Agreement, the Sponsor will agree to deliver or cause to be delivered to the Custodian all of the documents which are required to be delivered and will make certain representations and warranties to the Depositor regarding the Mortgage Loans, which will be then assigned by the Issuer to the Indenture Trustee for the benefit of the Noteholders pursuant to the Indenture. The Indenture Trustee will only by obligated to enforce remedies for breaches of representations and warranties at the written direction of Noteholders holding more than a 50% Percentage Interest of the Notes, and only to the extent such Noteholders provide indemnity satisfactory to the Indenture Trustee.

On the Closing Date and each Additional Transfer Date, the Sponsor will be solely responsible for completing or correcting any missing, incomplete or inconsistent documents and the Custodian will not be responsible or liable for taking any such action, causing the Sponsor, the Issuer, the Indenture Trustee or any other person or entity to do so or notifying any person that any such action has or has not been taken. The Custodian generally will check for the presence of the mortgage note, endorsements to the mortgage note, mortgage and assignments of mortgage and certain other items. The Custodian has not been engaged, however, to review any document in detail.

To the extent the Depositor, the Issuer, the Sponsor or the Trust Manager has actual knowledge of, or a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of, a defective or missing Mortgage Loan Document and such missing document or defect is preventing or materially delaying the (a) realization against the related Mortgaged Property through foreclosure or similar loss mitigation activity or (b) processing of any title claim under the related title insurance policy (a "Material Document Defect"), such party will give written notice to the other parties and to the Sponsor (provided, that in the case of the Indenture Trustee or the Owner Trustee giving such notice, (i) such notice will be given by the Indenture Trustee or the Owner Trustee only if a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of a defective or missing Mortgage Loan Document (without regard to the impact of such defective or missing loan document) and (ii) in no event will the Indenture Trustee or the Owner Trustee be required to determine the impact of such defective or missing loan document). If the conditions in (a) or (b) of the preceding sentence are met, the Sponsor will have ninety (90) days after receipt of such notice to deliver such missing document or cure such breach defect or will repurchase, or cause its designated affiliate to repurchase, the related Mortgage Loan at the Repurchase Price therefor. Unless one of the conditions in (a) or (b) of the second preceding sentence is met, the Sponsor will not have any repurchase obligation with respect to missing or defective documents.

Further, the Sponsor will agree to repurchase, or cause its designated affiliate to repurchase, any Mortgage Loans at the Repurchase Price, or with respect to a Liquidated Loan, make an indemnification payment, discovered at any time not to be in conformance with any representation and warranty made by the Sponsor if it cannot cure such breach within ninety (90) days after notice of such breach, and such breach materially and adversely affects the interests of the Noteholders in the related Mortgage Loan (a "Material Breach."). To the extent the Depositor, the Issuer, the Sponsor or the Trust Manager has actual knowledge of, or a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of, an alleged breach with respect to a Mortgage Loan, the party discovering or receiving notice of such breach will provide a written notice to the other parties and to the Sponsor (provided, that in the case of the Indenture Trustee or the Owner Trustee giving such notice, (i) such notice will be given by the Indenture Trustee or the Owner Trustee only if a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of a breach or an alleged breach (without regard to whether such breach or alleged breach is a Material Breach) and (ii) in no event will the Indenture Trustee or the Owner Trustee be required to determine the materiality of any breach or alleged breach) and the Sponsor will cure any such Material Breach, repurchase, or cause its designated affiliate to repurchase, the affected Mortgage Loan from the Issuer or, with respect to a Liquidated Loan, make an indemnification payment.

In accordance with the terms of the Master Reallocation Agreement, the Sponsor will repurchase a Mortgage Loan or make an indemnification payment with respect to a Liquidated Loan because a Material Breach has occurred with respect to a Mortgage Loan not later than ninety (90) days from discovery by the Sponsor. In addition, the Sponsor will repurchase a Mortgage Loan because a Material Document Defect has occurred with respect to a Mortgage Loan not later than ninety (90) days from discovery by the Sponsor. The "Repurchase Price" will be an amount equal to the sum of (i) the Unpaid Principal Balance of such Mortgage Loan as of the date of such repurchase, plus interest accrued on such Unpaid Principal Balance at the Pass-Through Rate from the date the last monthly payment was made by the related Borrower up to but not including the date that such repurchase occurs, (ii) any amounts representing unreimbursed Servicing Advances made after the applicable Cut-off Date, expenses, costs and liabilities reimbursable pursuant to the related Asset Management Agreement or Servicing Agreement with respect to such Mortgage Loan and (iii) expenses reasonably incurred or to be incurred by the related Asset Manager, the related Servicer, the Custodian, the Trust Manager or the Indenture Trustee in respect of the breach or defect giving rise to the repurchase obligation. The "Pass-Through Rate" for each Mortgage Loan as of any Payment Date is a *per annum* rate, expressed as a percentage, equal to the Mortgage Interest Rate of such Mortgage Loan, *minus* a rate expressed as a percentage (but in no event less than zero) and equivalent to the product of (a) a fraction, the numerator of which is the related Asset Management Fee payable to the related Asset Manager for the related Accrual Period, and the denominator of which equals the Unpaid Principal Balance of such Mortgage Loan for the related Collection Period, *multiplied by* (b) 12. The "Mortgage Interest Rate**"** for any Payment Date is the *per annum* rate at which interest accrues on a Mortgage Loan.

At the time of issuance of the Notes, the (i) Depositor will deposit cash into the Accumulation Account from the proceeds of the sale of the Notes, to be used to purchase Additional Mortgage Loans, (ii) Sponsor will cause the related Asset Manager, Servicer or Subservicer to reserve funds or to deposit into any related Rehab Escrow Account the amounts to be used to fully fund Rehabilitation Disbursement Requests related to the Rehab Escrowed Mortgage Loans, and (iii) Depositor will transfer the Initial Mortgage Loans to the Issuer, together with the Depositor's rights under the Master Reallocation Agreement. The Note Registrar will, concurrently with such assignment, authenticate and deliver the Notes to or at the direction of the Issuer in exchange for the Mortgage Loans and the other assets pledged by the Issuer. Each Mortgage Loan will be identified in a schedule (the "Mortgage Loan Schedule") delivered pursuant to the Master Reallocation Agreement and attached to the Indenture. Such Mortgage Loan Schedule will include, among other things, the Unpaid Principal Balance as of the close of business on the Cut-off Date for each Mortgage Loan, the current maturity date, the Pass-Through Rate and the Mortgage Interest Rate for each Mortgage Loan in the Mortgage Pool. On each Additional Transfer Date, the Depositor will assign the Additional Mortgage Loans to the Issuer, and the Mortgage Loan Schedule will be amended to include the Additional Mortgage Loans sold to the Issuer on such Additional Transfer Date.

Any Repurchase Price or indemnification payment will be remitted by the Sponsor to the Payment Account. The repurchase and indemnification obligations referred to above will constitute the sole remedies available to the Noteholders or the Indenture Trustee with respect to a Material Breach or a Material Document Defect.

Representations and Warranties of the Sponsor

The Sponsor will make certain representations and warranties about the Mortgage Loans to the Depositor pursuant to a Master Reallocation Agreement, which will be assigned by the Issuer to the Indenture Trustee for the benefit of the Noteholders pursuant to the Indenture. If any of such representations or warranties are breached and such breach is a Material Breach, then, subject to the terms of the Indenture, the Sponsor will be obligated to cure the related breach, repurchase the affected Mortgage Loan from the Issuer at the Repurchase Price or, with respect to a Liquidated Loan, make an indemnification payment. The Owner Trustee shall have no obligation to pursue or otherwise be involved in resolving any repurchase request or demand or enforcing remedies for any breach, including any such request that is the subject of an arbitration or similar proceeding, and any action on behalf of the Issuer in connection with any repurchase demand or enforcement shall be taken by the Depositor on behalf of the Issuer, or the Indenture Trustee (acting at the written direction of the Noteholders holding more than a 50% Percentage Interest of the Notes).

In connection with the transfer of the Mortgage Loans by the Sponsor to the Depositor, and pursuant to the Master Reallocation Agreement, the Sponsor will make the following representations and warranties as of the Closing Date (in the case of the Initial Mortgage Loans) or as of each Additional Transfer Date (in the case of the Additional Mortgage Loans), or such other date or dates specified below regarding the Mortgage Loans or each Mortgage Loan, as the case may be. Capitalized terms used, but not defined, in the representations and warranties have the meaning given to them in the Transaction Documents.

(a) Ownership. Immediately prior to the transfer and assignment contemplated under the Master Reallocation Agreement, the Sponsor was the sole owner of each Mortgage Loan and it can convey or cause to be conveyed good and marketable title to such Mortgage Loan free and clear of any liens or security interest that are not being released on the relevant Closing Date and has full right and authority to sell and assign the same.

(b) Mortgage Loan Schedule. The information set forth in the Mortgage Loan Schedule is true, complete and correct in all material respects.

(c) Taxes, Assessments and Other Charges. As of the date of the origination of the Mortgage Loan, and to the Sponsor's knowledge as of the Cut-Off Date, all taxes, homeowner or similar association fees, charges, and assessments, governmental assessments, insurance premiums, water, sewer and municipal charges, leasehold payments or ground rents which could be a lien on the Mortgaged Property that would be of equal or superior priority to the lien of the Mortgage and which previously became due and owing have been paid or will be paid in the ordinary course of business, or an escrow of funds has been established in an amount sufficient to cover such payments and reasonably estimated interest and penalties, if any, thereon. For purposes of this representation and warranty, real estate taxes, governmental assessments, other outstanding governmental charges, homeowner association dues and fees and installments thereof shall not be considered delinquent until the earlier of (a) the date on which interest and/or penalties would first be payable thereon and (b) the date on which enforcement action is entitled to be taken by the related taxing authority or homeowner association.

(d) No Litigation. Other than any customary claim or counterclaim arising out of any foreclosure or collection proceeding relating to any Mortgage Loan, Sponsor has no knowledge of any litigation, proceeding or governmental investigation pending, or any order, injunction or decree outstanding, existing or relating the related Mortgaged Property, or the related Mortgage Loan that would materially and adversely affect the validity or enforceability of such Mortgage Loan.

(e) Hazard Insurance. All buildings or other customarily insured improvements upon the Mortgaged Property are insured by an insurer against loss by fire, hazards of extended coverage and such other hazards in an amount not less than the least of (A) the original principal amount of the Mortgage Note and (B) the replacement value of the Mortgaged Property. If the improvements on the Mortgaged Property are in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, then a flood insurance policy meeting the requirements of the current guidelines of the Federal Insurance Administration is in effect with a generally acceptable insurance carrier. Such flood insurance policy is in an amount representing coverage not less than the least of (A) the original principal amount of the Mortgage Note, (B) the replacement value of the Mortgaged Property and (C) the maximum amount of insurance which is available under the Flood Disaster Protection Act of 1973, as amended, at the time of origination. Each such insurance policy is the valid and binding obligation of the insurer, is in full force and effect, and will be in full force and effect and inure to the benefit of the Issuer upon the consummation of the transactions contemplated by the Master Reallocation Agreement.

(f) No Damage. Except to the extent that such Mortgage Loan is being made in connection with a project to repair damage (as reflected on the proposed scope of work), to the knowledge of the Sponsor, each Mortgaged Property is free from material structural damage which would cause such Mortgaged Property to become uninhabitable.

(g) No Condemnation. To the Sponsor's knowledge, there is no proceeding pending, or threatened, for the total or partial condemnation of the Mortgaged Property that would have a material adverse effect on the value, use or operation of such Mortgaged Property or the value of the related Mortgage Loan or the taking of such Mortgaged Property by eminent domain.

(h) Environmental Matters. To the Sponsor's knowledge, there is no pending action or proceeding directly involving the Mortgaged Property in which compliance with any applicable environmental law, rule or regulation is an issue.

(i) Recordation. The related mortgage, deed of trust or other instrument securing the related Mortgage Note (the "Mortgage") and all intervening assignments of Mortgage, notices of transfer or equivalent instrument (each, an "Assignment of Mortgage") have been recorded, sent for recordation or will be sent for recordation. The final Assignment of Mortgage, upon the insertion of the name of the assignee and recording information, is in recordable form (other than the name of the assignee if in blank) and is acceptable for recording under the laws of the jurisdiction in which the related Mortgaged Property is located.

(j) No Fraudulent Acts. No fraud with respect to a Mortgage Loan has taken place on the part of Sponsor or its affiliates in connection with the origination, sale of the Mortgage Loan or the sale of the Mortgaged Property or in the application of any insurance in relation to such Mortgage Loan.

(k) Compliance with Applicable Law. Each Mortgage Loan complied in all material respects with all applicable federal, state and local laws including disclosure laws in effect at the time of origination or modification.

(l) Legal and Binding Obligation. The Mortgage Note, the related Mortgage any other Mortgage Loan Document or any other agreement executed by the Borrower in connection with the Mortgage Loan is original and genuine, has been duly and properly executed and each is the legal, valid and binding obligation of the maker thereof (subject to any non-recourse provisions contained in any of the foregoing agreements and any applicable state anti-deficiency or market value limit deficiency legislation) and is enforceable in accordance with its terms, except: (i) as such enforcement may be limited by (a) bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and (b) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law) and (ii) that certain provisions in such loan documents (including, without limitation, provisions requiring the payment of default interest, late fees or prepayment/yield maintenance fees, charges or premiums) are, or may be, further limited or rendered unenforceable by or under applicable law, but (subject to the limitations set forth in clause (i) above) such limitations or unenforceability will not render such loan documents invalid as a whole or materially interfere with the mortgagee's realization of the principal benefits or security provided thereby (clauses (i) and (ii) collectively, the "Standard Qualifications"). To the Sponsor's knowledge, all parties to the Mortgage Note and the Mortgage had legal capacity to enter into the Mortgage Loan and to execute and deliver the Mortgage Note and the Mortgage, and the Mortgage Note and the Mortgage have been duly and properly executed by such parties. Subject to the Standard Qualifications, the Mortgage Loan is not subject to any right of rescission, set off, counterclaim or defense, including, without limitation, the defense of usury, nor will the operation of any of the terms of the Mortgage Loan Documents, or the exercise of any right thereunder, render the Mortgage Note or Mortgage unenforceable, in whole or in part, or subject to any right of rescission, set off, counterclaim or defense, including the defense of usury.

(m) Title Insurance. Each Mortgage Loan is covered by a lender's title insurance policy, an attorney's opinion of title and abstract of title, or a comparable form of loan title insurance policy issued at the time such Mortgage Loan was made and approved for use in the applicable jurisdiction, insuring, subject only to Permitted Encumbrances or other exceptions acceptable to prudent lending institutions in the jurisdiction in which the Mortgaged Property is located at the time of origination of the Mortgage Loan, the Originator, its successors and assigns as to the first lien priority of the Mortgage specified in the asset schedule in the original principal amount of the Mortgage Loan and insuring Originator, its successors and assigns against any loss by reason of the invalidity or unenforceability of the lien resulting from the provisions of the Mortgage providing for adjustment to the mortgage interest rate and monthly payment. Such title insurance is in full force and effect and will be in force and effect upon the consummation of the transactions contemplated by the Master Reallocation Agreement. No claims have been made under such title insurance, and no prior holder of the Mortgage, including the Sponsor, have done, by act or omission, anything which would materially impair the coverage of such title insurance. "Permitted Encumbrances" means (a) the lien of current real property taxes, water charges, sewer rents, assessments and homeowner association dues and fees not yet due and payable; (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record; (c) the exceptions (general and specific) and exclusions set forth in such title policy; (d) other matters to which like properties are commonly subject; (e) the rights of tenants (as tenants only) under leases (including any unrecorded leases and subleases) pertaining to the related Mortgaged Property and condominium declarations and bylaws; (f) exceptions relating to survey matters and (g) any and all violations from governmental agencies or municipalities, or environmental control board violations which do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage or the use or value of the related Mortgaged Property provided that none of which items (a) through (g), individually or in the aggregate, materially and adversely interferes with the value or current use of the Mortgaged Property or the security intended to be provided by such Mortgage or the Borrower's ability to pay its obligations when they become due.

(n) Underwriting. Each Mortgage Loan was (i) underwritten in accordance with the applicable Eligibility Criteria or (ii) underwritten with exceptions to the applicable underwriting guidelines that are reasonable and documented compensating factors.

(o) Valuation. An appraisal or a similar product such as a residential evaluation or a broker price opinion (BPO) for each related Mortgaged Property has been obtained with a date within six (6) months of the origination date of such Mortgage Loan.

(p) No Prior Modifications, Satisfaction, Cancellation or Rescission. Since the date of origination and except by written instruments set forth in the related Mortgage File or as otherwise provided in the related loan documents, the material terms of the Mortgage Note and Mortgage have not been impaired, waived, altered or modified in any respects. None of the related Borrower, the related guarantor or any other obligor of the Mortgage Loan has been released from its material obligations under the Mortgage Loan. The Mortgage has not been satisfied, canceled, subordinated or rescinded, in whole or in part, and the Mortgaged Property has not been released from the lien of the Mortgage, in whole or in part, nor has any instrument been executed that would affect any satisfaction, release, cancellation, subordination or rescission.

(q) Servicing and Collection Practices. To the best of Sponsor's knowledge, the servicing and collection practices used with respect to the Mortgage Loan have been in all material respects in accordance with

Accepted Servicing Criteria.

(r) Access; Utilities; Separate Tax Lots. To the best of the Sponsor's knowledge, each Mortgaged Property (i) is located on or adjacent to a public road and has direct legal access to such road, or has access via an irrevocable easement or irrevocable right of way permitting ingress and egress to/from a public road, (ii) is served by or has uninhibited access rights to public or private water and sewer (or well and septic) and electricity all of which are appropriate for the current use of such Mortgaged Property, and (iii) constitutes one or more separate tax parcels which do not include any property which is not part of such Mortgaged Property or is subject to an endorsement under the related title policy insuring such Mortgaged Property.

(s) Local Law Compliance. The terms of the related loan documents require the related Borrower to cause the Mortgaged Property to comply in all material respects with all applicable governmental regulations, zoning and building laws.

(t) Licenses and Permits. Each Borrower covenants in the loan documents that it shall keep all material licenses, permits and applicable governmental authorizations necessary for its operation of each related Mortgaged Property in full force and effect. The Sponsor is not aware of any Borrower, guarantor or other obligor on any Mortgage Loan having received notice of any noncompliance with any use or occupancy law, ordinance, regulation, standard, license or certificate with respect to any Mortgaged Property.

(u) Mechanics' Liens. As of the date of origination, and to the Sponsor's knowledge, as of the related Cut-off Date, are no mechanics' or materialmen's or similar liens, encumbrances or claims which have been filed for work, labor or material (and no rights are outstanding that under the law could give rise to such liens) affecting the related Mortgaged Property which are or may be liens prior to, or equal or coordinate with, the lien of the related Mortgage, except those which are bonded over, escrowed for or insured against by a lender's title insurance policy, and, subject to the rights of tenants (as tenants only) (subject to and excepting Permitted Encumbrances).

(v) No Material Default; Payment Record. There is no material default, breach, violation or event of acceleration existing under the related Mortgage or Mortgage Note and, to the Representation Provider's knowledge, no event, other than payments due but not yet delinquent, which, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration thereunder, and no such default, breach, violation or event of acceleration has been waived by the mortgagee.

(w) Due on Sale. The related Mortgage Loan Documents contain an enforceable provision, to the extent not prohibited by Applicable Law, for the acceleration of the payment of the Unpaid Principal Balance of such Mortgage Loan in the event that a related Mortgaged Property is sold or transferred without the prior written consent of the mortgagee.

(x) Whole Loan. Such Mortgage Loan is a whole loan and not a participation interest in a mortgage loan.

(y) Enforceability and Priority of Lien. Upon recording, the related Mortgage is a valid, enforceable and perfected first lien on the Mortgaged Property. The lien of such recorded Mortgage is subject only to: (i) the lien of current real property taxes and assessments not yet due and payable; (ii) covenants, conditions and restrictions, rights of way, easements and other matters of the public record as of the date of recording of such Mortgage that are acceptable to mortgage lending institutions in the area which a related Mortgaged Property is located and specifically referred to in the title insurance policy delivered to the Originator of such Mortgage Loan and (a) referred to or otherwise considered in the appraisal made for the Originator of such Mortgage Loan or (b) which do not adversely affect the appraised value of such Mortgaged Property set forth in such appraisal and (iii) other matters to which like properties are commonly subject which do not, individually or in the aggregate, materially interfere with the benefits of the security intended to be provided by such Mortgage. If such Mortgage Loan is a MERS Mortgage Loan, a MIN has been assigned to it by MERS and the Representation Provider has not received any notice of liens or legal actions with respect to such Mortgage Loan and no such notices have been electronically posted by MERS.

(z) Encroachments. Except for encroachments that (i) do not materially and adversely affect the current marketability or principal use of a related Mortgaged Property, or (ii) are intended to be remedied by the borrower as part of its improvement or rehabilitation of such Mortgaged Property, all material improvements that were included for the purpose of determining the value of such Mortgaged Property at the time of the origination of such Mortgage Loan are within the boundaries of such Mortgaged Property, except for encroachments that are insured against by the applicable title policy.

(aa) Cross-Collateralization. Such Mortgage Loan is not cross-collateralized with any loan not in the Mortgage Pool. To the extent the equity in any borrower has been pledged pursuant to an equity pledge agreement, the applicable seller's interest in any such equity pledge agreement has been assigned as additional Collateral pursuant to the Indenture.

(ab) Mortgage Provisions. The related Mortgage Note or Mortgage contains provisions regarding the rights and remedies of the holder thereof adequate for the practical realization against a related Mortgaged Property of the principal benefits of the security intended to be provided thereby, including realization by judicial or, if applicable, non-judicial foreclosure, subject to the limitations set forth in the Standard Qualifications.

(ac) No Bankruptcy. No Delinquency. Except as disclosed in the Mortgage Loan Schedule (i) to the knowledge of the Sponsor, no Borrower with respect to any such Mortgage Loan is in bankruptcy under applicable bankruptcy laws as of the date of the origination of such Mortgage Loan, and (ii) no such Mortgage Loan is delinquent as of the Cut-off Date.

DESCRIPTION OF THE NOTES

General

The NYMT Loan Trust Series 2024-BPL2, Mortgage-Backed Notes, Series 2024-BPL2 will consist of the Notes described in the Securities Table.

The Notes will be issued pursuant to the Indenture. Set forth below are summaries of the material terms and provisions pursuant to which the Notes will be issued. The following summaries are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture. When particular provisions or terms used in the Indenture are referred to, the actual provisions (including definitions of terms) are incorporated by reference.

The Notes will have the approximate Initial Note Amount specified in the Securities Table. Any difference between the Note Amount as of the Closing Date and the approximate Initial Note Amount as of the date of this Offering Memorandum will not exceed 5% of the Initial Note Amount for the Notes. The Notes will be issued initially in the denominations set forth in the Securities Table.

The Notes will be secured by the assets pledged by the Issuer (the "Trust Estate") to the Indenture Trustee for the benefit and security of the Noteholders under the Indenture, which will consist of all of the Issuer's right, title and interest in, to and under, in each case, whether now owned or existing, or hereafter acquired or arising:

(i) the Mortgage Loans, including the related Mortgage Note (and any REO Properties acquired in respect thereof);

(ii) all Collections related to the Mortgage Loans and the Payment Account, the Accumulation Account, any segregated Custodial Accounts established for the benefit of the Issuer, the Rehab Escrow Accounts, the Interest Reserve Account and the Redemption Account and all funds on deposit therein from time to time, excluding any investment income from such funds;

(iii) the Issuer's rights under the Custodial Agreement, the Administration Agreement, each Asset Management Agreement, the Master Reallocation Agreement and each Servicing Agreement; and

(iv) proceeds of any of the foregoing.

Payments on the Notes will be made by the Paying Agent on the twenty-fifth (25^{th}) day of each month, or if such day is not a Business Day, on the first business day thereafter, commencing in June 2024 (each, a "Payment Date"), to the persons in whose names such Notes are registered at the close of business on the applicable Record Date. The "Record Date," will be for the first Payment Date and any Notes, the close of business on the Closing Date, and for each Payment Date after the first Payment Date (A) for any Notes that are in global form, the close of business on the Business Day immediately preceding such Payment Date and (B) for any Notes that are in definitive certificated form, the close of business of the last Business Day in the calendar month immediately preceding the calendar month in which such Payment Date occurs. All payments with respect to the Notes on each Payment Date, will be allocated *pro rata* among the outstanding Noteholders, based on the respective Note Amounts of their Notes as of such Payment Date.

On each Payment Date, after payments to the transaction parties, including amounts owed to the Asset Managers and the Trust Manager, and payments of Interest Payment Amounts to the Class A Notes, principal will be paid as described under the "*—Priority of Payments*".

Interest Payment Amounts

The Notes will bear interest at the applicable Note Rate set forth in this Offering Memorandum. On each Payment Date, interest will be paid from the Available Funds as described under "*—Priority of Payments*" below in this Offering Memorandum.

With respect to each class of Notes and any Payment Date (other than the first Payment Date), the "Interest Payment Amount" will equal (i) the related Cumulative Interest Shortfall Amount for such class of Notes *plus* (ii) one-twelfth ($1/12^{th}$) of the product of (A) the applicable Note Rate for such class of Notes for the related Accrual Period and (B) the applicable Note Amount for such class of Notes as of the end of the immediately preceding Payment Date; *provided, however*, that for the initial Payment Date, the Interest Payment Amount on any class of Notes will equal the product of (x) the number of days from and including the Closing Date to but excluding the first Payment Date (assuming such Payment Date occurs on the twenty-fifth (25th) of each month), based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods, divided by three hundred sixty (360), (y) the initial Note Rate for such class of Notes, and (z) the Initial Note Amount of such class of Notes.

The "Accrual Period" with respect to each Payment Date (other than the initial Payment Date), is the period beginning with the previous Payment Date and ending on the day prior to such Payment Date (in each case assuming the Payment Date occurs on the twenty-fifth (25^{th}) of the month) with interest calculated on the basis of a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day months. The Accrual Period for the initial Payment Date is the period beginning on the Closing Date and ending on the day prior to the initial Payment Date (assuming such Payment Date occurs on the twenty-fifth (25^{th}) of the month) with interest calculated based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods.

The "Cumulative Interest Shortfall Amount" is, for each Payment Date and each class of Notes, the portion of the Interest Payment Amount for that Class for all previous Payment Dates that has not been paid, if any, plus accrued and unpaid interest thereon at the applicable Note Rate from the Payment Date on which the shortfall first occurred through but excluding the current Payment Date (in each case assuming the Payment Date occurs on the twenty-fifth (25^{th}) of each month), based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods.

Stated Final Maturity

The Stated Final Maturity for the Notes is the Payment Date set forth in the Securities Table, which is the Payment Date occurring in May 2039 (the "Stated Final Maturity"). The actual final Payment Date of the Notes may be substantially earlier than the Stated Final Maturity.

Book-Entry Notes

The Class A1 Notes, the Class A2 Notes and the Class M Notes will be issuable in book-entry form only (the "Book-Entry Notes"). Persons acquiring beneficial ownership interests in the Book-Entry Notes ("Note Owners") will hold such Notes through DTC (in the United States) or Clearstream Banking ("Clearstream") or the Euroclear System ("Euroclear") (in Europe) if they are participants of such systems (the "Participants"), or indirectly through organizations that are participants in such systems (the "Indirect Participants"). The Book-Entry Notes will be issued in one or more notes which equal the Note Amount of the Notes and will initially be registered in the name of Cede & Co., the nominee of DTC. Clearstream and Euroclear will hold omnibus positions on behalf of their Participants through customers' securities accounts in Clearstream's and Euroclear's names on the books of their respective depositaries which in turn will hold such positions in customers' securities accounts in the depositaries' names on the books of DTC. Investors in the Class A1 Notes and Class A2 Notes may hold such beneficial interests in the Book-Entry Notes in minimum denominations of $100,000 and integral multiples of $1,000 in excess thereof and the Class M Notes may hold such beneficial interests in the Book-Entry Notes in minimum denominations of $250,000 and multiples of $1,000 in excess thereof. Except as described below, no person acquiring a Book-Entry Note (each, a "beneficial owner") will be entitled to receive a physical security representing such Note (a "Definitive Note"). Unless and until Definitive Notes are issued, it is anticipated that the only "Noteholder" of the Notes will be Cede & Co., as nominee of DTC. For the Definitive Notes, the "Noteholders" will be beneficial owners of such Notes. Note Owners will not be Noteholders as that term is used in the Indenture. Note Owners are only permitted to exercise their rights indirectly through Participants and DTC.

The Book-Entry Notes offered to U.S. persons that are sold in reliance on the exemption from registration under Rule 144A under the Securities Act will initially be issued (each, a "Rule 144A Global Note") through the facilities of DTC. The Book-Entry Notes offered to U.S. persons that are sold in reliance on the exemption from registration under Rule 144A under the Securities Act will initially be issued (each, a "Rule 144A Global Note") through the facilities of DTC. Rule 144A Global Notes may also be held through the European Depositaries, as participants in DTC. The Book-Entry Notes sold in "offshore transactions" in reliance on Regulation S will initially be issued (each, a "Temporary Regulation S Global Note") through the facilities of DTC for the accounts of each European Depositary. Temporary Regulation S Global Notes may be exchanged on the fortieth (40th) day (the "Exchange Date") after the later of the commencement of the offering of the Notes and the Closing Date, upon certification of non-U.S. ownership as provided in the Indenture, for interests in a corresponding permanent global note (each, a "Permanent Regulation S Global Note" and together with the Rule 144A Global Note and the Temporary Regulation S Global Note, each a "Global Note"), which will be deposited on the Exchange Date with the Note Registrar as custodian for DTC and registered in the name of a nominee of DTC.

On or prior to the Exchange Date, a beneficial interest in a Temporary Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note only upon receipt by the Note Registrar of a written certificate substantially in the form provided in the Indenture (a "Rule 144A Transfer Certificate") from the transferor to the effect that such transfer is being made to a person who the transferor reasonably believes is purchasing for its own account or accounts as to which it exercises sole investment discretion and that such person and each such account is a "qualified institutional buyer" as defined in Rule 144A under the Securities Act, in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction and, if requested by the Note Registrar, the receipt by the Note Registrar of such other evidence acceptable to the Note Registrar that such transfer is in compliance with the Securities Act and other applicable laws. Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in a Temporary Regulation S Global Note, on or prior to the Exchange Date, or a Permanent Regulation S Global Note, after the Exchange Date, only upon receipt by the Note Registrar of a written certification substantially in the form provided in the Indenture (a "Regulation S Transfer Certificate") from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S and that, if such transfer occurs on or prior to the Exchange Date, the interest transferred will be held immediately thereafter through Euroclear or Clearstream. Any beneficial interest in one of the Book-Entry Notes that is transferred to a person who takes delivery in the form of a beneficial interest in the other Book-Entry Note will, upon transfer, cease to be a beneficial interest in such Book-Entry Note and become a beneficial interest in the other Book-Entry Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such other Book-Entry Note for as long as it remains such an interest.

The beneficial owner's ownership of a Book-Entry Note will be recorded on the records of the brokerage firm, bank, thrift institution or other financial intermediary (each, a "Financial Intermediary") that maintains the beneficial owner's account for such purpose. In turn, the Financial Intermediary's ownership of such Book-Entry Note will be recorded on the records of DTC (or of a participating firm that acts as agent for the Financial Intermediary, whose interest will, in turn, be recorded on the records of DTC, if the beneficial owner's Financial Intermediary is not a DTC Participant and on the records of Clearstream or Euroclear, as appropriate).

Note Owners will receive all payments of principal of and interest on the Book-Entry Notes from the Paying Agent through DTC and DTC Participants. While the Book-Entry Notes are outstanding (except under the circumstances described below), under the rules, regulations and procedures creating and affecting DTC and its operations (the "Rules"), DTC is required to make book-entry transfers among Participants on whose behalf it acts with respect to the Book-Entry Notes and is required to receive and transmit payments of principal of, and interest on, the Book-Entry Notes. Participants and Indirect Participants with whom Note Owners have accounts with respect to Book-Entry Notes are similarly required to make book-entry transfers and receive and transmit such payments on behalf of their respective Note Owners. Accordingly, although Note Owners will not possess notes representing their respective interests in the Book-Entry Notes, the Rules provide a mechanism by which Note Owners will receive payments and will be able to transfer their interest.

Noteholders will not receive or be entitled to receive notes representing their respective interests in the Book-Entry Notes, except under the limited circumstances described below. Unless and until Definitive Notes are issued, Noteholders who are not Participants may transfer ownership of Book-Entry Notes only through Participants and Indirect Participants by instructing such Participants and Indirect Participants to transfer Book-Entry Notes, by book-entry transfer, through DTC for the account of the purchasers of such Book-Entry Notes, which account is maintained with their respective Participants. Under the Rules and in accordance with DTC's normal procedures, transfers of ownership of Book-Entry Notes will be executed through DTC, and the accounts of the respective Participants at DTC will be debited and credited. Similarly, the Participants and Indirect Participants will make debits or credits, as the case may be, on their records on behalf of the selling and purchasing Noteholders.

Because of time zone differences, credits of securities received in Clearstream or Euroclear as a result of a transaction with a Participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such securities settled during such processing will be reported to the relevant Euroclear or Clearstream Participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of securities by or through a Clearstream Participant or Euroclear Participant to a DTC Participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Transfers between Participants will occur in accordance with DTC Rules. Transfers between Clearstream Participants and Euroclear Participants will occur in accordance with their respective rules and operating procedures.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream Participants or Euroclear Participants, on the other, will be effected in accordance with DTC rules on behalf of the relevant European international clearing system by the Relevant Depositary; however, such cross-market transfers will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to the Relevant Depositary to take action to effect final settlement on its behalf by delivering or receiving securities in DTC, and making or receiving payment in accordance with normal procedures for same day funds settlement applicable to DTC. Clearstream Participants and Euroclear Participants may not deliver instructions directly to the depository for Clearstream or the depository for Euroclear (in such capacities, individually the "Relevant Depositary" and collectively the "European Depositaries").

DTC, which is a New York-chartered limited purpose trust company, performs services for its Participants, some of which (and/or their representatives) own DTC. In accordance with its normal procedures, DTC is expected to record the positions held by each DTC Participant in the Book-Entry Notes, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Notes will be subject to the Rules, as in effect from time to time.

Clearstream, a Luxembourg limited liability company, was formed in January 2000 through the merger of Cedel International and Deutsche Boerse Clearing.

Clearstream is registered as a bank in Luxembourg, and as such is subject to regulation by the Luxembourg Monetary Authority, which supervises Luxembourg banks.

Clearstream holds securities for its customers ("Clearstream Participants") and facilitates the clearance and settlement of securities transactions by electronic book-entry transfers between their accounts. Clearstream provides various services, including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream also deals with domestic securities markets in several countries through established depository and custodial relationships. Clearstream has established an electronic bridge with Euroclear Bank S.A./N.V. as the Euroclear Operator in Brussels to facilitate settlement of trades between systems. Clearstream currently accepts over 200,000 securities issues on its books.

Clearstream's customers are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Clearstream's United States customers are limited to securities brokers and dealers and banks. Currently, Clearstream has approximately 2,500 customers located in over 110 countries, including all major European countries, Canada, and the United States. Indirect access to Clearstream is available to other institutions which clear through or maintain a custodial relationship with an account holder of Clearstream.

Euroclear was created in 1968 to hold securities for its participants ("Euroclear Participants") and to clear and settle transactions between Euroclear Participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of securities and any risk from lack of simultaneous transfers of securities and cash. Transactions may be settled in a variety of currencies, including United States dollars. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described above. Euroclear is operated by Euroclear Bank S.A./N.V. (the "Euroclear Operator"). All operations are conducted by the Euroclear Operator, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator. Euroclear plc establishes policy for Euroclear on behalf of Euroclear Participants. Euroclear Participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear Participant, either directly or indirectly.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related operating procedures of the Euroclear System and applicable Belgian law (collectively, the "Terms and Conditions"). The Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific securities to specific securities clearance accounts. The Euroclear Operator acts under the Terms and Conditions only on behalf of Euroclear Participants, and has no record of or relationship with persons holding through Euroclear Participants.

Payments on the Book-Entry Notes will be made on each Payment Date by the Paying Agent to Cede & Co., as nominee of DTC. DTC will be responsible for crediting the amount of such payments to the accounts of the applicable DTC Participants in accordance with DTC's normal procedures. Each DTC Participant will be responsible for disbursing such payment to the beneficial owners of the Book-Entry Notes that it represents and to each Financial Intermediary for which it acts as agent. Each such Financial Intermediary will be responsible for disbursing funds to the beneficial owners of the Book-Entry Notes that it represents.

Under a book-entry format, beneficial owners of the Book-Entry Notes may experience some delay in their receipt of payments, since such payments will be forwarded by the Paying Agent to Cede & Co. Payments with respect to Notes held through Clearstream or Euroclear will be credited to the cash accounts of Clearstream Participants or Euroclear Participants in accordance with the relevant system's rules and procedures, to the extent received by the Relevant Depositary. Such payments will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See "*Certain U.S. Federal Income Tax Consequences—Backup Withholding and Information Reporting*" in this Offering Memorandum. Because DTC can only act on behalf of DTC Participants, the ability of a beneficial owner to pledge Book-Entry Notes to persons or entities that do not participate in the book-entry system, or otherwise take actions in respect of such Book-Entry Notes, may be limited due to the lack of physical securities for such Book-Entry Notes. In addition, issuance of the Book-Entry Notes in book-entry form may reduce the liquidity of such Notes in the secondary market since certain potential investors may be unwilling to purchase Notes for which they cannot obtain physical securities.

Monthly and annual reports on the Notes will be provided to Cede & Co., as nominee of DTC, and may be made available by Cede & Co. to beneficial owners upon request, in accordance with the rules, regulations and procedures creating and affecting the DTC Participants to whose DTC accounts the Book-Entry Notes of such beneficial owners are credited.

DTC has advised the Indenture Trustee, the Paying Agent and the Note Registrar that, unless and until Definitive Notes are issued, DTC will take any action the holders of the Book-Entry Notes are permitted to take under the Indenture only at the direction of one or more DTC Participants to whose DTC accounts the Book-Entry Notes are credited, to the extent that such actions are taken on behalf of Financial Intermediaries whose holdings include such Book-Entry Notes. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a Noteholder under the Indenture on behalf of a Clearstream Participant or Euroclear Participant only in accordance with its relevant rules and procedures and subject to the ability of the Relevant Depositary to effect such actions on its behalf through DTC. DTC may take actions, at the direction of the related Participants, with respect to some Book-Entry Notes that conflict with actions taken with respect to other Book-Entry Notes.

Definitive Notes will be issued to beneficial owners of the Book-Entry Notes, or their nominees, rather than to DTC, only if DTC advises Indenture Trustee, the Paying Agent or the Note Registrar in writing that DTC is no longer willing, qualified or able to discharge properly its responsibilities as nominee and depository with respect to the Book-Entry Notes and the Paying Agent (at the direction of the Depositor) is unable to locate a qualified successor.

Upon the occurrence of the event described in the immediately preceding paragraph, the Indenture Trustee, the Note Registrar or the Paying Agent will be required to notify all beneficial owners of the occurrence of such event and the availability through DTC of Definitive Notes. Upon surrender by DTC of the global note or notes representing the Book-Entry Notes and instructions for re-registration, the Issuer will issue Definitive Notes, and thereafter the Issuer, the Indenture Trustee, the Paying Agent, the Note Registrar and the Owner Trustee will recognize the holders of such Definitive Notes as Noteholders under the Indenture.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

None of the Sponsor, the Depositor, the Issuer, the Indenture Trustee, the Paying Agent, the Note Registrar or the Owner Trustee will have any responsibility for any aspect of the records relating to or payments made on account of beneficial ownership interests of the Book-Entry Notes held by Cede & Co., as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Definitive Notes

In the event that (i) DTC advises the Paying Agent, the Note Registrar and the Indenture Trustee that DTC is no longer willing or able to discharge properly its responsibilities as depository with respect to the Book-Entry Notes and the Paying Agent (at the direction of the Issuer) is unable to locate a qualified successor or (ii) if an Event of Default has occurred and is continuing under the Indenture and a Noteholder materially and adversely affected thereby has requested a Definitive Note, Definitive Notes may be issued by the Issuer and authenticated by the Note Registrar in place of the Book-Entry Notes as described above.

Upon the occurrence of the event described in clause (i) in the immediately preceding paragraph, the Paying Agent will request that DTC notify all applicable Noteholders through Participants of the availability of Definitive Notes. Upon surrender by DTC of the Global Notes representing the corresponding Notes and receipt of instructions for re-registration, the Issuer will reissue such Notes as Definitive Notes to such Noteholders.

No transfer of a Definitive Note will be made unless such transfer is made to a person that has delivered to the Indenture Trustee, the Paying Agent and the Note Registrar a Rule 144A Transfer Certificate and a transferee certification in the form of Annex C of this Offering Memorandum.

Certain U.S. Federal Income Tax Documentation Requirements

A beneficial owner of Book-Entry Notes that is not a U.S. Person (a "Non-U.S. Noteholder") holding a Book-Entry Note through DTC, Clearstream or Euroclear may be subject to U.S. withholding tax unless it provides certain documentation to the issuer of the Book-Entry Notes, the clearing system, a paying agent or any other entity required to withhold tax (any of the foregoing, a "U.S. Withholding Agent") establishing an exemption from withholding. A Non-U.S. Noteholder may be subject to withholding unless each U.S. Withholding Agent receives, with respect to the Class A Notes only:

(i) from a Non-U.S. Noteholder that is classified as a corporation for U.S. federal income tax purposes or is an individual, and is eligible for the benefits of the portfolio interest exemption or an exemption (or reduced rate) based on a treaty, a duly completed and executed Internal Revenue Service ("IRS") Form W-8BEN or W-8BEN-E (or any successor form);

(ii) from a Non-U.S. Noteholder that is eligible for an exemption on the basis that the holder's income from the Book-Entry Notes is effectively connected to its U.S. trade or business, a duly completed and executed IRS Form W-8ECI (or any successor form);

(iii) from a Non-U.S. Noteholder that is classified as a partnership for U.S. federal income tax purposes, a duly completed and executed IRS Form W-8IMY (or any successor form) with all supporting documentation (as specified in the Treasury regulations) required to substantiate exemptions from withholding on behalf of its partners; certain partnerships may enter into agreements with the IRS providing for different documentation requirements and it is recommended that those partnerships consult their tax advisors regarding these certification rules;

(iv) from a Non-U.S. Noteholder that is an intermediary (*i.e.*, a person acting as a custodian, a broker, nominee or otherwise as an agent for the beneficial owner of the Book-Entry Notes):

(a) if the intermediary is a "qualified intermediary" within the meaning of Section 1.1441-1(e)(5)(ii) of the Treasury regulations (a "Qualified Intermediary"), a duly completed and executed IRS Form W-8IMY (or any successor or substitute form):

(1) stating the name, permanent residence address and employer identification number of the Qualified Intermediary and the country under the laws of which the Qualified Intermediary is created, incorporated or governed;

(2) certifying that the Qualified Intermediary has provided, or will provide, a withholding statement as required under Section 1.1441-1(e)(5)(v) of the Treasury regulations;

(3) certifying that, with respect to accounts it identifies on its withholding statement, the Qualified Intermediary is not acting for its own account but is acting as a Qualified Intermediary; and

(4) providing any other information, certifications, or statements that may be required by the IRS Form W-8IMY or accompanying instructions in addition to, or in lieu of, the information and certifications described in Section 1.1441-1(e)(3)(ii) or 1.1441-1(e)(5)(v) of the Treasury regulations; or

(b) if the intermediary is not a Qualified Intermediary, a duly completed and executed IRS Form W-8IMY (or any successor or substitute form):

(1) stating the name and permanent residence address of the non-Qualified Intermediary and the country under the laws of which the non-Qualified Intermediary is created, incorporated or governed;

(2) certifying that the non-Qualified Intermediary is not acting for its own account;

(3) certifying that the non-Qualified Intermediary has provided, or will provide, a withholding statement that is associated with the appropriate IRS Forms W-8 and W-9 required to substantiate exemptions from withholding on behalf of the non-Qualified Intermediary's beneficial owners; and

(4) providing any other information, certifications or statements that may be required by the IRS Form W-8IMY or accompanying instructions in addition to, or in lieu of, the information, certifications, and statements described in Section 1.1441-1(e)(3)(iii) or (iv) of the Treasury regulations; or

(v) from a Non-U.S. Noteholder that is a trust, depending on whether the trust is classified for U.S. federal income tax purposes as the beneficial owner of Book-Entry Notes, either an IRS Form W-8BEN, W-8BEN-E or W-8IMY (with all supporting documentation (as specified in the Treasury regulations)); any Non-U.S. Noteholder that is a trust should consult its tax advisors to determine which of these forms it should provide.

All Non-U.S. Noteholders will be required to update the above-listed forms and any supporting documentation in accordance with the requirements under the Treasury regulations. These forms generally remain in effect for the earlier of the period starting on the date the form is signed and ending on the last day of the third succeeding calendar year or until a change in circumstances makes any information on the form incorrect.

In addition, all holders, including holders that are U.S. Persons, holding Book-Entry Notes through Clearstream, Euroclear or DTC may be subject to backup withholding unless the holder (a) provides the appropriate IRS Form W-8 (or any successor or substitute form), duly completed and executed, if the holder is a Non-U.S. Noteholder; (b) provides a duly completed and executed IRS Form W-9, if the holder is a U.S. Person; or (c) can be treated as an "exempt recipient" within the meaning of Section 1.6049-4(c)(1)(ii) of the Treasury regulations (*e.g.*, a corporation or a financial institution such as a bank).

This summary does not deal with all of the aspects of U.S. federal income tax withholding or backup withholding that may be relevant to investors that are Non-U.S. Noteholders. Additional information regarding tax considerations for Non-U.S. Noteholders is provided below under "*Certain U.S. Federal Income Tax Consequences—U.S. Federal Tax Treatment of Non-U.S. Noteholders*" in this Offering Memorandum. Among other considerations described in that section, recent legislation and related IRS guidance concerning the FATCA impose U.S. withholding tax on interest paid and gross proceeds, including the return of principal, from the sale or other disposition, including redemptions, of interest-bearing obligations paid to certain foreign financial institutions and nonfinancial foreign entities if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. Non-U.S. Noteholders are advised to consult their tax advisors for specific tax advice concerning their holding and disposing of Book-Entry Notes.

Limitations on Transfers of Notes

The Notes are being offered in a private placement to (i) a limited number of institutional investors in the United States and will not be registered under the Securities Act or any state or foreign securities or "blue sky" laws and (ii) only in the case of the Class A1 Notes and Class A2 Notes, non-U.S. persons acquiring the securities in "offshore transactions" within the meaning of Regulation S acquiring the securities in "offshore transactions" offered and sold outside the United States in reliance on Regulation S. No party is obligated to register the Notes under the Securities Act or any such other laws. No transfer or sale of the Notes offered hereby will be made unless such transfer is not subject to registration under the Securities Act or any applicable state securities laws, and is made in accordance with the other restrictions on transfer described in this Offering Memorandum. As a result, Notes may be resold or transferred only to (i) "qualified institutional buyer" (as defined in the Securities Act) in reliance on an exemption from registration provided by Rule 144A under the Securities Act and in compliance therewith or (ii) non-U.S. persons within the meaning of Regulation S acquiring the securities in "offshore transactions" offered and sold outside the United States in reliance on Regulation S.

In order to transfer Class M Notes, each transferee of a beneficial interest in a Class M Note (including the initial transferee) must provide the Depositor, the Issuer, the Indenture Trustee, the Note Registrar, the Paying Agent, the Sponsor and the Owner Trustee, a transferee certification in the form of Annex C of this Offering Memorandum.

Prior to any transfer of a Definitive Note, the proposed transferee will be required to represent to the Indenture Trustee, the Note Registrar, the Paying Agent and the Depositor in writing that the applicable conditions to transfer set forth under "*Notice to Investors*" in this Offering Memorandum are satisfied. Such representations will be set forth in an investment letter substantially in the form set forth in the Indenture. A transferee of an interest in a book-entry note, by acceptance of its interest therein, will be deemed to have made all applicable representations set forth in an investment letter and set forth under "*Notice to Investors*" in this Offering Memorandum. Each transferee will agree to indemnify the Issuer, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee and the Depositor against any liability that may result from a transfer by such Noteholder that is not made in accordance with such laws or the provisions of the Indenture.

None of the Issuer, the Owner Trustee, Indenture Trustee, the Paying Agent or the Note Registrar will have the ability to monitor transfers of the Notes while they are in book-entry form and will have no liability for transfers of the Notes in violation of any of the transfer restrictions described in this Offering Memorandum.

The Indenture will provide that any attempted or purported transfer in violation of these transfer restrictions will be null and void and will vest no rights in any purported transferee. Any transferor or agent to whom the Indenture Trustee, the Paying Agent or the Note Registrar provides information as to any applicable tax imposed on such transferor or agent may be required to bear the cost of computing or providing such information.

The Notes will bear legends reflecting such of the foregoing transfer restrictions as are applicable thereto. The foregoing transfer restrictions may adversely affect the liquidity of the Notes, and investors should be aware that they may be required to bear the financial risks of any investment in the Notes for an indefinite period of time.

Class A Minimum Credit Enhancement Test and Class A Paydown Amount

For each Payment Date, the Paying Agent will calculate the amount, expressed as a percentage (the "Class A Credit Enhancement Percentage") equal to the *quotient of* (i) the excess of (a) the sum of (x) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the immediately preceding Calculation Date, (y) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (z) any amounts held in the Accumulation Account as of such Calculation Date *over* (b) the Note Amount of the Class A Notes as of the related Calculation Date *divided by* (ii) the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of such Calculation Date, (b) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (c) any amounts held in the Accumulation Account as of such Calculation Date. As of the Closing Date, it is expected that the Class A Credit Enhancement Percentage will be equal to approximately eighteen and twenty-five hundredths percent (18.25%).

On each Payment Date occurring during the Reinvestment Period, the Paying Agent will, as described in clause *eighth* set forth under the Priority of Payments, remit Available Funds (i) if the Class A Minimum Credit Enhancement Test is satisfied, to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount, or (ii) if the Class A Minimum Credit Enhancement Test is not satisfied, to pay principal, up to the Class A Paydown Amount, on the Class A1 Notes until the Class A Minimum Credit Enhancement Test is satisfied, and then to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount (calculated after giving effect to any principal payments of the Class A1 Notes on such Payment Date).

The "Calculation Date" is, with respect to any Payment Date, the final day of the related Collection Period.

The "Class A Minimum Credit Enhancement Test" will be satisfied on any Payment Date if the Class A Credit Enhancement Percentage for such Payment Date is at least equal to eight percent (8%). If an amount up to the Class A Paydown Amount that satisfies the Class A Minimum Credit Enhancement Test has been paid in full on a Payment Date, then the Class A Minimum Credit Enhancement Test will be deemed to have been satisfied until the next succeeding Payment Date. If the Class A Minimum Credit Enhancement Test is not satisfied, the "Class A Paydown Amount" will be equal to twelve and a half (12.50) multiplied by (i) eight percent (8%) *minus* the Class A Credit Enhancement Percentage, multiplied by (ii) the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the related Calculation Date, (b) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (c) any amounts held in the Accumulation Account as of such Calculation Date.

Priority of Payments

On each Payment Date the Paying Agent will distribute Available Funds in the following order of priority to the extent available and where expressly stated, allocate the amounts on deposit in the Redemption Account (the "Priority of Payments"), and with respect to clauses *first* through *seventh,* to the extent Available Funds are insufficient to pay such amounts, the Paying Agent shall make such payments from amounts on deposit in the Accumulation Account, to the extent available:

- *first*, (i) pro rata, to the Indenture Trustee, the Owner Trustee, the Custodian and the Calculation Agent, the Owner Trustee Fee, the Custodian Fee, the Calculation Agent Fee and the Indenture Trustee Fee, respectively, then (ii) pro rata, up to the applicable Annual Expense Cap (to the extent the Annual Expense Cap is applicable), any expenses and indemnification amounts reimbursable to the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Calculation Agent, the Tax Agent and the Custodian (with respect to the Trust Manager, to the extent that the Trust Manager has not already been reimbursed for such amounts from amounts on deposit in the Payment Account or the Accumulation Account) (the "Transaction Party Expenses");

- *second*, to the Trust Manager (to the extent the Trust Manager, on behalf of the Issuer, previously paid or reimbursed any Asset Manager or Servicer for such amounts), any unreimbursed Servicing Advances by and reimbursable to such Asset Manager pursuant to the Asset Management Agreement or such Servicer pursuant to the related Servicing Agreement, in each case, to the extent that the Trust Manager has not already retained or been reimbursed for such amounts from Collections on deposit in any related Custodial Account, the Payment Account or the Accumulation Account;

- *third*, to the Trust Manager, any Asset Management Fee, Servicing Fee or Ancillary Fee, to the extent previously paid to the Asset Manager or any related Servicer by the Trust Manager on behalf of the Issuer, and not previously reimbursed to the Trust Manager;

- *fourth*, to the Expense Reserve Account, the amount if any needed to cause deposits therein to equal the Target Expense Reserve Balance;

- *fifth*, to the Class A1 Notes, to pay the Interest Payment Amount thereon;

- *sixth*, to the Class A2 Notes, to pay the Interest Payment Amount thereon;

- *seventh*, to the Class M Notes, to pay the Interest Payment Amount thereon;

- *eighth*, prior to the termination of the Reinvestment Period, to pay as follows:

  (i) *first*, to the Interest Reserve Account, in an amount necessary (if any) to cause the amount on deposit therein to equal the Interest Reserve Account Required Amount;

  (ii) *second*, if the Class A Minimum Credit Enhancement Test is satisfied as of such Payment Date, to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount;

  (iii) *third*, if the Class A Minimum Credit Enhancement Test is not satisfied as of such Payment Date, to pay principal on the Class A1 Notes, up to the Class A Paydown Amount until the Class A Minimum Credit Enhancement Test is satisfied, and then to the Accumulation Account in an amount equal to the Required Accumulation Account Deposit Amount (calculated after giving effect to any principal payments of the Class A1 Notes on such Payment Date);

- *ninth*, following the termination of the Reinvestment Period, first to the Accumulation Account, up to an amount directed by the Trust Manager not to exceed the Accumulation Account Minimum Balance as of such Payment Date, and then to pay principal on the Class A1 Notes, until the Note Amount thereof is reduced to zero;

- *tenth*, on and following the earliest to occur of (i) an Event of Default, (ii) in connection with the exercise of an Optional Redemption only, the Optional Redemption Date or (iii) the Class A2 Note Mandatory Redemption Date, to pay principal of the Class A2 Notes, until the Note Amount thereof is reduced to zero, such payment to be made first from any Available Funds available for withdrawal from the Redemption Account and, then, other than in the case of clause (iii), from any other Available Funds;
- *eleventh*, on and following the earliest to occur of (i) an Event of Default,(ii) in connection with the exercise of an Optional Redemption only, the Optional Redemption Date or (iii) the Class M Note Mandatory Redemption Date, to pay principal of the Class M Notes, until the Note Amount thereof is reduced to zero, such payment to be made first from any Available Funds available for withdrawal from the Redemption Account and, then, other than in the case of clause (iii), from any other Available Funds;
- *twelfth*, on and following the Payment Date on which the Note Amount of the Class A1 Notes has been reduced to zero and prior to an Event of Default, the Optional Redemption Date or a Class M Note Mandatory Redemption Date, to the Redemption Account, until amounts contained therein are equal to the Redemption Account Required Amount;
- *thirteenth*, pro rata, to the Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee and the Custodian, any amounts not having been reimbursed to such parties as a result of the Annual Expense Cap;
- *fourteenth*, to the Accumulation Account, up to an amount as directed by the Trust Manager in its sole discretion; and
- *fifteenth*, to the holder of the Residual Interest Certificate, any remaining amounts.

Any Relief Act Shortfalls, Prepayment Interest Shortfalls, interest shortfalls due to delinquencies and defaults, interest shortfalls due to Mortgage Interest Rate modifications and interest shortfalls resulting from reimbursements payable to the transaction parties in respect of indemnification, fees and expenses as described in the Indenture will result in a reduction of Available Funds for the related Payment Date.

Optional Redemption

On the Optional Redemption Date, the Issuer may, at its option, exercise a call and purchase all of the outstanding Notes for a price equal to the sum of (i) the outstanding Note Amount of the Notes, (ii) any accrued and unpaid interest thereon at the applicable Note Rate through such redemption date and (iii) any fees, expenses and indemnity payments of the transaction parties pursuant to the transaction documents due and unpaid without regard to the Annual Expense Cap, including any unreimbursed Servicing Advances made after the applicable Cut-off Date, expenses, costs and liabilities due to any Asset Manager pursuant to the related Asset Management Agreement or any Servicer pursuant to the related Servicing Agreement or the Trust Manager pursuant to the Indenture (the "Redemption Price"). A failure by the Issuer to redeem the Notes in full after the Optional Redemption Date is not an Event of Default, Class A Early Amortization Event or a breach of any covenant by the Issuer. No payments of the Redemption Price will be made to any Notes until all fees, expenses and indemnification amounts owing to the transaction parties have been paid in full without regard to the Annual Expense Cap.

No payments of the Redemption Price will be made to any Notes until all fees, expenses and indemnification amounts owing to the transaction parties have been paid in full without regard to the Annual Expense Cap.

THE ASSET MANAGEMENT AGREEMENTS AND THE SERVICING AGREEMENTS

The Mortgage Loans will be managed and serviced by the related Asset Managers pursuant to the applicable Asset Management Agreement and/or the related Servicer pursuant to the terms of the applicable Servicing Agreement. Set forth below are general summaries of the terms and provisions pursuant to which the Mortgage Loans will be serviced. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the applicable Asset Management Agreement and/or Servicing Agreement.

Compensation and Payment of Expenses

The duties to be performed by the Asset Managers (or Servicers) include facilitating extensions or other modifications of payment terms of the related Mortgage Loans, administering Rehabilitation Holdback Amounts, assisting with payoff requests, tracking and reporting on any cross-collateralization and cross-default applicable to any Mortgage Loan, managing or engaging a REO manager to manage and liquidate any Mortgage Loan that converts to real property, monitoring rehabilitation projects, providing monthly reports with respect to the Mortgaged Properties and any draw requests, monitoring payoff status of the Mortgage Loans, providing third party valuation reports, rehab reports, inspection reports and any other available reports, reviewing the monthly Servicer report to ensure accuracy and completeness, including calculations of any principal, interest, yield maintenance amounts or any other amounts due under the terms of the Mortgage Loan Documents, verifying the Servicer's payment calculations and preparing a statement showing calculations of the Asset Management Fees, Servicing Fees, the Ancillary Fees and any fees or expenses payable pursuant to the Asset Management Agreement or Servicing Agreement, as applicable, and performing such other duties as reasonably requested or as necessary. The Asset Managers (or Servicers) also will provide such accounting and reporting services as are necessary to provide required information to the Issuer, the Trust Manager, the Paying Agent and the Indenture Trustee with respect to the Mortgage Loans. Additionally, the Asset Managers (or Servicers) will provide any required documentation to or seek any required approvals from the Trust Manager relating to Rehabilitation Disbursement Requests, loan modification requests, loss mitigation, bankruptcy and foreclosure proceedings, liquidations of Mortgage Loans and REO Properties, in accordance with the terms of the Asset Management Agreement or the Servicing Agreement.

The Asset Managers will be entitled to receive the Asset Management Fee and certain Ancillary Fees, as applicable, as compensation for its activities pursuant to the Asset Management Agreement. The Servicers are entitled to receive a Servicing Fee, and may be entitled to retain Ancillary Fees under the applicable Servicing Agreement.

The Asset Management Agreements also will provide that the Asset Managers (or the related Servicer on its behalf) will be entitled to reimbursement from Collections for Servicing Advances, costs and liabilities.

Servicing Advances

There will be no advancing of delinquent principal or interest on the Mortgage Loans by the related Asset Managers, the related Servicer, the Trust Manager or any other party to the transaction. In the course of performing its obligations, the Trust Manager, the related Asset Manager or the related Servicer may advance (or may cause any Subservicer to advance), funds on behalf of the Issuer in order to pay all customary and reasonable "out of pocket" costs and expenses (including reasonable attorneys' fees and disbursements) incurred in the performance by such party of its obligations, including the cost of (a) the preservation, restoration and protection of a Mortgaged Property or REO Property, (b) any collection, remedial, enforcement or loss mitigation actions relating to the Mortgage Loans or any administrative or judicial proceedings relating to the Mortgage Loans or Mortgaged Property, including foreclosures, evictions, deed in lieu of foreclosures or loan modifications, (c) the management, liquidation, marketing, sale, renovation, repair, maintenance and preservation of the Mortgaged Property, including any REO Property, (d) taxes, assessments, water rates, sewer rents and other charges which are or may become a lien upon the Mortgaged Property or REO Property, (e) insurance policy premiums and fire and hazard insurance coverage relating to the Mortgaged Property or REO Property, (f) the assessment and evaluation of a Mortgage Loan and the related Mortgaged Property or REO Property, including broker's price opinions, environmental evaluations, property inspections, surveys and appraisals, lien searches and title insurance and reviews, (g) funding any negative escrow account balances outstanding upon the initial transfer of the Mortgage Loan to such party under the related Asset Management Agreement or Servicing Agreement, as applicable, (h) in connection with the enforcement or liquidation of a Mortgaged Property or REO Property which has a superior lien, any expenditures relating to the purchase, maintenance or monitoring of any superior lien (i) any losses sustained by such party with respect to the enforcement or liquidation of the Mortgage Loan or related Mortgaged Property and (j) fees paid to third party vendors and service providers (collectively, the "Servicing Advances").

Servicing Advances are reimbursable to the related Asset Manager, the related Servicer or the Trust Manager, as applicable, from Collections in respect of the related Mortgage Loan prior to payments on the Notes, including late collections, Liquidation Proceeds, Condemnation Proceeds, insurance proceeds and such other amounts as may be collected from the Borrower or otherwise relating to the Mortgage Loan. To the extent Servicing Advances are not reimbursed from Collections, the Asset Managers or any other Servicer, as applicable, will be entitled to be reimbursed for Servicing Advances made after the Cut-off Date by the Trust Manager on behalf of the Issuer, and the Trust Manager will be reimbursed for such Servicing Advances from Available Funds as described in the Priority of Payments.

The Asset Managers, the related Servicer or the Trust Manager, as applicable, will be entitled to withdraw or cause to be withdrawn from Collections recovered on any Mortgage Loan or REO Property, prior to the payments of such Collections to Noteholders, amounts representing unreimbursed Servicing Advances, and certain permitted expenses, costs and liabilities with respect to the Mortgage Loans or REO Properties. To the extent not previously reimbursed from Collections, the Asset Managers or the related Servicer, as applicable, will be entitled to be reimbursed for Servicing Advances made after the Cut-off Date by the Trust Manager, and the Trust Manager will be entitled to reimbursement from Available Funds as described in the Priority of Payments.

Rehabilitation Disbursement Requests Process; Reimbursement of the Construction Advance Shortfall Amounts

After a Borrower submits a Rehabilitation Disbursement Request, the related Asset Manager will review such Rehabilitation Disbursement Request in accordance with the terms of the Asset Management Agreement or the applicable Servicing Agreement. Following the satisfactory evaluation of any Rehabilitation Disbursement Request, the related Asset Manager or Servicer (or any Subservicer) will (i) with respect to each Mortgage Loan other than a Construction Advance Mortgage Loan, release funds (including from any related Rehab Escrow Account or from funds otherwise reserved by the related Asset Manager, the related Servicer or Subservicer) to satisfy any such Rehabilitation Disbursement Request, or (ii) with respect to each Mortgage Loan for which the Borrower has the right, as of the Cut-off Date, to submit Rehabilitation Disbursement Requests but for which the related Asset Manager or Servicer has not reserved or otherwise deposited into the related Rehab Escrow Account the full amount of such permitted future disbursement requests (each such Mortgage Loan, a "Construction Advance Mortgage Loan"), disburse the amounts set forth in any such Rehabilitation Disbursement Requests so approved to the Borrower (a "Construction Advance"). Disbursements of Construction Advances may be made by any Asset Manager or Servicer (i) from Collections then on deposit in any related Custodial Account, (ii) from its own funds, as a reimbursable advance or (iii) from funds advanced by the Trust Manager on behalf of the Issuer, following the Trust Manager's receipt of written notice by such Asset Manager or such related Servicer within the time required under the Asset Management Agreement or the related Servicing Agreement, as applicable, in the event that there are insufficient Collections in any related Custodial Account to fund such Construction Advance or in the event that the related Servicing Agreement otherwise requires the Trust Manager to pre-fund such amounts (a "Construction Advance Shortfall Amount").

The Trust Manager may use amounts on deposit in the Accumulation Account to reimburse an Asset Manager or a Servicer for any such Construction Advance, or to fund or reimburse itself for any such Construction Advance Shortfall Amounts. The amount of any Construction Advance Shortfall Amounts remaining unreimbursed to the Trust Manager at the end of each Collection Period will be the "Construction Advance Shortfall Reimbursement Amount".

Rehab Escrow Account

The related Asset Manager or Servicer that services Rehab Escrowed Mortgage Loans will establish and maintain a "Rehab Escrow Account" in the name of the Indenture Trustee, for the benefit of the Noteholders pursuant to the Asset Management Agreement or the related Servicing Agreement or otherwise reserve funds, to be used to fund Rehabilitation Disbursement Requests related to the Rehab Escrowed Mortgage Loans. On the Closing Date and on each date of purchase of Additional Mortgage Loans, the Sponsor will cause the related Asset Manager, Servicer or Subservicer to reserve funds or to deposit into any related Rehab Escrow Account the amounts to be used to fully fund Rehabilitation Disbursement Requests related to the Rehab Escrowed Mortgage Loans. From time to time, Rehabilitation Disbursement Requests will be satisfied by the Asset Manager (or its Subservicer) or related Servicer (on behalf of the Issuer) by the release of funds following the satisfactory evaluation of the Rehabilitation Disbursement Requests by the Asset Manager (or its Subservicer) or related Servicer with respect to such Rehab Escrowed Mortgage Loan. Rehabilitation Holdback Amounts available in a Rehab Escrow Account or from funds otherwise reserved to fund future construction, rehabilitation or repairs on the Mortgaged Properties are deposited in such account in escrow, and the release of such funds to the Borrower by the Asset Manager (or its Subservicer) or related Servicer (on behalf of the Issuer) will not affect the Unpaid Principal Balance of the related Mortgage Loan; *provided, however*, under certain circumstances (including certain instances of Mortgage Loan delinquency or default) the Asset Manager (or its Subservicer) or related Servicer may, in accordance with the Mortgage Loan Documents, cancel any remaining Undisbursed Rehabilitation Holdback Amounts for a Rehab Escrowed Mortgage Loan and remit such amounts from the Rehab Escrow Account or from reserved funds to the Payment Account as a principal payments which will result in a reduction of the Unpaid Principal Balance of such Rehab Escrowed Mortgage Loan. Following the liquidation of a Liquidated Loan, the Asset Manager (or its Subservicer) or related Servicer will remit any Undisbursed Rehabilitation Holdback Amounts remaining in the related Rehab Escrow Account or from reserved funds related to such Liquidated Loan, if any, to the Payment Account as Net Liquidation Proceeds. The Note Amount of the Notes will not change as a result of any Rehabilitation Disbursement Requests funded from the related Rehab Escrow Account or from reserved funds.

Custodial Account

Each Servicer which receives Collections in respect of the Mortgage Loans, including FCI, Fay and Shellpoint, will establish or cause to be established and maintained, a custodial account under the related Servicing Agreement, either as a general trust account or as a segregated custodial account (each such account, together with any other similar trust account or any segregated account established by a Servicer under a Servicing Agreement, a "Custodial Account"). Each Servicer, will deposit on a daily basis in the applicable Custodial Account (or directly into the Payment Account) all Collections, net of the Asset Management Fee or Servicing Fees, as applicable, and any other amounts permitted to be retained by the Servicer from Collections, including amounts representing reimbursement of Servicing Advances and servicing expenses, and Construction Advances funded from such Custodial Account during the related Collection Period. Prior to each Payment Date, the Trust Manager will review and verify that the applicable Asset Management Fees due to the Asset Managers and the applicable Servicing Fees due to any Servicer to be derived from Collections are received during the related Collection Period. If the Trust Manager has advanced any Asset Management Fees to the Asset Managers or Servicing Fees to any Servicer, or if Collections are insufficient to pay the applicable Asset Management Fee or Servicing Fee then due in full and such amounts are to be paid by the Trust Manager on behalf of the Issuer in accordance with the terms of the related Asset Management Agreement or Servicing Agreement, in each such case, the Trust Manager will be entitled to reimbursement thereof in accordance with the Priority of Payments. Each Asset Manager, Subservicer, Servicer and/or the Trust Manager will remit all Collections received with respect to the related Mortgage Loans into the Payment Account, net of certain amounts permitted to be withheld by such parties pursuant to the related Asset Management Agreement or Servicing Agreement (including Construction Advances made from any related Custodial Account or, if applicable, made by the Trust Manager on behalf of the Issuer and reimbursed to the Trust Manager from Collections).

Payments on Mortgage Loans; Servicer Remittances

During the Reinvestment Period, the Paying Agent will transfer all Collections received from the Asset Managers and each Servicer with respect to the Mortgage Loans representing principal (which includes the principal portion of any Net Liquidation Proceeds and Repurchase Price) from the Payment Account into the Accumulation Account. On each Payment Date during the Reinvestment Period, the Paying Agent will automatically withdraw from amounts on deposit in the Accumulation Account and deposit such amounts in the Payment Account, to the extent available, an amount up to the Available Funds Shortfall Amount for such Payment Date, if any. On each Payment Date after the Reinvestment Period, the Paying Agent will automatically withdraw all amounts on deposit in the Accumulation Account and deposit such amounts in the Payment Account for distribution pursuant to the Priority of Payments. See "*The Indenture—Accounts*" in this Offering Memorandum.

Payment Obligations

Pursuant to the terms of the related Servicing Agreements, Servicers will be engaged by the Issuer to use applicable Accepted Servicing Criteria to collect all scheduled payments on the Mortgage Loans, until the date that each Mortgage Loan has been liquidated, whether by way of a payment in full, a disposition, a refinance, sale or other means of liquidation and forward such collections to the Custodial Account. In addition, Servicers will be entitled to receive a Servicing Fee, and may be entitled to retain Ancillary Fees under the applicable Servicing Agreement. See "*—Compensation and Payment of Expenses*" above. All payments and collections deposited by Servicers into the

Custodial Account (or directly into the Payment Account) on account of each Mortgage Loan (net of certain fees and expenses permitted to be withheld pursuant to the Servicing Agreements) will be remitted by (i) FCI to the Payment Account within two (2) business days of clearing the related Custodial Account, and (ii) any other Servicer engaged by the Issuer, no less frequently than once per calendar month, after such deposit into the Custodial Account (or may be remitted by Servicers directly to the Payment Account). Remittance by Servicers to the Payment Account may be net of (i) outstanding Servicing Advances or (ii) Asset Management Fees, Servicing Fees or Ancillary Fees due and payable to the related Asset Managers or Servicers.

Loss Mitigation

Pursuant to the terms of the Asset Management Agreements of the Initial Asset Managers, and the Servicing Agreements of the Initial Servicers, such Initial Asset Managers or such Initial Servicers, as applicable, will take such action as it deems to be in the best interest of the Issuer with respect to defaulted Mortgage Loans and foreclose upon or otherwise comparably convert the ownership of properties securing defaulted Mortgage Loans as to which no satisfactory collection arrangements can be made.

Pursuant to the FCI Servicing Agreement, with respect to any Defaulted or Delinquent Mortgage Loan, FCI, in its discretion, has the right to determine the timing of any notice of intent to foreclose, posting of an account for foreclosure, commencement of foreclosure proceedings or the filing of any documents in connection therewith; provided, however, that FCI will obtain approval of the Trust Manager and act in accordance with the Accepted Servicing Criteria. To the extent set forth in the related Asset Management Agreement and the FCI Servicing Agreement, FCI will service the property acquired through foreclosure or deed-in-lieu of foreclosure in accordance with procedures that the Trust Manager employs and exercises in servicing and administering mortgage loans for its own account and that are in accordance with accepted mortgage servicing practices of prudent lending institutions for mortgage loans similar to the Mortgage Loans. Other potential loss mitigation actions to be taken by FCI with respect to delinquent Mortgage Loans include short sales, refinancings (including short refinancings) and acceptance of deeds-in-lieu of foreclosure, in each case subject to any applicable approvals required by the Trust Manager in accordance with the FCI Servicing Agreement.

Major Decisions

Pursuant to the terms of the related Asset Management Agreements, the Initial Asset Managers may recommend, but will not be permitted to engage in certain specified actions with respect to any Mortgage Loan or any applicable Mortgaged Property (collectively, "Major Decisions"), without the express written approval and consent of the Issuer, including:

(i) any increase or decrease in any monetary obligations of a Borrower under any Mortgage Loan;

(ii) any decrease (other than by operation of the applicable Mortgage Loan Documents) in the interest rate under any Mortgage Note;

(iii) any extension (other than by operation of the applicable Mortgage Loan Documents) of the maturity date of any Mortgage Loan;

(iv) any release, termination, modification or amendment of any guaranty of a Mortgage Loan or any indemnity with respect to any Mortgage Loan provided in the applicable Mortgage Loan Documents (except any release or termination required or permitted pursuant to the express terms of such guaranty or other applicable Mortgage Loan Documents);

(v) any short sale or short payoff with respect to a Mortgage Loan;

(vi) the waiver of any "event of default" under any Mortgage Loan;

(vii) the approval of any request by a Borrower to release all or any portion of the collateral securing the related Mortgage which is not otherwise specifically provided for in such Mortgage Loan Documents;

(viii) cross-defaulting any Mortgage Loan with any other indebtedness;

(ix) any material amendment or modification of default provisions in any of the Mortgage Loan Documents;

(x) any mezzanine or subordinate financing with respect to any Mortgaged Property, if approval is required under the applicable Mortgage Loan Documents; or

(xi) any actions in furtherance of the foreclosure on any collateral securing the related Mortgage Loan or the taking of any action to enforce the terms of such Mortgage Loan.

REO Management and Disposition

Pursuant to the Asset Management Agreements and the Servicing Agreements, to the extent REO management is within the scope of such party's obligations, the related Asset Manager or Servicer or other vendor selected by an Asset Manager will manage, conserve, protect and operate any REO Property in accordance with the policies and procedures of such Asset Manager, such Servicer or the Trust Manager, as applicable, and the requirements of the related Asset Management Agreement or the Servicing Agreement and in the same manner that similar property in the same locality as such REO Property is managed consistent with accepted servicing practices and applicable law. The related Asset Manager, Servicer or other vendor, as applicable, will use reasonable efforts to dispose of any REO Property as soon as possible for the purpose of maximizing returns for the Issuer. Pursuant to the Administration Agreement, the Trust Manager may elect to transfer the administration of any REO Property from any Asset Manager or Servicer to Trust Manager (or a vendor engaged by the Trust Manager on behalf of the Issuer).

Certain Matters Regarding the Asset Managers

The Initial Asset Managers will indemnify the Issuer, the Indenture Trustee, Servicers and their respective affiliates, and their respective present and former directors, officers and employees against all losses, damages, penalties, fines, claims, forfeitures, lawsuits, court costs, reasonable attorney's fees, judgments, and any other actual costs, fees, and expenses arising from, caused by or based on (i) the failure of an Asset Manager to perform its duties under the related Asset Management Agreement in material accordance with applicable law; or (ii) any breach of any of its representation, warranty, covenant or obligation of an Asset Manager contained in the related Asset Management Agreement including, for the avoidance of doubt, any failure to obtain the Issuer's prior written approval in connection with any Major Decision or any violation by an Asset Manager of certain prohibited actions in the related Asset Management Agreement; and (iii) for certain of the Initial Asset Managers, such Initial Asset Manager's reckless disregard for its duties under the Asset Management Agreement or bad faith, gross negligence or willful misconduct.

Asset Manager Defaults

An "Asset Manager Default" means any default, event of default or similarly defined term under the applicable Asset Management Agreement with respect to the related Asset Manager's obligations, which gives rise to a right of for-cause termination of such Asset Manager. Such defaults may include, among others: (i) any material breach of representations, warranties or covenants under the Asset Management Agreement; and (ii) certain events of insolvency with respect to the related Asset Manager.

Initial Servicer Defaults

Pursuant to the terms of the FCI Servicing Agreement, the Fay Servicing Agreement and the Shellpoint Servicing Agreement, the following events, among other things, will constitute a for-cause termination event of FCI, Fay or Shellpoint, as applicable (each, a "Initial Servicer Default"): (i) any failure by FCI, Fay or Shellpoint, as applicable, to deposit Collections into the Custodial Account or the Payment Account required to be deposited under the FCI Servicing Agreement, the Fay Servicing Agreement or the Shellpoint Servicing Agreement, which continues unremedied for a period beyond the applicable cure period under the FCI Servicing Agreement, the Fay Servicing Agreement or the Shellpoint Servicing Agreement, as applicable; (ii) failure by FCI, Fay or Shellpoint to duly observe or perform in any material respect any other of the covenants or agreements on the part of FCI, Fay or Shellpoint set forth in the FCI Servicing Agreement, the Fay Servicing Agreement or the Shellpoint Servicing Agreement, as applicable, or any breach of a representation and warranty made by FCI under the FCI Servicing Agreement, Fay under the Fay Servicing Agreement or Shellpoint under the Shellpoint Servicing Agreement, in each case, which continues unremedied for a period beyond the applicable cure period under the FCI Servicing Agreement, the Fay Servicing Agreement or the Shellpoint Servicing Agreement, as applicable; and (iii) certain events of insolvency with respect to FCI, Fay or Shellpoint.

Rights upon Defaults

So long as an Asset Manager Default under an Asset Management Agreement for any Initial Asset Manager, or an Initial Servicer Default under a Servicing Agreement for any Initial Servicer has not been remedied or waived by the Trust Manager on behalf of the Issuer, pursuant to the Administration Agreement, the Trust Manager on behalf of the Issuer may, by notice in writing to such Asset Manager or Servicer, as applicable, terminate all of the rights and obligations of the Asset Manager or Servicer with respect to the applicable Mortgage Loans, in accordance with the terms of the related Asset Management Agreement or Servicing Agreement, as applicable.

In the event than an Asset Manager or Servicer is terminated, Trust Manager will, within ninety (90) days of such termination, appoint a successor asset manager or servicer on behalf of the Issuer, and may make arrangements for the compensation of such successor asset manager or servicer as it and such successor agree, which may be in excess of the applicable Asset Management Fee or Servicing Fee; provided, however, the Trust Manager will agree pursuant to the Administration Agreement that in the performance of its obligations thereunder, the Trust Manager will take any action that is directed by the Issuer or Noteholders holding more than 50% of the Percentage Interest of the Notes, which relates to the Trust Manager's oversight obligations with respect to the Mortgage Loans under this Agreement (unless the Trust Manager determines in its reasonable judgment that such action or inaction (i) may cause a violation of applicable laws, regulations, codes, ordinances, court orders or restrictive covenants with respect to any Mortgage Loan, Borrower or Mortgaged Property or (ii) may cause a violation of any provision of a Mortgage Loan Document).

The Trust Manager will make commercially reasonable efforts to cause any Asset Manager or Servicer terminated by the Trust Manager to cooperate with the Issuer in effecting the termination of any such Asset Manager's or Servicer's responsibilities and rights under the applicable Asset Management Agreement or Servicing Agreement, including, without limitation, the transfer of all management data and Rehabilitation Holdback Amounts, if any.

No assurance can be given that termination of the rights and obligations of any Asset Manager or Servicer would not adversely affect the servicing of the Mortgage Loans, including the delinquency experience of the Mortgage Loans. See "*Risk Factors—Risks Related to Mortgage Loans—Dependence on the Trust Manager's Performance*" in this Offering Memorandum.

Under no circumstances will the Indenture Trustee be required to act as a successor asset manager, successor servicer or a servicer of last resort.

Delegation of Duties

Any of the management or servicing obligations of any Asset Manager or Servicer may be delegated to another person who meets the eligibility requirements set forth in, and to the extent permitted under, the related Asset Management Agreement or the related Servicing Agreement, as applicable, and agrees to conduct such duties in accordance with the Asset Management Agreement or the related Servicing Agreement, as applicable, and neither the Asset Managers, the Servicers nor Subservicers or any other person will be entitled to any additional compensation from assets of the Trust Estate. In the case of any such delegation, the Asset Managers and the Servicers will remain liable only as set forth in the related Asset Management Agreement or Servicing Agreement, as applicable.

Subservicing Agreements

Following the Closing Date, any Servicer may enter into one or more subservicing agreements (each a "Subservicing Agreement" and together the "Subservicing Agreements"), with a subservicer (each a "Subservicer" and together the "Subservicers"), pursuant to which such Subservicer will subservice the Mortgage Loans on behalf of the Servicer, for the benefit of the Issuer. Notwithstanding the foregoing, such Servicer will be obligated to service or cause the Subservicer to service the Mortgage Loans in accordance with the terms of the related Servicing Agreement. If the Subservicer fails to perform its duties pursuant to the Subservicing Agreement, such Servicer will be required to perform the servicing functions previously performed by the Subservicer or cause another subservicer to perform such duties. Notwithstanding anything to the contrary in the related Servicing Agreement, as applicable, the enforcement of the terms of any Subservicing Agreement and the payment of any fees thereunder will be the sole responsibility of the related Servicer and neither the Issuer nor the Trust Manager will be responsible or liable for overseeing the performance of the Subservicers under the related Subservicing Agreement or for the payment of any fees to the Subservicer in the event of any nonpayment, and the Subservicers will have no recourse against the Issuer or the Trust Manager for such nonpayment.

Each Subservicing Agreement will generally require that the Subservicer subservice the Mortgage Loans in accordance with (i) the related Servicing Agreement, (ii) all other applicable laws and regulations, and (iii) with respect to matters as to which no such standard applies, the customary mortgage servicing practices of prudent mortgage lending institutions servicing mortgage assets of the same type and quality, and located in the same jurisdictions, as the Mortgage Loans.

Delegation of Rehabilitation Disbursement Requests Process

Upon a request from a mortgagor that a Rehabilitation Disbursement Request be funded in accordance with the terms of the related Mortgage Note, an Asset Manager or any Servicer will perform the construction progress inspection and reporting process.

Access to Documentation

The Asset Managers will provide access to all records and documentation regarding the related Mortgage Loans to the Trust Manager without charge, upon reasonable advance written notice thereof to the Asset Managers.

Assignment of the Asset Managers

Except in the limited circumstances permitted under the Asset Management Agreements, the Asset Managers may not assign its obligations under the Asset Management Agreements except by mutual consent of the parties thereto.

Amendment

The Asset Management Agreements and the Servicing Agreements may be amended only by a written agreement signed by the parties thereto (with notice to the Rating Agency); provided that the party requesting such amendment will, at its own expense, provide the Indenture Trustee and the Owner Trustee with an opinion of counsel that such amendment (A) is authorized or permitted under such Asset Management Agreement and the Indenture and (B) all conditions precedent to such amendment have been satisfied, unless such opinion is waived by the Indenture Trustee (acting at the written direction of Noteholders holding 100% Percentage Interest of the Notes) and the Owner Trustee. Any amendment to the Asset Management Agreement or Servicing Agreement, as applicable, affecting or relating to the rights, obligations, duties, indemnities or immunities of the Owner Trustee shall require the prior written consent of the Owner Trustee.

Termination Without Cause

At its option, and to the extent permitted by the related Asset Management Agreement and Servicing Agreement, the Trust Manager on behalf of the Issuer may terminate the Asset Manager or Servicer without cause, provided that any fees required to be paid to such Asset Manager or Servicer, as applicable, following a termination by the Trust Manager without cause and in accordance with the terms of such Asset Management Agreement or Servicing Agreement will be paid by the Trust Manager. Following the termination of an Asset Manager or Servicer without cause, any replacement Asset Manager or Servicer appointed by the Trust Manager to service the related Mortgage Loans will service the related Mortgage Loans in accordance with the applicable Accepted Servicing Criteria, and will enter into an Asset Management Agreement or Servicing Agreement with the Issuer, the Trust Manager and the Indenture Trustee (at the written direction of the Trust Manager).

ADDITIONAL ASSET MANAGEMENT AGREEMENT AND SERVICING AGREEMENTS

Following the Closing Date, the Trust Manager on behalf of the Issuer may, from time to time, engage one or more new asset managers (each such party, together with the Initial Asset Managers, an "Asset Manager") or servicers (each such party, together with the Initial Servicers, a "Servicer") with respect to the Mortgage Loans or remove any Servicer or Asset Manager subject to the terms and conditions of the related servicing agreement or asset management agreement. Any Asset Manager or Servicer may be permitted to delegate its servicing obligations with respect to the Mortgage Loans to a Subservicer. The Trust Manager on behalf of the Issuer will also have discretion to approve any compensation arrangements with such Asset Managers or Servicers.

Each Servicer and Asset Manager will be required to meet the Accepted Servicing Criteria, solely to the extent applicable and within the scope of such party's duties under the related Asset Management Agreement or Servicing Agreement. In the event that a Mortgage Loan is managed and serviced by a combination of a particular Asset Manager and/or Servicer, compliance with the Accepted Servicing Criteria can be met by such parties as a group, together with Trust Manager and any other vendors engaged by the Trust Manager on behalf of the Issuer in order to supplement the services provided by the related Asset Manager or Servicer.

Servicing Duties and Compensation

The duties to be performed by each Servicer, engaged following the Closing Date will include collection and remittance of Collections in respect of the Mortgage Loans. Servicers engaged by the Issuer following the Closing Date may have different fees and expenses, and different Servicer Defaults from the Initial Servicer Defaults. Therefore, the Trust Manager on behalf of the Issuer may have limited rights to terminate any Servicer and/or fees and expenses payable to such Servicer in connection with such termination with respect to servicing retained loans.

The Servicers may be entitled to receive Servicing Fees, and/or may be entitled to receive Ancillary Fees, as applicable, as compensation for its activities pursuant to the applicable Servicing Agreement, which may be greater than the Servicing Fees and/or Ancillary Fees payable to the Initial Servicers as of the Closing Date.

Rehabilitation Disbursement Requests Process; Reimbursement of the Construction Advance Shortfall Amount

Asset Managers or Servicers engaged by the Issuer following the Closing Date may be required to review and fund Rehabilitation Disbursement Requests and be entitled to reimbursement for Construction Advances as described under "*The Asset Management Agreements and the Servicing Agreements—Rehabilitation Disbursement Requests Process; Reimbursement of the Construction Advance Shortfall Amount*" in this Offering Memorandum.

Rehab Escrow Account and Custodial Account

Asset Managers or Servicers engaged by the Issuer following the Closing Date may be required, if applicable to the related Mortgage Loans, to establish and maintain a Rehab Escrow Account or otherwise reserve funds for funding Rehabilitation Disbursement Requests related to the Rehab Escrowed Mortgage Loans and Custodial Account as described under "*The Asset Management Agreements and the Servicing Agreements—Rehab Escrow Account*" and "*—Custodial Account*" in this Offering Memorandum.

Terms of Future Asset Management Agreements and Servicing Agreements

The Trust Manager will negotiate future Asset Management Agreements or Servicing Agreements and the terms thereof may be inconsistent with the terms of the Asset Management Agreements or Servicing Agreements in place on the Closing Date.

Servicer Defaults

A "Servicer Default" means (i) with respect to each of FCI, Fay and Shellpoint, an Initial Servicer Default and (ii) with respect to any other Servicer engaged by the Issuer following the Closing Date, any default, event of default or similarly defined term under the applicable Servicing Agreement with respect to the related Servicer's obligations, which gives rise to a right of for-cause termination of such Servicer. Such defaults may include, among others: (i) any material breach of representations, warranties or covenants under the Servicing Agreement; and (ii) certain events of insolvency with respect to the related Servicer, as further specified under each Servicing Agreement that permits the termination of the applicable Servicer.

Rights upon Asset Manager Defaults and Servicer Defaults

So long as an Asset Manager Default under the applicable Asset Management Agreement or a Servicer Default under the applicable Servicing Agreement has not been remedied or waived by the Trust Manager, the Trust Manager on behalf of the Issuer may, by notice in writing to the related Asset Manager or Servicer, as applicable, terminate all of the rights and obligations of such Asset Manager or Servicer with respect to the Mortgage Loans, as provided in the related Asset Management Agreement or Servicer Agreement, whereupon a successor asset manager or servicer will succeed to all of the responsibilities and duties of such Asset Manager or Servicer, including the obligation to make any required Servicing Advances. The related Asset Manager or Servicer will continue to service the Mortgage Loans until a successor has been appointed.

THE MASTER REALLOCATION AGREEMENT

General

Pursuant to a master reallocation agreement, dated as of the Closing Date, by and among the Sponsor, the Depositor and the Issuer (as such agreement may be amended, modified, superseded or supplemented from time to time, the "Master Reallocation Agreement"), on the Closing Date, the Sponsor will (i) cause the Asset Manager any related Servicer or Subservicer to reserve funds or to deposit into any related Rehab Escrow Account the amounts to be used to fully fund Rehabilitation Disbursement Requests in connection with the related Initial Mortgage Loans that are Rehab Escrowed Mortgage Loans and (ii) cause the Initial Mortgage Loans to be transferred from a separate series of the Trust that previously acquired the Initial Mortgage Loans to the Issuer. During the Reinvestment Period, the Sponsor may, from time to time, cause Additional Mortgage Loans that satisfy the Eligibility Criteria to be transferred to the Issuer and cause the Asset Manager, any related Servicer or Subservicer to reserve funds or to deposit into any related Rehab Escrow Account the amounts in respect of each Additional Mortgage Loan to be used to fully fund Rehabilitation Disbursement Requests for the related Additional Mortgage Loans.

Acquisitions of Mortgage Loans; Remedies; Repurchase Option

Acquisition of Additional Mortgage Loans

During the Reinvestment Period, the Sponsor may, from time to time, cause Additional Mortgage Loans to be transferred to the Issuer with funds on deposit in the Accumulation Account, a purchase price at least equal to the fair value of such Additional Mortgage Loans, not to exceed the Unpaid Principal Balance of such Additional Mortgage Loans. The purchase price paid by the Issuer for any Additional Mortgage Loan may be funded in part by a capital contribution from the holder of the Residual Interest Certificate. The acquisition of Additional Mortgage Loans pursuant to the Indenture will include any Rehabilitation Holdback Amounts related thereto and on deposit in the related Rehab Escrow Accounts or otherwise reserved by the Asset Manager, related Servicer or Subservicer as set forth in the Master Reallocation Agreement.

During the Reinvestment Period, the Issuer will not be permitted to purchase any Additional Mortgage Loans unless (i) such Additional Mortgage Loans are Eligible Mortgage Loans and (ii) after giving effect to the purchase of any Additional Mortgage Loan, the amount on deposit in the Accumulation Account will not be less than zero.

The acquisition by the Issuer of any Additional Mortgage Loan, and the disbursement by the Paying Agent of amounts from the Accumulation Account, as applicable, as consideration for such acquisition will be conditioned upon (A) receipt by the Paying Agent and the Indenture Trustee of the subsequent transfer instrument substantially in the form set forth in the Master Reallocation Agreement with respect to the transfer of the applicable Additional Mortgage Loans, which subsequent transfer instrument will, as of the related Subsequent Transfer Date, (1) list the Additional Mortgage Loans, (2) warrant and confirm the satisfaction of the conditions precedent to the sale of such Mortgage Loans under the Master Reallocation Agreement and (3) reaffirm certain representations and warranties made in the Master Reallocation Agreement with respect to such Mortgage Loans, and (B) receipt by the Custodian of such documents (other than trailing documents to be delivered pursuant to the Custodial Agreement) which are to be part of the Mortgage Loan File. Upon the satisfaction of the foregoing conditions, the Trust Manager will on the Business Day such conditions are satisfied or the transfer date specified in the related flow of funds memo, instruct the Paying Agent to remit from the Accumulation Account to, or at the direction of, the Issuer the purchase price specified in the related flow of funds memo for the applicable Additional Mortgage Loan(s) to the applicable recipient of such funds as stated in the related flow of funds memo.

After the termination of the Reinvestment Period, the Issuer may not acquire any Additional Mortgage Loans.

Remedies; Repurchases

To the extent the Depositor, the Issuer, the Sponsor or the Trust Manager has actual knowledge of, or a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of, a defective or missing Mortgage Loan Document and such missing document or defect is preventing or materially delaying the (a) realization against the related Mortgaged Property through foreclosure or similar loss mitigation activity or (b) processing of any title claim under the related title insurance policy (a "Material Document Defect"), such party will give written notice to the other parties and to the Sponsor (provided, that in the case of the Indenture Trustee or the Owner Trustee giving such notice, (i) such notice will be given by the Indenture Trustee or the Owner Trustee only if a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of a defective or missing Mortgage Loan Document (without regard to the impact of such defective or missing loan document) and (ii) in no event will the Indenture Trustee or the Owner Trustee be required to determine the impact of such defective or missing loan document). If the conditions in (a) or (b) of the preceding sentence are met, as determined by the Sponsor in good faith, the Sponsor will have ninety (90) days after receipt of such notice to deliver such missing document or cure such breach defect or will repurchase, or cause its designated affiliate to repurchase, the related Mortgage Loan at the Repurchase Price therefor. For the avoidance of doubt, in no event will the Indenture Trustee have any duty to monitor or enforce the Sponsor's compliance with the requirements contained in the preceding sentence. Unless one of the conditions in (a) or (b) of the second preceding sentence is met, the Sponsor will not have any repurchase obligation with respect to missing or defective documents.

Further, the Sponsor will agree to repurchase, or cause its designated affiliate to repurchase, any Mortgage Loans at the Repurchase Price, or with respect to a Liquidated Loan, make an indemnification payment, discovered at any time not to be in conformance with any representation and warranty made by the Sponsor under the Master Reallocation Agreement if such breach is not cured within ninety (90) days after receipt of notice of such breach, and such breach materially and adversely affects the interests of the Noteholders in the related Mortgage Loan. For the avoidance of doubt, in no event will the Indenture Trustee have any duty to monitor or enforce the Sponsor's compliance with the requirements contained in the preceding sentence. To the extent the Depositor, the Issuer, the Sponsor or the Trust Manager has actual knowledge of, or a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of, a breach with respect to a Mortgage Loan, the party discovering or receiving notice of such breach will provide a written notice to the other parties and to the Sponsor (provided, that in the case of the Indenture Trustee or the Owner Trustee giving such notice, (i) such notice will be given by the Indenture Trustee or the Owner Trustee only if a responsible officer of the Indenture Trustee or the Owner Trustee receives written notice of a breach or an alleged breach (without regard to whether such breach or alleged breach is a Material Breach) and (ii) in no event will the Indenture Trustee or the Owner Trustee be required to determine the materiality of any breach or alleged breach) and the Sponsor will cure any such Material Breach, repurchase, or cause its designated affiliate to repurchase, the affected Mortgage Loan from the Issuer or, with respect to a Liquidated Loan, make an indemnification payment. The conditions set forth in this paragraph requiring the repurchase of any Mortgage Loan or indemnification payment with respect to a Liquidated Loan are collectively referred to as a "Material Breach."

In accordance with the terms of the Master Reallocation Agreement, the Sponsor will repurchase a Mortgage Loan or make an indemnification payment with respect to a Liquidated Loan if a Material Breach has occurred with respect to a Mortgage Loan not later than ninety (90) days from discovery by the Sponsor. In addition, the Sponsor will repurchase a Mortgage Loan if a Material Document Defect has occurred with respect to a Mortgage Loan not later than ninety (90) days from discovery by the Sponsor. For the avoidance of doubt, in no event will the Indenture Trustee have any duty to monitor or enforce the Sponsor's compliance with the requirements contained in the preceding sentence. The "Repurchase Price" will be an amount equal to the sum of (i) the Unpaid Principal Balance of such Mortgage Loan as of the date of such repurchase, plus interest accrued on such Unpaid Principal Balance at the Pass-Through Rate from the date the last monthly payment was made by the related Borrower up to but not including the date that such repurchase occurs, (ii) any amounts representing unreimbursed Servicing Advances made after the applicable Cut-off Date, expenses, costs and liabilities reimbursable pursuant to the Asset Management Agreement or the related Servicing Agreement with respect to such Mortgage Loan and (iii) expenses reasonably incurred or to be incurred by an Asset Manager, any related Servicer, the Custodian, the Trust Manager or the Indenture Trustee in respect of the breach or defect giving rise to the repurchase obligation. The "Pass-Through Rate" for each Mortgage Loan as of any Payment Date is a *per annum* rate, expressed as a percentage, equal to the Mortgage Interest Rate of such Mortgage Loan, *minus* a rate expressed as a percentage (but in no event less than zero) and equivalent to the product of (a) a fraction, the numerator of which is the related Asset Management Fee payable to the related Asset Manager for the related Accrual Period, and the denominator of which equals the Unpaid Principal Balance of such Mortgage Loan for the related Collection Period, *multiplied by* (b) 12. The "Mortgage Interest Rate" for any Payment Date is the *per annum* rate at which interest accrues on a Mortgage Loan. For the avoidance of doubt, in no event will the Indenture Trustee be required to calculate the Repurchase Price.

Repurchase Option

The Sponsor will have the option (the "Repurchase Option"), but not the obligation, to repurchase, or cause its designated affiliate to repurchase from the Issuer at the Repurchase Price any Mortgage Loan in the event that (A) amounts on deposit in the Accumulation Account are insufficient to fund any Construction Advance Shortfall Amounts or the aggregate Unfunded Draw Amounts with respect to such Mortgage Loans, (B) such Mortgage Loan is delinquent or defaulted or (C) the maturity date of such Mortgage Loan has been extended more than a total of twelve (12) months; *provided*, *however*, that the aggregate Unpaid Principal Balance of Mortgage Loans voluntarily repurchased by the Sponsor or its designated affiliate pursuant to the Repurchase Option together with any Mortgage Loans sold by the Issuer to an affiliate of the Issuer will not exceed 10% of the Cumulative Principal Balance of the Mortgage Loans as of the date of such repurchase or sale (the "Repurchase Limit"). The "Cumulative Principal Balance" means, with respect to any date of determination, an amount equal to the sum of (i) the aggregate Unpaid Principal Balance of the Mortgage Loans as of the Initial Cut-off Date (as increased by any Rehabilitation Disbursement Requests that have been satisfied by the related Asset Manager or Servicer after the Initial Cut-off Date) and (ii) the aggregate Unpaid Principal Balance of the Additional Mortgage Loans acquired by the Issuer during the Reinvestment Period (as increased by any Rehabilitation Disbursement Requests that have been satisfied by the related Asset Manager or Servicer after the applicable Additional Cut-off Date).

THE INDENTURE

General

The Notes will be issued pursuant to the Indenture, to be dated as of the Closing Date (as such agreement may be amended, modified, superseded or supplemented from time to time, the "Indenture"), among the Issuer, the Indenture Trustee, the Paying Agent and the Note Registrar. Set forth below are summaries of the specific terms and provisions of the Indenture pursuant to which the Notes will be issued. The summaries do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the provisions of the Indenture.

The Issuer will grant to the Indenture Trustee for the benefit and security of the Noteholders all of the Issuer's right, title and interest in, to and under, in each case, whether now owned or existing, or hereafter acquired or arising: (i) the Mortgage Loans, including the related Mortgage Note; (ii) all Collections related to the Mortgage Loans and the Payment Account, the Accumulation Account, any segregated Custodial Accounts established for the benefit of the Issuer, the Rehab Escrow Accounts, the Interest Reserve Account and the Redemption Account and all funds on deposit therein from time to time, excluding any investment income from such funds; (iii) the Issuer's rights under the Asset Management Agreement, the Master Reallocation Agreement and any Servicing Agreement; (iv) the Issuer's rights under the Asset Management Agreement and (v) any proceeds of any of the foregoing.

Any Mortgage Loan repurchased by the Sponsor or otherwise transferred by the Issuer in accordance with the terms of the Indenture will be deemed to be automatically released by the Issuer and from the lien of the Indenture

Trustee without any action being taken by the Issuer upon payment by the Sponsor of the related Repurchase Price for such repurchased Mortgage Loan or receipt of proceeds from the sale of such Mortgage Loan, as the case may be.

Accounts

Accumulation Account

On the Closing Date, the Paying Agent, on behalf of the Indenture Trustee for the benefit of the Noteholders, will establish and maintain the Accumulation Account (the "Accumulation Account"). On the Closing Date, the Sponsor (or its affiliated designee) will remit approximately $41,003,986 to the Accumulation Account. The Paying Agent will invest funds in the Accumulation Account in Eligible Investments pursuant to the written direction of the Trust Manager, provided that in the absence of such direction, amounts on deposit in the Accumulation Account will remain uninvested. Amounts on deposit in the Accumulation Account may be used (A) to purchase Additional Mortgage Loans and to acquire or fund any related Rehab Escrow Accounts, (B) to fund Unfunded Draw Amounts or Construction Advance Shortfall Amounts on any date, upon request from any Asset Manager or Servicer to the Trust Manager and (C) to reimburse the Trust Manager any Construction Advance Shortfall Reimbursement Amounts remaining outstanding as of each Payment Date. During and after the Reinvestment Period, Available Funds will be added to the Accumulation Account as required by the Priority of Payments. On each Payment Date occurring during the Reinvestment Period, the Paying Agent will remit all Collections on deposit in the Payment Account representing principal from the Payment Account into the Accumulation Account, and then, in accordance with the Priority of Payments, remit Available Funds to the Accumulation Account in an amount up to the Required Accumulation Account Deposit Amount. The "Required Accumulation Account Deposit Amount" means, with respect to any Payment Date, an amount equal to the excess, if any, of (i) the aggregate Note Amount of the Class A Notes and Class M Notes (after giving effect to any principal payments made to the Class A Notes on such Payment Date) *divided by* 88.60%, *over* (ii) the sum of (x) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the last day of the related Collection Period, (y) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (z) any amounts held in the Accumulation Account (after giving effect to any distributions made on such Payment Date), *less* the aggregate outstanding Construction Advance Shortfall Reimbursement Amounts, if any.

From time to time, unless a Class A Early Amortization Event is in effect, the Trust Manager on behalf of the Issuer, may direct the Paying Agent (in writing) to withdraw amounts on deposit in the Accumulation Account (i) for the purchase by the Issuer of Additional Mortgage Loans during the Reinvestment Period, pursuant to the Master Reallocation Agreement, including the acquisition or the funding of any related Rehab Escrow Accounts; (ii) for disbursement by the Trust Manager on behalf of the Issuer to any Asset Manager or Servicer, as applicable, of approved Rehabilitation Disbursement Requests on Mortgaged Properties securing Mortgage Loans with Unfunded Draw Amounts; (iii) to reimburse an Asset Manager or Servicer for any Construction Advances advanced by such party from its own funds; (iv) to reimburse the Trust Manager for any outstanding Construction Advance Shortfall Reimbursement Amounts or (v) to the extent not already paid from the Payment Account, subject to the Annual Expense Cap, to pay Trust Manager for all customary, reasonable and/or necessary out-of-pocket costs and expenses incurred in the performance of the its obligations on behalf of the Issuer under the Administration Agreement and the Indenture. The Issuer will not be permitted to acquire Additional Mortgage Loans from amounts on deposit in the Accumulation Account if, as of such date of determination, a Class A Early Amortization Event is in effect; however, the Issuer will be permitted to continue to fund Construction Advances.

On each Payment Date, (i) the Paying Agent will reimburse the Trust Manager from the Accumulation Account for any outstanding Construction Advance Shortfall Reimbursement Amounts and (a) during the Reinvestment Period, withdraw from amounts on deposit in the Accumulation Account, to the extent available, an amount up to the Available Funds Shortfall Amount for such Payment Date, if any, and deposit such amounts in the Payment Account to be used as Available Funds for such Payment Date or (b) on the first Payment Date after the termination of the Reinvestment Period and all Payment Dates thereafter, withdraw all amounts on deposit in the Accumulation Account in excess of the Accumulation Account Minimum Balance, if any, and deposit such amounts into the Payment Account for distribution pursuant to the Priority of Payments, and (ii) the Paying Agent will deposit funds pursuant to clause *ninth* of the Priority of Payments, into the Accumulation Account. The "Accumulation Account Minimum Balance" with respect to any Payment Date, will be an amount equal to the sum of (x) all outstanding Construction Advance Shortfall Reimbursement Amounts, if any, and (y) the aggregate Unfunded Draw Amounts with respect to the Mortgage Loans as of the last day of the related Collection Period.

During the Reinvestment Period, the Issuer will not be permitted to purchase any Additional Mortgage Loans unless (i) such Additional Mortgage Loan is an Eligible Mortgage Loan and (ii) after giving effect to the purchase of any Additional Mortgage Loan, the amount on deposit in the Accumulation Account will not be less than zero.

Interest Reserve Account

The Paying Agent, on behalf of the Indenture Trustee for the benefit of the Noteholders, will establish and maintain the "Interest Reserve Account" under the Indenture as a non-interest bearing segregated account. The Paying Agent shall invest funds in the Interest Reserve Account in Eligible Investments pursuant to written direction of the Trust Manager, provided that in the absence of such written direction funds in the Interest Reserve Account shall remain uninvested. On the Closing Date, the Depositor will remit approximately $1,251,184 in cash into the Interest Reserve Account, which amount has been calculated based on one (1) month of interest at the applicable Note Rate of the Notes on the Initial Note Amount of the Notes. On each Payment Date during the Reinvestment Period, the Paying Agent will be required to recalculate the Interest Reserve Account Required Amount, and will distribute amounts then on deposit in the Interest Reserve Account required in order to pay the Interest Payment Amounts for the Notes pursuant to clauses *fifth* through *seventh* of the Priority of Payments, to the extent Available Funds are insufficient, and distribute amounts in excess of the Interest Reserve Account Required Amount to the holder of the Residual Interest Certificate.

The "Interest Reserve Account Required Amount" means as of any Payment Date during the Reinvestment Period, an amount equal to the sum of one (1) month of interest at the applicable Note Rate of the Notes on the Initial Note Amount of the Notes.

On the earlier of the Payment Date following the expiration of the Reinvestment Period or on a date on which an Optional Redemption occurs, all amounts then on deposit in the Interest Reserve Account will be distributed to the holder of the Residual Interest Certificate.

Payment Account

The Paying Agent, on behalf of the Indenture Trustee for the benefit of the Noteholders, will establish and maintain the "Payment Account" under the Indenture. The Paying Agent may direct funds in the Payment Account to be invested in Eligible Investments; provided that in the absence of such written direction funds on deposit in the Payment Account will remain uninvested. From time to time, unless an Event of Default has occurred and is continuing, upon written direction from the Trust Manager, the Paying Agent will withdraw amounts on deposit in the Payment Account (i) to reimburse the Trust Manager for unreimbursed Servicing Advances; (ii) pay the Trust Manager any Asset Management Fees, Servicing Fees or Ancillary Fees to the extent not retained by the related Asset Manager or Servicer prior to remitting collections into the applicable Custodial Account and previously paid to any Asset Manager or Servicer by the Trust Manager; or (iii) subject to the Annual Expense Cap, to pay for all customary, reasonable and/or necessary out-of-pocket costs and expenses incurred in the performance of the Trust Manager's obligations under the Indenture.

Each Asset Manager, Subservicer, Servicer and/or the Trust Manager will remit all Collections on deposit in the Payment Account received with respect to the related Mortgage Loans into the Payment Account, net of certain amounts permitted to be withheld by such parties pursuant to the related Asset Management Agreement or Servicing Agreement (including Construction Advances made from any related Custodial Account or, if applicable, made by the Trust Manager on behalf of the Issuer and reimbursed to the Trust Manager from Collections). During the Reinvestment Period, the Paying Agent will remit all Collections on deposit in the Payment Account representing principal (which includes the principal portion of any Net Liquidation Proceeds and Repurchase Prices) from the Payment Account into the Accumulation Account, in accordance with the Indenture.

On each Payment Date, (i) the Paying Agent will reimburse the Trust Manager from the Accumulation Account for any outstanding Construction Advance Shortfall Reimbursement Amounts and (a) during the Reinvestment Period, withdraw from amounts on deposit in the Accumulation Account, to the extent available, an amount up to the Available Funds Shortfall Amount for such Payment Date, if any, and deposit such amounts in the Payment Account or (b) on the first Payment Date after the termination of the Reinvestment Period and all Payment Dates thereafter, withdraw all amounts on deposit in the Accumulation Account in excess of the Accumulation Account Minimum Balance, if any, and deposit such amounts into the Payment Account for distribution pursuant to the Priority of Payments, and (ii) the Paying Agent will deposit funds pursuant to clause *ninth* of the Priority of Payments, into the Accumulation Account. All amounts deposited to the Payment Account will be held in the name of the Indenture Trustee for the benefit of the Noteholders in accordance with the terms and provisions of the Indenture.

On each Payment Date, the Paying Agent will remit all necessary funds to pay the Noteholders and the other transaction parties in accordance with the provisions set forth under "*Description of the Notes—Priority of Payments*" in this Offering Memorandum.

Expense Reserve Account

On the Closing Date, proceeds from the offering of the Notes in an amount equal to $100,000 (the "Target Expense Reserve Balance") will be deposited into an expense reserve account established by the Paying Agent, for the benefit of the Issuer (the "Expense Reserve Account"). Amounts on deposit in the Expense Reserve Account will be transferred to the Payment Account on or before each Payment Date for distribution as Available Funds to the extent necessary to remedy any shortfalls in respect of amounts required to be paid in clause *first* of the Priority of Payments (the "Expense Reserve Withdrawal Amount"). If on any Payment Date the amount on deposit in the Expense Reserve Account is less than the Target Expense Reserve Balance, remaining Available Funds will be applied to restore the balance of the Expense Reserve Account to the Target Expense Reserve Balance in clause *fourth* of the Priority of Payments.

Redemption Account

The Paying Agent, on behalf of the Indenture Trustee, will establish and maintain, for the benefit of the holders of the Class A2 Notes and Class M Notes, an account (the "Redemption Account") as a segregated account pursuant to the Indenture. The Paying Agent will hold the funds in the Redemption Account uninvested. On and following the Payment Date on which the Note Amounts of the Class A1 Notes have been reduced to zero, all Collections on the Mortgage Loans will, in accordance with the Priority of Payments, be deposited by the Paying Agent in the Redemption Account until the amount in the Redemption Account is equal to the sum of (a) the Note Amount of the Class A2 Notes, *plus* (b) the Note Amount of the Class M Notes *plus* (c) the expected Interest Payment Amounts for the Class A2 Notes for each of the remaining Payment Dates to and including the Stated Final Maturity Date, *plus* (d) the expected Interest Payment Amounts for the Class M Notes for each of the remaining Payment Dates to and including the Stated Final Maturity Date *plus* (e) $100,000 (such sum, the "Redemption Account Required Amount"). On and following the Payment Date on which the Note Amount of the Class A1 Notes has been reduced to zero, any Available Funds Shortfall Amount will be withdrawn from the Redemption Account by the Paying Agent and included in Available Funds on such Payment Date. In addition, on the Class A2 Note Mandatory Redemption Date, the Paying Agent will withdraw from funds then on deposit in the Redemption Account an amount equal to the Class A2 Note Mandatory Redemption Price, and apply such funds, prior to application of Available Funds on such date in accordance with the Priority of Payments, (x) *first*, without duplication, to pay the Interest Payment Amount for the Class A2 Notes for such Payment Date and (y) *second*, to reduce the Note Amount of the Class A2 Notes, until the Note Amount of the Class A2 Notes has been reduced to zero. On the Class M Note Mandatory Redemption Date, the Paying Agent will withdraw from funds then on deposit in the Redemption Account an amount equal to the Class M Note Mandatory Redemption Price, and apply such funds, prior to application of Available Funds on such date in accordance with the Priority of Payments, (x) *first*, without duplication, to pay the Interest Payment Amount for the Class M Notes for such Payment Date and (y) *second*, to reduce the Note Amount of the Class M Notes, until the Note Amount of the Class M Notes has been reduced to zero. No principal payments will be made in respect of the Class A2 Notes or Class M Notes prior to the earliest to occur of (i) in connection with an Optional Redemption only, the Optional Redemption Date, (ii) either the Class A2 Note Mandatory Redemption Date or the Class M Note Mandatory Redemption Date, as applicable (iii) an Event of Default or (iv) the Stated Final Maturity Date.

With respect to any Payment Date, after all Available Funds are allocated pursuant to the Priority of Payments, the Paying Agent will be required to recalculate the Redemption Account Required Amount, and if the amount on deposit in the Redemption Account (net of investment earnings, if any) exceeds this recalculated

Redemption Account Required Amount (calculated based on the ending Note Amount of the Class A2 Notes and Class M Notes and the sum of the expected Interest Payment Amounts for the Class A2 Notes and Class M Notes for each of the remaining Payment Dates following such Payment Date to and including the Stated Final Maturity Date), the Paying Agent will distribute such excess *pro rata* to the holders of the Residual Interest Certificate.

In addition, if the aggregate Note Amount of the Class M Notes is reduced to zero and there are remaining amounts on deposit in the Redemption Account, such remaining amounts will be distributed *pro rata* to the holders of the Residual Interest Certificate.

Acquisitions of Additional Mortgage Loans

From time to time during the Reinvestment Period, the Trust Manager, subject to the requirements set forth under "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum may direct the Paying Agent (by providing one (1) Business Day advance written direction) to withdraw amounts on deposit in the Accumulation Account at its discretion and remit such amounts to enable the Issuer to purchase Additional Mortgage Loans from the Depositor and to enable the Depositor to purchase Additional Mortgage Loans from the Sponsor. Any Additional Mortgage Loans purchased by the Issuer during the Reinvestment Period will have the characteristics set forth under "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum. The amount paid from the Accumulation Account on each Additional Transfer Date will not include accrued interest on the related Additional Mortgage Loans accrued prior to the related Additional Cut-off Date. The Note Amount of the Notes will not be increased as a result of the purchase of Additional Mortgage Loans by the Depositor. The Issuer will not be permitted to purchase Additional Mortgage Loans from amounts on deposit in the Accumulation Account if, after giving effect to such purchase of Additional Mortgage Loans, the amount on deposit in the Accumulation Account would be less than zero, as described under "*The Indenture—Accounts*" in this Offering Memorandum.

Sales and Acquisitions of Mortgage Loans

Except as otherwise expressly permitted or required by the Indenture, the Issuer will not sell or otherwise dispose of any Mortgage Loan. Under the Indenture, the Issuer may sell a Mortgage Loan in the following circumstances: (i) in the event the Sponsor is required to cause the repurchase of such Mortgage Loan for the Repurchase Price as a result of a Material Breach, Diligence Defect or a Material Document Defect, the Issuer shall sell such Mortgage Loan to the Sponsor or its designee; (ii) in the event that the Sponsor notifies the Issuer, the Indenture Trustee and the Paying Agent that it is exercising its Repurchase Option, pursuant to the Master Reallocation Agreement; (iii) in the event of an Optional Redemption pursuant to the Indenture; (iv) in the event of a sale to an unaffiliated third-party in an arm's length transaction, the Issuer may sell such Mortgage Loan to such third-party, or transfer such Mortgage Loan to its designated affiliate so that it may sell such Mortgage Loan to such third-party, at the Repurchase Price for such Mortgage Loan or, if such Mortgage Loan is a Defaulted Mortgage Loan, at the fair-market value of such Mortgage Loan, at any time so long as no Event of Default has occurred and is continuing; and (v) other than with respect to a Mortgage Loan subject to a Repurchase Option, in a sale to an affiliate so long as the purchase price for any such Mortgage Loan is at the fair market value of such Mortgage Loan, as determined by the Trust Manager in its reasonable discretion, and is at least equal to the Unpaid Principal Balance of such Mortgage Loan plus accrued and unpaid interest thereon, and provided, further, that in the case of clauses (ii) and (v) above the aggregate Unpaid Principal Balance of the Mortgage Loans sold by the Issuer to an affiliate of the Issuer will not exceed the Repurchase Limit. The Trust Manager may provide recommendations to the Issuer in connection with a sale of Mortgage Loans.

After the Issuer has notified the Indenture Trustee, the Note Registrar and the Paying Agent of an Optional Redemption, any disposition of Mortgage Loans will be effected by the Issuer, and the Issuer will sell in such manner, any Mortgage Loan without regard to the foregoing limitations; *provided* that: (i) the Sale Proceeds therefrom must be used to pay certain amounts under the Transaction Documents and redeem all of the Notes in whole but not in part pursuant to the Indenture, and upon any such sale the Indenture Trustee (at the written direction of the Issuer) will release the lien of such Mortgage Loan, and the Custodian will, upon receipt of a request for release, release the related Mortgage Loan File, pursuant to the Custodial Agreement; (ii) the Issuer will not sell (and will not direct the Indenture Trustee to release) a Mortgage Loan unless the Sponsor delivers an officer's certificate that certifies to the Indenture Trustee that, based on calculations included in the certification (which will include the sales prices of the Mortgage

Loans), the Sale Proceeds from the sale of one or more of the Mortgage Loans, together with any capital contributions to the Issuer from the holder of the Residual Interest Certificate, will be sufficient to pay the Redemption Price; and (iii) in connection with an Optional Redemption, all the Mortgage Loans to be sold pursuant to the Indenture must be sold in accordance with the requirements set forth therein. Any Mortgage Loan sold pursuant to the foregoing limitations will be released from the lien of the Indenture.

Events of Default

An "Event of Default" under the Indenture is any one of the following:

(i) the failure by the Issuer to pay the Interest Payment Amount for any Payment Date for six (6) consecutive Payment Dates; unless such failure results from an operational failure of a Servicer to collect or remit payments made by a mortgagor, or an operational failure of the Paying Agent to remit payments under the Indenture (as described therein), in which case such failure is not remedied on or before the next succeeding Payment Date;

(ii) the failure by the Issuer to pay in full all interest, principal and fees due in respect of each class of Notes by the applicable Stated Final Maturity of such class of Notes, without regard to Available Funds;

(iii) the failure by the Issuer to redeem the Class A2 Notes in full by the Payment Date following the Class A2 Note Mandatory Redemption Date;

(iv) the failure by the Issuer to redeem the Class M Notes in full by the Payment Date following the Class M Note Mandatory Redemption Date;

(v) a default by the Issuer in the observance of any negative covenants in the Indenture or any representation or warranty made by the Issuer in the Indenture (other than any representation or warranty regarding the Mortgage Loans) having been incorrect as of the time made, which default or breach has a material adverse effect on the Noteholders, and the continuation of any such default or breach for a period of thirty (30) days after notice to the Issuer by the Indenture Trustee or by the holders of at least 25% percentage interest of the Notes;

(vi) certain events of bankruptcy, insolvency, receivership or liquidation of the Issuer;

(vii) a final determination by a court or an agreement between the Internal Revenue Service and the Owner Trustee on behalf of the Issuer that the Issuer is subject to U.S. federal income tax on a net income basis;

(viii) the Issuer will have become subject to registration as an "investment company" within the meaning of the Investment Company Act, as determined by a court of competent jurisdiction in a final and non-appealable order; or

(ix) any material portion of the security interest in the Trust Estate created under the Indenture ceases to be a valid and perfected first priority security interest or lien in the Trust Estate.

Rights Upon Event of Default

If an Event of Default should occur and be continuing with respect to the Notes, the Indenture Trustee at the written direction of the Noteholders holding more than 50% Percentage Interest of the Notes will declare the principal of the Notes, together with accrued and unpaid interest thereon through the date of acceleration, to be due and payable immediately and may require the Issuer to sell the Trust Estate or any portion thereof at one or more public or private sales called and conducted in any manner permitted by law. Such declaration may, under certain circumstances, be rescinded and annulled by the Noteholders holding more than 50% Percentage Interest of the Notes. The Indenture Trustee may not sell the Mortgage Loans without the written consent of Noteholders holding a 100% Percentage Interest of the Notes unless the proceeds of such sale are sufficient to retire the Notes in full. The holders of the Residual Interest Certificate or any affiliate will have the right to match any bid for the Mortgage Loans solicited by the Indenture Trustee (or its agents) and purchase the Mortgage Loans. In determining whether the proceeds of such sale are sufficient to retire the Notes in full, the Indenture Trustee shall be entitled to rely upon the opinion of relevant experts.

If the Indenture Trustee collects any money or property with respect to the Mortgage Loans following an Event of Default, it will cause the Paying Agent to pay out the money or property, first to the Owner Trustee, the Indenture Trustee, the Paying Agent, the Note Registrar, the Trust Manager, the Custodian and the Trust Manager for fees, expenses and indemnification amounts due and not previously paid pursuant to the Indenture or the other agreements (without regard to the Annual Expense Cap), and then in accordance with the Priority of Payments.

Duties of the Indenture Trustee, the Paying Agent and the Note Registrar

Each of the Indenture Trustee, the Paying Agent and the Note Registrar will be required to perform only those duties specifically required of it under the Indenture. Upon receipt of the various notes, statements, reports or other instruments required to be furnished to it, the Indenture Trustee, the Paying Agent or the Note Registrar, as applicable, will be required to examine them to determine whether they are in the form required by the Indenture; however, none of the Indenture Trustee, the Paying Agent or the Note Registrar will be responsible for the accuracy or content of any documents furnished to such party by any other party; in addition, none of the Indenture Trustee, the Paying Agent or the Note Registrar will be required to verify or recompute any Mortgage Loan data received from the Asset Managers, but will be entitled to rely conclusively on such information.

None of the Indenture Trustee, the Paying Agent or the Note Registrar will have any liability arising out of or in connection with the Indenture, except that it may be held liable for its own negligent action or failure to act, or for its own willful misconduct; *provided*, *however*, that none of the Indenture Trustee, the Paying Agent or the Note Registrar will be personally liable with respect to any action taken, suffered or omitted to be taken by it in accordance with the direction of the required Noteholders (as set forth in the Indenture). None of the Indenture Trustee, the Paying Agent or the Note Registrar will be deemed to have notice or knowledge of any default, Servicer Default, Trust Manager Termination Event or Event of Default unless a responsible officer of the Indenture Trustee, the Paying Agent or the Note Registrar, as applicable, has actual knowledge of such default, Asset Manager Default, Servicer Default, Trust Manager Termination Event or Event of Default, or written notice of such event that is in fact a default, Asset Manager Default, Servicer Default, Trust Manager Termination Event or Event of Default is received by a Responsible Officer of the Indenture Trustee, the Paying Agent and the Note Registrar at its corporate trust office. None of the Indenture Trustee, the Paying Agent or the Note Registrar is required to expend or risk its own funds or otherwise incur financial liability in the performance of any of its duties under the Indenture, or in the exercise of any of its rights or powers, if it has reasonable grounds for believing that repayment of those funds or indemnity satisfactory to it against risk or liability is not reasonably assured to it.

None of the Indenture Trustee, the Paying Agent or the Note Registrar will have any duties under the Indenture with respect to any claim, notice or other document it may receive or which may be alleged to have been delivered to it or served upon it by the parties as a consequence of the assignment of any Mortgage Loan under the Indenture; *provided*, *however*, that the Indenture Trustee, the Paying Agent or the Note Registrar, as applicable, will remit to the Asset Managers any claim, notice or other document it may receive or which is delivered to its corporate trust office, of which a responsible officer of the Indenture Trustee, the Paying Agent or the Note Registrar has actual knowledge and which contains information sufficient to permit the Indenture Trustee, the Paying Agent or the Note Registrar to make a determination that the real property to which such document relates is a Mortgaged Property. None of the provisions in the Indenture will in any event require the Indenture Trustee, the Paying Agent or the Note Registrar to perform, or be responsible for the manner of performance of, any of the obligations of the Asset Managers or any other party under the Indenture. None of the Indenture Trustee, the Paying Agent or the Note Registrar will be responsible for any act or omission of the Asset Managers, the Depositor or any other party.

None of the Indenture Trustee, the Paying Agent or the Note Registrar will be responsible for (a) any recording, filing or depositing of any agreement or of any financing statement or continuation statement evidencing a security interest, or the maintenance of any such recording or filing or depositing or any rerecording, refiling or redepositing, (b) the payment of any insurance, (c) the payment or discharge of any tax, assessment, or other governmental charge or penalty or any lien or encumbrance of any kind owing with respect to, assessed or levied against, the assets of the Issuer, other than from funds available in the Payment Account, or (d) confirming or verifying the contents or any reports or certificates of the Asset Managers delivered to the Indenture Trustee, the Paying Agent or the Note Registrar pursuant to the Indenture believed by the Indenture Trustee, the Paying Agent or the Note Registrar, as applicable, to be genuine and properly signed or presented. None of the Indenture Trustee, the Paying Agent or the Note Registrar is responsible for the legality or validity of the Indenture or the Notes or the validity, priority, perfection or sufficiency of the security for the Notes.

All of the rights, protections, privileges, immunities and indemnities afforded to the Indenture Trustee, the Paying Agent and the Note Registrar under the Indenture will be afforded to the Indenture Trustee, the Paying Agent and the Note Registrar, as applicable, in each of its capacities thereunder and under any Transaction Document.

Custody of Mortgage Loan Files

The Custodian will hold the mortgage documents for the exclusive use and benefit of the Indenture Trustee (for the benefit of the Noteholders) and will segregate and maintain continuous custody of all mortgage documents constituting the mortgage file in secure and fire-resistant facilities in accordance with customary standards for such custody. Documents will be released by the Custodian pursuant to a request for release. The Custodian Fee will be paid by the Paying Agent out of funds on deposit in the Payment Account in accordance with the Indenture.

The Mortgage Loan Documents related to each Mortgage Loan will be delivered to the Custodian pursuant to the Custodial Agreement prior to the Closing Date or Additional Transfer Date, as applicable, or as otherwise provided in accordance with the Custodial Agreement.

Prior to the Closing Date with respect to the Initial Mortgage Loans and prior to any Additional Transfer Date with respect to any Additional Mortgage Loans, the Custodian will review (or, in the case of the Initial Mortgage Loans, will have already reviewed) the mortgage loan file documentation (other than a trailing document with respect thereto) and, on the Closing Date or Additional Transfer Date, as applicable, the Custodian will provide an initial certification to the Issuer, the Trust Manager and the Indenture Trustee, certifying, subject to any exceptions noted thereto, as to each such Mortgage Loan that all of the documents required to be delivered in respect of such Mortgage Loan pursuant to the Custodial Agreement have been delivered and are in the Custodian's possession. The Custodian will, upon request, provide an asset detail and exception report, which will include any variances from the applicable review requirements set forth in the Custodial Agreement with respect to each Mortgage Loan.

Limitation on Suits

To the extent set forth in the Indenture, no Noteholder will have any right to institute any proceedings with respect to the Indenture or the Notes unless (1) such Noteholder has previously given written notice to a responsible officer of the Indenture Trustee of the occurrence and continuance of an Event of Default; (2) Noteholders representing not less than a 25% Percentage Interest of the Notes have made written request to a responsible officer of the Indenture Trustee to institute proceedings in respect of such Event of Default in its own name as Indenture Trustee, on behalf of the Noteholders (and no direction inconsistent therewith has been given by Noteholders in accordance with clause (5) below); (3) such Noteholders have offered to the Indenture Trustee indemnity satisfactory to it against the costs, expenses and liabilities to be incurred in compliance with such request; (4) the Indenture Trustee for sixty (60) days after its receipt of such notice, request and offer of indemnity the Indenture Trustee has failed to institute any such proceedings; (5) no direction inconsistent with such written request has been given to a responsible officer of the Indenture Trustee during such sixty (60) day period by the Noteholders representing more than a 50% Percentage Interest of the Notes; and (6) an Event of Default has occurred and is continuing.

As set forth in the Indenture, the Indenture Trustee, by entering into the Indenture, and each Noteholder, by accepting a Note, will agree or be deemed to agree that they will not at any time prior to one (1) year from the date of termination of the Indenture institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings under any United States federal or state bankruptcy or similar law in connection with any obligations relating to the Notes, the Indenture or any of the Transaction Documents; *provided*, *however*, that nothing in the Indenture will prohibit the Indenture Trustee from filing proofs of claim in any suit in equity, action at law or other judicial or administrative proceeding.

Governing Law

The Indenture and the Notes provide that they will be governed by, and will be construed in accordance with, the laws of the State of New York.

Satisfaction and Discharge of the Indenture

The Indenture will be discharged (except with respect to certain continuing rights specified in the Indenture) if all of the following conditions are met: (a)(1) delivery to the Indenture Trustee or the Note Registrar for cancellation of all of the Notes other than Notes that have been mutilated, lost or stolen and have been replaced or paid and Notes for which money has been deposited for the full payment thereof (and thereafter repaid to the Issuer and discharged from such trust) as provided in the Indenture or (2) at such time as all Notes not previously canceled by the Note Registrar have become, or, on the next Payment Date or within one (1) year of the Stated Final Maturity, will become due and payable or called for redemption and the Indenture Trustee or the Paying Agent has on deposit in the Payment Account, or the Issuer has deposited with the Paying Agent, an amount sufficient to repay the Notes, (b) the Issuer has paid or caused to be paid all other amounts payable under the Indenture and (c) the Depositor on behalf of the Issuer has delivered to the Indenture Trustee, the Owner Trustee, the Paying Agent and the Note Registrar an officer's certificate stating that all conditions precedent provided for in the Indenture relating to the satisfaction and discharge of the Indenture have been satisfied. Payments on Definitive Notes on any Payment Date will be made directly to Noteholders of Definitive Notes in whose names the Definitive Notes were registered at the close of business on the related Record Date. The final payment on any Definitive Note will be made only upon presentation and surrender of such Note at the office or agency specified in the Indenture.

Reports to Noteholders

On each Payment Date, the Paying Agent or the Indenture Trustee, based solely on information provided to it by the Asset Managers, the Servicers and the Trust Manager, will make available a statement to each Noteholder in the form required by the Indenture, setting forth, among other things, the following information for such Payment Date:

(a) the amount of Available Funds;

(b) the Interest Payment Amount for the Notes and the Cumulative Interest Shortfall Amount, if any;

(c) the Note Rate for the Notes;

(d) the amount on deposit in the Payment Account as of such Payment Date (after giving effect to payments on such date) and as of the prior Payment Date;

(e) the amount of Available Funds deposited to the Accumulation Account on such Payment Date and the aggregate amount on deposit in the Accumulation Account as of the related Calculation Date and for such Payment Date;

(f) the amount of Servicing Advances made and reimbursed during the related Collection Period and the amount of Servicing Advances outstanding at the end of the related Collection Period;

(g) the amount of any reimbursable costs or expenses subject to the Annual Expense Cap that have been paid to the Asset Managers, the Servicers, the Indenture Trustee, the Paying Agent, the Note Registrar, the Custodian, the Owner Trustee and the Trust Manager, the amount of the Annual Expense Cap (and sub-caps) that remains available and any amounts that have been paid or remain outstanding above the Annual Expense Cap;

(h) the amount of any fees, charges, costs and indemnity payments paid or reimbursed from the Payment Account pursuant to the Indenture;

(i) information regarding delinquencies during the related Collection Period and since the Cut-off Date, using the MBA Method, by number of Mortgage Loans and Unpaid Principal Balance;

(j) information regarding the number of REO Properties and the aggregate Unpaid Principal Balance of the Mortgage Loans as to which such REO Properties were created, during the related Collection Period and since the Cut-off Date;

(k) the number and aggregate Unpaid Principal Balance of Mortgage Loans or REO Properties repurchased during the related Collection Period;

(l) if applicable, the aggregate amount of Rehabilitation Disbursement Requests disbursed by the Asset Managers (or the related Subservicer) or any Servicer during the related Collection Period;

(m) the number and aggregate Unpaid Principal Balance of Mortgage Loans that were subject to a Principal Prepayment in full during the related Collection Period;

(n) the number and aggregate Unpaid Principal Balance of Additional Mortgage Loans purchased by the Issuer during the related Collection Period;

(o) the amount on deposit in the Redemption Account after all payments on such Payment Date and the amount, if any, withdrawn from the Redemption Account to pay the Note Amount on the Class M Notes;

(p) the amount, if any, remitted *pro rata* to the holders of the Residual Interest Certificate on such Payment Date;

(q) the amount, if any, of Construction Advances funded by any Asset Manager or Servicer; and

(r) the amount, if any, of Construction Advance Shortfall Amounts and Construction Advance Shortfall Reimbursement Amounts outstanding and to be reimbursed to the Trust Manager.

On each Payment Date, the Paying Agent will make the monthly statements (and, at its option, any additional files containing the same information in an alternative format) available to each Noteholder, to any designee of the Issuer, and to the Issuer and the Depositor via the Paying Agent's website currently located at www.ctslink.com. Assistance in using the Paying Agent's website may be obtained by calling the Paying Agent's customer service desk at (866) 846-4526. Parties that are unable to use the above distribution method for monthly statements are entitled to a paper copy and may request the same by calling the customer service desk. Paper copies will be sent to such Noteholder by first class mail. As a condition to access the Paying Agent's website, the Paying Agent may require registration and the acceptance of a disclaimer as provided in the Indenture. The Indenture Trustee and the Paying Agent will have the right to change the way the monthly statements to Noteholders are distributed in order to make such distribution more convenient and/or more accessible to the Noteholders, and the Indenture Trustee or the Paying Agent will provide timely and adequate notification to the Noteholders, the Issuer and the Depositor regarding any such changes. The Paying Agent shall not be liable for the dissemination of information in accordance with the Indenture. The Paying Agent shall be entitled to rely on but shall not be responsible for the content or accuracy of any information provided to it by the applicable party pursuant to the terms of the Indenture, and may affix thereto any disclaimer it deems appropriate in its reasonable discretion.

Amendments

Modifications of and amendments to the Indenture may be made by the Issuer, the Trust Manager, the Indenture Trustee, the Paying Agent and the Note Registrar with the consent of the Noteholders holding more than a 50% Percentage Interest of the Notes without the consent of each Noteholder but with notice to the Rating Agency, provided that no such modification or amendment may be made without the consent of each Noteholder materially and adversely affected thereby, for the following purposes, among others:

(i) change the date of payment of any installment of principal of or interest on any Note, or reduce the principal amount thereof or the interest rate thereon, change the provisions of the Indenture relating to the application of collections on, or the proceeds of the sale of, the Trust Estate and to payment of principal of or interest on the Notes, or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable, or impair the right to institute suit for the enforcement of the provisions of the Indenture requiring the application of funds available therefor, as provided in the Indenture, to the payment of any such amount due on the Notes;

(ii) reduce the Percentage Interest for consent required for any such supplemental indenture, or the consent of the holders of which is required for any waiver of compliance with certain provisions of the Indenture or certain defaults thereunder and their consequences provided for in the Indenture;

(iii) reduce the Percentage Interest required to direct the Indenture Trustee to direct the Issuer to sell or liquidate the Trust Estate pursuant to the Indenture;

(iv) modify any provision of the amendment section of the Indenture, except to increase any percentage specified therein or to provide that certain additional provisions of the Indenture or other Transaction Documents cannot be modified or waived without the consent of the holder of each Note affected thereby;

(v) modify any of the provisions of the Indenture in such a manner as to affect the calculation of the amount of any payment of interest or principal due on any Note on any Payment Date (including the calculation of any of the individual components of such calculation); or

(vi) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any part of the Trust Estate or, except as otherwise permitted or contemplated therein, terminate the lien of the Indenture on any property at any time subject hereto or deprive the holder of any Note of the security provided by the lien of the Indenture;

provided, *further*, that no modification or amendment of any kind may be made to the Indenture unless accompanied by an opinion of nationally-recognized tax counsel reasonably acceptable to the Issuer to the effect that such modification or amendment (x) will not cause the Issuer (or any portion thereof) to be classified as an association taxable as a corporation, a "publicly traded partnership" or a "taxable mortgage pool", each as defined for U.S. federal income tax purposes, and (y) will not affect the status of outstanding Class A Notes as debt for U.S. federal income tax purposes, or, unless waived by Indenture Trustee (acting at the written direction of the Noteholders holding more than 50% of the Percentage Interest of the Notes), result in a significant modification of any outstanding Class A Notes within the meaning of Treasury Regulation Section 1.1001-3 (collectively, "No Adverse Tax Effect" and such opinion, a "No Adverse Tax Effect Opinion").

The Issuer, the Trust Manager, the Indenture Trustee, the Paying Agent and the Note Registrar may also amend the Indenture without obtaining the consent of Noteholders, but with notice to the Rating Agency, for the following purposes, among others:

(i) correct or amplify the description of any property at any time subject to the lien of the Indenture, or better to assure, convey and confirm unto the Indenture Trustee any property subject or required to be subjected to the lien of the Indenture, or to subject to the lien of the Indenture additional property;

(ii) evidence the succession, in compliance with the applicable provisions of the Indenture, of another person to the Issuer and the assumption by any such successor of the covenants of the Issuer contained therein and in the Notes;

(iii) add to the covenants of the Issuer, for the benefit of the holders of the Notes, or to surrender any right or power in this Offering Memorandum conferred upon the Issuer;

(iv) convey, transfer, assign, mortgage or pledge any property to or with the Indenture Trustee;

(v) (a) correct a typographical error, (b) cure any ambiguity or mistake or to correct or supplement any provision therein or in any supplemental indenture that may be inconsistent with any other provision therein or in any supplemental indenture or (c) correct any error or cause the provisions therein to conform to or be consistent with or in furtherance of the statements made with respect to the Notes, the Issuer or the Mortgage Loans in any offering memorandum or other offering document related to the offer and sale of the Notes;

(vi) prevent the Issuer or any Noteholder from being subject to withholding or other taxes, fees or assessments or prevent the Issuer from being subject to taxation on its net income;

(vii) for any reason related to Additional Mortgage Loans being originated using E-SIGN or UETA for one or more of the Mortgage Loan Documents, as applicable; provided that such amendment will not materially and adversely affect the interests of the holders of the Notes as evidenced by an officer's certificate of the Depositor to such effect;

(viii) make any other provisions with respect to matters or questions arising under the Indenture or in any supplemental indenture; provided that such action will not materially and adversely affect the interests of the holders of the Notes as evidenced by an officer's certificate of the Depositor to such effect; or

(ix) evidence and provide for the acceptance of the appointment thereunder of a successor owner trustee, successor indenture trustee or successor paying agent with respect to the Notes and add to or change any of the provisions of the Indenture as are necessary to facilitate the administration of the trusts thereunder by more than one trustee;

provided, *however*, that no such amendment or indenture supplements will be entered into unless the Indenture Trustee, the Paying Agent, the Note Registrar and the Owner Trustee receive, not at the expense of the Indenture Trustee, the Paying Agent, the Note Registrar and the Owner Trustee, a No Adverse Tax Effect Opinion and an opinion of counsel to the effect that (i) such amendment or indenture supplement is permitted under the Indenture, and (ii) all conditions precedent to the effectiveness of such indenture supplement or amendment have been satisfied.

In addition, in connection with the exercise of the Optional Redemption, the Issuer, the Indenture Trustee, the Paying Agent and the Note Registrar may amend the Indenture and each of the other Transaction Documents without obtaining the consent of Noteholders or any other person in order to make any changes necessary or desirable in connection with the issuance of one or more classes of notes; *provided*, *however*, that the Indenture Trustee, the Paying Agent, the Note Registrar and the Owner Trustee will be provided with (A) an opinion of counsel confirming that (i) such amendment is authorized and permitted under the Indenture (and under such applicable Transaction Document) and (ii) all conditions precedent to such amendment have been satisfied, (B) an officer's certificate of the Depositor confirming that such amendment will not materially adversely affect the interest of the Noteholders and the Issuer, and (C) with respect to any such changes or issuance of one or more new or additional classes of notes, a No Adverse Tax Effect Opinion. Any new notes will be in fully definitive form and subject to certain transfer restrictions set forth in the Issuer's Trust Agreement; *provided*, *however*, that any new note will not be required to be in fully definitive form and will not be subject to certain transfer restrictions if (i) upon issuance, such new note is acquired by a person such that the note is considered to be issued and outstanding for U.S. federal income tax purposes and (ii) upon such issuance, the acquiror of such new note, as its sole expense, delivers or causes to be delivered to the Depositor, the Issuer, the Indenture Trustee, the Note Registrar, the Paying Agent, the Sponsor, the Asset Managers and the Owner Trustee an opinion of nationally recognized tax counsel knowledgeable in the tax aspects of asset securitization to the effect that such new note "will be debt" for U.S. federal income tax purposes.

Any amendment to the Indenture affecting or relating to the rights, obligations, duties, indemnities or immunities of the Owner Trustee or the Custodian will require the prior written consent of the Owner Trustee or the Custodian, as applicable.

Fees and Expenses; Indemnification

The Indenture Trustee, the Paying Agent and the Note Registrar will be entitled to receive the Indenture Trustee Fee on each Payment Date as compensation for its activities under the Indenture. The Paying Agent will pay the Indenture Trustee Fee from amounts in the Payment Account in accordance with the Indenture.

The Owner Trustee will be entitled to receive the Owner Trustee Fee as compensation for its services in its capacity as Owner Trustee under the Trust Agreement. The Paying Agent will pay the Owner Trustee Fee from amounts in the Payment Account in accordance with the Indenture.

The Custodian will be entitled to receive the Custodian Fee on each Payment Date as compensation for its activities under the Custodial Agreement. The Paying Agent will pay the Custodian Fees from amounts in the Payment Account in accordance with the Indenture.

The Trust Manager, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee, the Custodian and each of their respective directors, officers, employees and agents will be indemnified and held harmless by, and entitled to reimbursement from, the Trust Estate for any claim, loss, liability, damage, cost or expense (other than ordinary overhead expenses), including any reasonable legal, accountant and expert fees and expenses (including reasonable legal fees and expenses in connection with the enforcement of this indemnification obligation) and any extraordinary or unanticipated expense, incurred or expended (without negligence (gross negligence in the case of the Owner Trustee) or willful misconduct (as agreed to by such party or as otherwise finally determined by a non-appealable order from a court of competent jurisdiction) on its or their part) in connection with, (a) investigating, preparing for, defending itself or themselves against, or prosecuting for itself or themselves or for the sake of the Trust Estate any dispute or legal proceeding, whether pending or threatened, that is related directly or indirectly in any way to the Indenture, the Custodial Agreement, the Mortgage Loans or other collateral, or the Notes (including without limitation the initial offering, any secondary trading and any transfer and exchange of the Notes), (b) pursuing the enforcement (including without limitation by means of any action, claim, or suit brought by an indemnified party against the indemnitor for such purpose) of any indemnification or other obligation owed to an indemnified party as finally determined by a non-appealable order from a court of competent jurisdiction, the indemnification afforded under this clause (b) to include any reasonable legal, accountant and expert fees, costs and expenses incurred by an indemnified party (without negligence (gross negligence in the case of the Owner Trustee), bad faith or willful misconduct on its part) in connection therewith, or (c) the performance of any or all of its or their duties and responsibilities and the exercise or lack of exercise of any or all of its or their powers, rights or privileges hereunder, including without limitation (i) complying with any new or updated laws or regulations directly related to the performance by the indemnified parties as applicable, of its obligations under the related Transaction Documents and (ii) addressing any bankruptcy in any way related to or affecting the applicable Transaction Documents or any party to such agreements.

Each of the Trust Manager, the Asset Managers, the Indenture Trustee, the Paying Agent, the Note Registrar, the Owner Trustee and the Custodian will be entitled to reimbursement of certain expenses and indemnification payments from the assets of the Trust Estate prior to payments on the Notes to the extent that such expenses and payments would not exceed the applicable Annual Expense Cap in the aggregate for any calendar year; *provided*, *however*, (i) any expenses of the Indenture Trustee or the Paying Agent relating to a servicing transfer will not be subject to the Annual Expense Cap, (ii) any such expenses and payments in excess of the Annual Expense Cap may be paid, to the extent funds are available, pursuant to clause *thirteenth* as set forth under the Priority of Payments or in the subsequent year or years (subject to the Annual Expense Cap for such subsequent year or years) until paid in full and (iii) the Annual Expense Cap will not apply to (x) reimbursements for Servicing Advances, (y) any expenses, indemnities or payments following an Event of Default or upon any redemption of, or other final payment on, the Notes or termination of the Indenture or (z) Indenture Trustee enforcement costs, servicing transfer costs or Trust Manager transfer costs and related termination expenses. The Custodian will be entitled to be indemnified from the Trust Estate to the extent set forth in the Custodial Agreement, and the Owner Trustee will be entitled to be indemnified from the Trust Estate to the extent set forth in the Trust Agreement.

Resignation and Removal of the Indenture Trustee

The Indenture Trustee may resign at any time upon sixty (60) days' notice to the Issuer, in which event the Issuer will be obligated to appoint a successor indenture trustee as set forth in the Indenture. The Issuer may remove the Indenture Trustee if the Indenture Trustee ceases to be eligible to continue as such under the Indenture or if the Indenture Trustee becomes insolvent. If the Issuer removes the Indenture Trustee, the Depositor on behalf of the Issuer will be obligated to appoint a successor indenture trustee. The Indenture Trustee may be removed at any time by the Noteholders holding more than a 50% Percentage Interest of the Notes. Any resignation or removal of the Indenture Trustee and appointment of a successor indenture trustee will not become effective until acceptance of the appointment by the successor indenture trustee and payment of all amounts owed to the resigning or removed Indenture Trustee. If no successor indenture trustee has been so appointed and has accepted such appointment within sixty (60) days after the date of the resignation or removal of the retiring or removed Indenture Trustee, the retiring Indenture Trustee or the holders of a majority Percentage Interest of the Notes may appoint or petition any court of competent jurisdiction for the appointment of a successor indenture trustee, and the Indenture Trustee's costs and expenses in connection with any such petition by the Indenture Trustee shall be borne by the Trust Estate.

Voting Rights

Voting rights will be allocated among the Noteholders based upon their respective Percentage Interest of the Notes.

Cancellation

All Notes surrendered for payment, registration of transfer, exchange or redemption will be promptly cancelled by the Note Registrar. The Issuer may at any time deliver to the Note Registrar for cancellation any Notes previously authenticated and delivered under the Indenture which the Issuer may have acquired in any manner whatsoever, and all Notes so delivered will be promptly cancelled by the Note Registrar.

THE ADMINISTRATION AGREEMENT

General

The following summary describes certain terms of the Administration Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Administration Agreement.

Trust Administration

The Trust Manager will perform certain asset management and servicing oversight actions on behalf of the Issuer in connection with the Mortgage Loans, including the Rehabilitation Disbursement Request disbursement process, pursuant to the Indenture and an administration agreement, dated as of the Closing Date (the "Administration Agreement"), between the Trust Manager and the Issuer. "Trust Oversight" includes, but is not limited to: (i) engaging one or more new Servicers, Asset Managers or vendors with respect to the Mortgage Loans and any related REO Properties on behalf of the Issuer; (ii) reviewing, negotiating and approving any new Servicing Agreement or Asset Management Agreement and related compensation arrangements for the Issuer's execution following the Closing Date, and confirming the related Servicer or Asset Manager will be required pursuant to the terms thereof to comply with applicable Accepted Servicing Criteria; (iii) providing guidance and necessary approvals with respect to asset-related decisions on behalf of the Issuer, including to the extent required or permitted under any Asset Management Agreement or any Servicing Agreement, and including any determinations related to loss mitigation, liquidations and REO Property management, repairs or rentals; (iv) causing the Issuer to create one or more bankruptcy-remote, special purpose entities to own and hold title to REO Properties (each, an "REO Company"), and to pledge its ownership interests in each REO Company to the Indenture Trustee pursuant to the Indenture; (v) managing, or engaging vendors to manage, REO Properties on behalf of the Issuer or any REO Company, without any Servicer or Asset Manager (vi) to the extent permitted under the related Servicing Agreement, the Asset Management Agreement or the Custodial Agreement, exercising the right to terminate (or direct the termination of) any Servicers, the Asset Managers and/or the Custodian with respect to some or all of the Mortgage Loans or REO Properties and appointing a successor thereto, as applicable; (vii) causing the reconciliation and standardization of the final monthly reports received from each Servicer or Asset Manager; (viii) approving the purchase of Additional Mortgage Loans by the Issuer; (ix) reviewing Additional Mortgage Loans to test for compliance with the Concentration Limits and certain criteria for Eligible Mortgage Loans, as described in "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum, including (A) calculating the criteria for Eligible Mortgage Loans and confirming that the Additional Mortgage Loans comply with such Eligible Mortgage Loan criteria, and (B) reviewing the Eligible Securitization Diligence Providers' reports with respect to certain Additional Mortgage Loans proposed to be sold to the Issuer during the Reinvestment Period and confirming that no materially adverse diligence findings exist with respect to such Additional Mortgage Loans and (x) subject to the limitations set forth in the Indenture, facilitating sales of Mortgage Loans or any related REO Properties to third-party purchasers or to the Depositor or its affiliates, in each case from time to time on behalf of the Issuer. See "*Description of the Mortgage Loans—Additional Mortgage Loans*" in this Offering Memorandum.

In the performance of its Trust Oversight obligations under the Administration Agreement, the Trust Manager will take any action that is directed by the Issuer or Noteholders holding more than 50% of the Percentage Interest of the Notes, as applicable, in accordance with the Indenture which relates to the Trust Manager's Trust Oversight obligations under the Administration Agreement; provided, however, that the Trust Manager will not be obligated to take, or to refrain from taking, any action which the Issuer or the Noteholders holding more than 50% of the Percentage Interest of the Notes requests that the Trust Manager take or refrain from taking to the extent that the Trust Manager determines in its reasonable judgment that such action or inaction (i) may cause a violation of applicable laws, regulations, codes, ordinances, court orders or restrictive covenants with respect to any Mortgage Loan, Borrower or Mortgaged Property or (ii) may cause a violation of any provision of a Mortgage Loan Document.

Trust Management and Other Compensation and Payment of Expenses

The Trust Manager is entitled to retain as additional compensation for performing its duties as Trust Manager, but without duplicating, any net interest earned on deposits in the Accumulation Account. Additionally, the Trust Manager, subject to the Annual Expense Cap, will be entitled to reimbursement from the Accumulation Account for certain expenses, costs and liabilities incurred in connection with its administration activities pursuant to the Indenture. Reimbursement to the Trust Manager for certain expenses, costs and liabilities incurred pursuant to the Indenture may be paid, directly by the Paying Agent, unless an Event of Default has occurred or is continuing, at the Trust Manager's discretion and subject to the Annual Expense Cap, from amounts on deposit in the (i) Payment Account or (ii) to the extent not already paid from the Payment Account, the Accumulation Account. See "*The Indenture—Accounts*" in this Offering Memorandum.

The Trust Manager will be required to pay all related expenses incurred by it in connection with its servicing administration responsibilities, subject to limited reimbursement as described in the Indenture.

Additional Mortgage Loans; Delegation of Duties

Pursuant to the Administration Agreement, the Trust Manager will be obligated to evaluate compliance of the Mortgage Loans with the Eligibility Criteria and Concentration Limits.

The Trust Manager will review the loan files or reports obtained from any Eligible Securitization Diligence Provider with respect to Additional Mortgage Loans proposed to be sold to the Issuer during the Reinvestment Period. In connection with such review, the Trust Manager will determine whether each Additional Mortgage Loan complies with the Eligible Mortgage Loan criteria and Concentration Limits set forth in the Indenture, including (A) calculating the criteria for Eligible Mortgage Loans and confirming that the Additional Mortgage Loans comply with such Eligible Mortgage Loan criteria, and (B) reviewing an Eligible Securitization Diligence Provider's report, if any, with respect to certain Additional Mortgage Loans proposed to be sold to the Issuer during the Reinvestment Period and confirming that no materially adverse diligence findings exist with respect to such Additional Mortgage Loans.

The Trust Manager will ensure that all Additional Mortgage Loans are Eligible Mortgage Loans, including ensuring that the Concentration Limits are met or brought closer to compliance. The Paying Agent will assist the Trust Manager, pursuant to the terms of the Indenture, in verifying certain criteria to ensure that Additional Mortgage Loans meet the Eligibility Criteria. The Paying Agent will have no liability in the event any of the Additional Mortgage Loans do not meet the Eligibility Criteria and will not be deemed to have any knowledge of any breaches of any representations and warranties with respect to the Mortgage Loans by virtue of performing its role in assisting the Trust Manager in determining whether Additional Mortgage Loans meet the Eligibility Criteria.

The Trust Manager will have discretion to delegate any of its obligations described above to any person who meets the definition of an Eligible Securitization Diligence Provider. The Trust Manager will be responsible for the payment of fees of any such Eligible Securitization Diligence Provider, and no such Eligible Securitization Diligence Provider will be entitled to any compensation from assets of the Trust Estate. In the case of any such delegation, the Trust Manager will remain liable under the Indenture and will be obligated to cause the Eligible Securitization Diligence Provider to perform the duties described above in accordance with the terms of the Administration Agreement and the Indenture.

Certain Matters Regarding Trust Manager

The Administration Agreement will also provide that neither the Trust Manager nor its affiliates, nor any director, member, manager, officer, employee or agent of the Trust Manager will be under any liability to the Indenture Trustee, the Issuer or the Noteholders for the taking of any action or for refraining from the taking of any action in good faith pursuant to the Administration Agreement, or for errors in judgment; *provided*, *however*, that none of the Trust Manager, any subcontractor, or any director, officer, employee or agent of the Trust Manager will be protected against any breaches of representations and warranties in the Administration Agreement, failure to perform its respective obligations in compliance with any standards of care set forth in the Administration Agreement or any liability that would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of his, her or its duties or by reason of reckless disregard of his, her or its respective obligations and duties thereunder. The Administration Agreement will further provide that, subject to certain limitations, the Trust Manager, and any affiliate, director, member, manager, officer, employee or agent of the Trust Manager will be entitled to indemnification from the assets of the Trust Estate and will be held harmless against any loss, liability or expense incurred, including reasonably attorney's fees, in connection with the performance of its duties and obligations and any claim, legal action, investigation or proceeding relating to the Administration Agreement, the Notes, the Trust Manager's performance under the Administration Agreement, or any specific action which the Trust Manager was authorized or required to perform pursuant to the Administration Agreement, as such are incurred, except for any loss, liability or expense incurred by reason of willful misfeasance, bad faith or gross negligence in the performance of its respective duties thereunder or by reason of reckless disregard of its respective obligations and duties thereunder.

In addition, the Administration Agreement will provide, subject to the limitations set forth therein, that the Trust Manager will not be under any obligation to appear in, prosecute or defend any legal action which is not incidental to its obligations and which, in its opinion, may result in its incurring any expense or liability; *provided*, *however*, that the Trust Manager may in its discretion undertake any such action which it may deem necessary or desirable with respect to the Administration Agreement and the rights and duties of the parties under the Administration Agreement and the interests of the Noteholders and the Issuer. In such event, the legal expenses and costs of such action and any liability resulting therefrom will be expenses, costs and liabilities of the Trust Manager.

Any person into which the Trust Manager may be merged or consolidated, or any person resulting from any merger, conversion or consolidation to which the Trust Manager is a party, or any organization succeeding to the business through the transfer of substantially all of its assets or all assets relating to such business, or otherwise, of the Trust Manager will be the successor of the Trust Manager under the Administration Agreement without requiring the consent of any party; *provided* that such successor or resulting entity (other than a successor to the Trust Manager as a result of a change of control of the Trust Manager) will be capable of assuming the obligations of the Trust Manager under the Administration Agreement.

Trust Manager Termination Events

Any of the following acts or occurrences will constitute a termination event under the Administration Agreement for the Trust Manager (each, a "Trust Manager Termination Event"): (i) the Trust Manager fails to observe or perform in any material respect any covenant or agreement required to be performed under the Indenture or the Administration Agreement and such failure continues unremedied for ninety (90) days following its receipt of written notice thereof; (ii) any representation or warranty of the Trust Manager set forth in the Administration Agreement proves to be incorrect in any material respect as of the date made, and such breach continues unremedied for ninety (90) days following its receipt of written notice thereof; (iii) the insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, and certain actions by or on behalf of the Trust Manager indicating its insolvency or inability to pay its obligations as they become due; (iv) the Trust Manager shall consent to the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Trust Manager or of or relating to all or substantially all of its property; or (v) a decree or order of a court or agency or supervisory authority having jurisdiction in respect of the Trust Manager for the commencement of an involuntary case under any present or future federal or state bankruptcy, insolvency or similar law, for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs shall have been entered against the Trust Manager, and such decree or order shall remain in force undischarged or unstayed for a period of ninety (90) days.

Rights upon Trust Manager Termination Events

If a Trust Manager Termination Event has not been remedied in all material respects or waived by the Indenture Trustee (acting at the written direction of the Noteholders holding more than 50% of the Percentage Interest of the Notes), in writing, the Indenture Trustee, acting at the written direction of the Noteholders holding more than 50% of the Percentage Interest of the Notes, may, by notice in writing to the Trust Manager, terminate all of the rights and obligations of the Trust Manager with respect to the Mortgage Loans hereunder, without any other party hereto incurring any penalty or fee of any kind whatsoever in connection therewith and whereupon a successor Trust Manager will succeed to all of the responsibilities and duties of the Trust Manager; provided, however, that such termination shall be without prejudice to any rights of the Trust Manager relating to the payment of its Trust Manager Fee and the reimbursement of any expenses which have been made by it under the terms of this Agreement through and including the date of such termination. The Trust Manager will continue to perform its trust oversight functions with respect to the Mortgage Loans until a successor has assumed all of its responsibilities hereunder, and the Trust Manager will cooperate with the Issuer in effecting the termination of the Trust Manager's responsibilities and rights hereunder, including, without limitation, the transfer of all relevant trust management data with respect to the Mortgage Loans.

In accordance with the terms of the Indenture, the Indenture Trustee may (acting at the written direction of the Issuer or Noteholders holding more than 50% of the Percentage Interest of the Notes) waive any default by the Trust Manager in the performance of its obligations hereunder and its consequences. Upon any such waiver of a past default, such default shall cease to exist, and any Trust Manager Termination Event arising therefrom will be deemed to have been remedied for every purpose of this Agreement. No such waiver will extend to any subsequent or other default or impair any right consequent thereon except to the extent expressly so waived.

No assurance can be given that termination of the rights and obligations of the Trust Manager would not adversely affect the servicing of the Mortgage Loans, including the delinquency experience of the Mortgage Loans.

Assignment and Resignation of the Trust Manager

Except in the limited circumstances permitted under the Administration Agreement, the Trust Manager may not assign its obligations under the Administration Agreement or resign from the obligations and duties imposed on it by the Indenture except by mutual consent of the Issuer, the Trust Manager, the Sponsor and the Indenture Trustee (at the written direction of the Noteholders holding more than a 50% Percentage Interest of the Notes) or upon the determination that the Trust Manager's duties under the Indenture are no longer permissible under applicable law and such incapacity cannot be cured by the Trust Manager without the incurrence of unreasonable expense. Notwithstanding the foregoing, the Trust Manager has the right to resign as Trust Manager under the Administration Agreement, if the Trust Manager has proposed a successor Trust Manager to the Sponsor, the Indenture Trustee and the Issuer in writing and such proposed successor Trust Manager is consented to by the Indenture Trustee (at the written direction of the Noteholders holding more than a 50% Percentage Interest of the Notes) and the Issuer. No such resignation will become effective until a successor has assumed the Trust Manager's responsibilities and obligations in accordance with the Administration Agreement. Transfer costs of the successor Trust Manager will be paid by the outgoing Trust Manager or, if such Trust Manager fails to pay such costs within sixty (60) days of written notice thereof, from the Trust Estate and such amounts shall not be subject to the Annual Expense Cap.

Amendments of the Administration Agreement

The Administration Agreement may be amended only by written agreement signed by the Trust Manager, the Issuer and the Indenture Trustee; provided that the party requesting such amendment will, at its own expense, provide the Indenture Trustee with (A) an officer's certificate of the Depositor that such amendment will not materially adversely affect the interest of the Noteholders and the Issuer, (B) an opinion of counsel that such amendment (i) is authorized or permitted hereunder and (ii) all conditions precedent to such amendment have been satisfied, unless such opinion is waived by the Indenture Trustee (acting at the written direction of Noteholders holding a 100% Percentage Interest of the Notes) and (C) a No Adverse Tax Effect Opinion.

In addition, in connection with the exercise of the Optional Redemption, the Trust Manager, the Issuer and the Indenture Trustee may amend the Administration Agreement without obtaining the consent of the Noteholders or any other person in order to make any changes necessary or desirable in connection with the issuance of one or more classes of notes; provided, however, that the Indenture Trustee will be provided with the opinion of counsel described above, unless such opinion is waived by the Indenture Trustee (acting at the written Noteholders holding 100% Percentage Interest of the Notes) and a No Adverse Tax Effect Opinion.

TRUST AGREEMENT

General

The Issuer is a separate series of Residential Mortgage Aggregation Trust, a statutory trust formed under the laws of the State of Delaware (the "Trust"), which is organized in series pursuant to a second amended and restated trust agreement, dated as of November 2, 2021, together with a series supplement to the second amended and restated trust agreement (the "Trust Supplement"), dated as of the Closing Date (as amended, restated, or modified, collectively, the "Trust Agreement"). Pursuant to the Trust Agreement, the Owner Trustee at the direction of the Trust Manager, will identify and allocate or cause to be identified and allocated on the books and records of the Trust a separate portfolio of SUBI assets to be accounted for and held in trust independently from all other Trust assets consisting of the Mortgage Loans. The following summary describes certain terms of the Trust Agreement. The summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the Trust Agreement.

Certain Matters Under the Trust Agreement

Indemnification

Pursuant to the Trust Agreement, the Owner Trustee, each in its individual capacity and in its capacity as the Owner Trustee, and any director, officer, employee or agent of each of the Owner Trustee, will be indemnified, defended and held harmless, and entitled to reimbursement from the assets of the Trust (but only to the extent of the assets of the Trust allocated to the Issuer for which each of the Owner Trustee acts in its capacity as Owner Trustee), with respect to any claim, loss, liability, damage, cost or expense, including, without limitation, reasonable attorneys' and other professionals' fees and expenses (collectively, "Claims"), arising out of or incurred in connection with (a) any of the Mortgage Loans; (b) the Owner Trustee's performance of any or all of its or their respective duties and responsibilities, or its or their exercise or failure to exercise any or all of its or their respective powers, rights or privileges, in each case contained in the Trust Agreement, including, without limitation, (i) complying with any new or updated law or regulation directly affecting such party or the Mortgage Loans and (ii) addressing any bankruptcy of the settlors of the Issuer; (c) pursuing enforcement (including by means of any action, claim or suit brought by the Owner Trustee for such purpose) of any indemnification or other obligation of the Trust or any series of the Trust (including, without limitation, any reasonable legal fees and out-of-pocket costs and expenses incurred by the Owner Trustee in connection therewith); or (d) investigating, preparing for, defending itself or themselves against, or prosecuting for itself or themselves or for the sake of the Mortgage Loans any legal proceeding, whether pending or threatened, that is related directly to the Mortgage Loans, the Trust Agreement, the Issuer or the Residual Interest Certificate (including, without limitation, the initial offering, any secondary trading, and any transfer and exchange of the Residual Interest Certificate), with any allocation of such indemnification among the Mortgage Loans to be made as provided for in the Trust Agreement.

The Owner Trustee will not be indemnified or held harmless out of the Mortgage Loans as to any Claim (i) for which the Sponsor, the Trust Manager or any of their respective affiliates are liable and have paid pursuant to the Trust Agreement, (ii) for which the holder of a Residual Interest Certificate or some other party shall be liable and shall have paid, (iii) incurred by reason of the Owner Trustee's willful misconduct, bad faith or gross negligence (as determined by a court of competent jurisdiction) or (iv) incurred by reason of such Owner Trustee's breach of its respective representations and warranties under the Trust Agreement.

Any indemnity amounts will be paid prior to distributions on the Residual Interest Certificate and payments on the Notes.

In no event will the Owner Trustee or any director, officer, agent or employee of the Owner Trustee be liable for any special, indirect, punitive or consequential damages from any action taken or omitted to be taken by it or them under the Trust Agreement or in connection therewith, even if advised of the possibility of such damages. In no event will the Owner Trustee have any recourse for Claims related to the Issuer to any Mortgage Loans allocated to any other series of the Trust.

Resignation or Removal of Owner Trustee and the Underlying Paying Agent

The Owner Trustee or Computershare Trust Company, N.A., in its capacity as paying agent under the Trust Agreement (in such capacity, the "Underlying Paying Agent") may at any time resign by giving thirty (30) days' prior written notice to each settlor, the Trust Manager and the holder of the undivided trust interest certificate. Upon receiving the notice of resignation, the holder of the exclusive, undivided beneficial interest in all assets of the Trust (in the case of the Owner Trustee or Underlying Paying Agent) or the holder of the Residual Interest Certificate (in the case of the Owner Trustee as trustee with respect to the Trust Supplement) will promptly appoint a successor underlying trustee or successor Underlying Paying Agent who meets the eligibility requirements set forth in the Trust Agreement.

If, at any time, (i) the Owner Trustee or the Underlying Paying Agent ceases to be qualified in accordance with the Trust Agreement, (ii) any representation or warranty made by the Owner Trustee or the Underlying Paying Agent pursuant to the Trust Agreement proves to have been untrue in any material respect when made, (iii) the Owner Trustee or the Underlying Paying Agent is legally unable to act, or is adjudged bankrupt or insolvent, or a receiver of the Owner Trustee or of its property is appointed, or any public officer takes charge or control of the Owner Trustee or the Underlying Paying Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, or (iv) the holder of the Residual Interest Certificate otherwise desires, in its sole discretion, to remove and replace the Owner Trustee or the Underlying Paying Agent with respect to the Issuer, then such Owner Trustee or the Underlying Paying Agent may be removed upon written notice by the holder of the undivided trust interest certificate or the assignee or pledgee of the undivided trust interest certificate. If the Owner Trustee or the Underlying Paying Agent resigns or is removed under the authority of the immediately preceding sentence, the holder of the undivided trust interest certificate will promptly appoint a successor trustee or successor Underlying Paying Agent. Any resignation or removal of the Owner Trustee or the Underlying Paying Agent, and the appointment of a successor trustee or successor paying agent will not become effective until acceptance of appointment by the successor trustee or successor Underlying Paying Agent.

Certain Matters Under the Trust Supplement

Fees and Expenses

Any fees, reimbursements and indemnities to the Owner Trustee pursuant to Trust Agreement will be payable: *first*, from the Available Funds in accordance with the Indenture, and *second*, to the extent not paid pursuant to clause *first*, by the Trust Manager. The Owner Trustee will be entitled to payment and reimbursement for its expenses and indemnification amounts from collections as described in the clause *first* above, prior to payment of any amounts to Noteholders, subject to application of the Annual Expense Cap pursuant to the Indenture. The Underlying Paying Agent will be entitled to payment and reimbursement for its expenses and indemnification amounts from the Trust Manager.

Special Purpose Entity

Pursuant to the Trust Supplement, the Trust Manager will ensure that, and any holder or pledgee of the Residual Interest Certificate hereby agree that, the Issuer will (a) own no assets, and will not engage in any business, other than the assets and transactions specifically contemplated by the Indenture and the other Transaction Documents; (b) not incur any indebtedness or obligation, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than pursuant to the Indenture and the other Transaction Documents; (c) not make any loans or advances to any third party, and shall not acquire obligations or securities of its affiliates; (d) pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) only from its own assets; (e) comply with the provisions of its organizational documents; (f) do all things necessary to observe organizational formalities and to preserve its existence; (g) maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates; (h) be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any affiliate), will correct any known misunderstanding regarding its status as a separate entity, will conduct business in its own name, shall not identify itself or any of its affiliates as a division or part of the other and will maintain and utilize a separate telephone number and separate stationery, invoices and checks; (i) maintain adequate capital for the normal obligations reasonably foreseeable in a business of its size and character and in light of its contemplated business operations; (j) not engage in or suffer any change of ownership, dissolution, winding up, liquidation, consolidation or merger in whole or in part; (k) not commingle its funds or other assets with those of any affiliate or any other person; (l) maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or any other person; (m) not and will not hold itself out to be responsible for the debts or obligations of any other person; (n) cause each of its direct and indirect owners to agree not to (i) file or consent to the filing of any bankruptcy, insolvency or reorganization case or proceeding with respect to Issuer; institute any proceedings under any applicable insolvency law or otherwise seek any relief under any laws relating to the relief from debts or the protection of debtors generally with respect to Issuer; (ii) seek or consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator, custodian or any similar official for Issuer, or a substantial portion of its properties; or (iii) make any assignment for the benefit of Issuer's creditors.

Amendment of Trust Supplement

Any term or provision of the Trust Agreement or the Trust Supplement may be amended by the Trust Manager without the consent of any other person, if the Sponsor delivers (i) an officer's certificate to the Owner Trustee to the effect that such amendment will not materially and adversely affect the interests of the holder of the Residual Interest Certificate and (ii) at the expense of the Sponsor, a No Adverse Tax Effect Opinion. Notwithstanding the foregoing, no amendment shall (x) reduce in any manner the amount of, or delay the timing of, payments received on the Issuer's assets which are required to be distributed on any Residual Interest Certificate without the consent of the holder of such Residual Interest Certificate, (y) adversely affect in any material respect the interests of the holders of the Residual Interest Certificate without the consent of such holder of the Residual Interest Certificate, or (z) modify the consents required by the immediately preceding clauses (x) and (y) without the consent of the holder of the Residual Interest Certificate then outstanding; provided, any amendment that materially and adversely affects the interests of the Owner Trustee, the Custodian, the Trust Manager, the Underlying Paying Agent or the holder of the Residual Interest Certificate will require the prior written consent of the persons whose interests are materially and adversely affected.

Prior to the execution of any amendment to the Trust Supplement, the Owner Trustee will be entitled to receive an opinion of counsel stating that the execution of such amendment is permitted by Trust Supplement and all conditions precedent to executing such amendment have been met. The holders entitled to 100% of the voting rights of the Residual Interest Certificate may waive any opinion of counsel requirement, other than any No Adverse Tax Effect Opinion requirement.

U.S. CREDIT RISK RETENTION

General

Pursuant to the Risk Retention Rules, a "securitizer" of asset-backed securities is required, unless an exemption exists, to retain at least a 5% economic interest in the credit risk of the assets collateralizing a securities transaction (the "Required Credit Risk"), as more fully described below. Under the U.S. Risk Retention Rules, a "securitizer" includes a person who organizes and initiates a securitization transaction by selling or transferring assets, either directly or indirectly, including or through an affiliate or issuer. The U.S. Risk Retention Rules for residential mortgage-backed securities became effective on December 24, 2015.

Until the later of (i) the fifth (5^{th}) anniversary of the Closing Date and (ii) the date on which the aggregated Unpaid Principal Balance of the Mortgage Loans has been reduced to 25% of the aggregated Unpaid Principal Balance of the Mortgage Loans and cash deposited into the Accumulation Account as of the Closing Date, but in any event no longer than the seventh (7^{th}) anniversary of the Closing Date (the "Sunset Date"), the Risk Retention Rules impose limitations on the ability of the Depositor to dispose of or hedge the Required Credit Risk. In general, prior to the

Sunset Date, the Depositor may not transfer the Required Credit Risk to any person other than another majority-owned affiliate of the Sponsor. In addition, prior to the Sunset Date, the Depositor and its affiliates may not engage in any hedging transactions if payments on the hedge instrument are materially related to the Required Credit Risk and the hedge position would limit the financial exposure of the Depositor (or another majority-owned affiliate) to the Required Credit Risk. The Depositor (or another majority-owned affiliate of the Sponsor) may not pledge its interest in any Required Credit Risk as collateral for any financing unless such financing is full recourse to the Sponsor (or such majority-owned affiliate). In the event that the Risk Retention Rules are repealed or amended in a manner such that the Sponsor is no longer required to hold the Required Credit Risk, the Depositor may transfer the Risk Retained Securities.

The Sponsor, as "securitizer" of this transaction, has elected to retain either directly or through an entity that it, directly or indirectly, majority controls, is majority controlled by or is under common majority control with (a "Majority-Owned Affiliate"), an eligible horizontal residual interest of at least 5% of the fair value of the Notes and Residual Interest Certificate issued by the Issuer as determined using a fair value measurement framework under GAAP (an "EHRI"). The Sponsor intends to satisfy the Risk Retention Rules by acquiring on the Closing Date and transferring to the Depositor, an EHRI consisting of 100% of the Residual Interest Certificate. Either the Sponsor or a majority-owned affiliate of the Sponsor will retain until the Sunset Date the Residual Interest Certificate representing at least 5% of the fair value of the Notes and Residual Interest Certificate (the "Risk Retained Securities").

Until the Sunset Date, the U.S. Risk Retention Rules impose limitations on the ability of the Sponsor and its Majority-Owned Affiliates to dispose of or hedge the Required Credit Risk. In general, prior to the Sunset Date, the Sponsor and its Majority-Owned Affiliates may not transfer the Required Credit Risk to any person other than a Majority-Owned Affiliate. In addition, prior to the Sunset Date, the Sponsor and its affiliates may not engage in any hedging transactions if payments on the hedge instrument are materially related to the Required Credit Risk and the hedge position would limit the financial exposure of the Sponsor or its Majority-Owned Affiliates to the Required Credit Risk. Neither the Sponsor nor any of its Majority-Owned Affiliates may pledge their respective interest in any Required Credit Risk as collateral for any financing unless such financing is full recourse to the Sponsor or such Majority-Owned Affiliates.

Estimated Fair Value or Range of Estimated Fair Values of the Notes and the Residual Interest Certificate

The estimated fair value or range of estimated fair values of the Notes and Residual Interest Certificate is summarized below:

Class	Estimated Fair Value or Range of Estimated Fair Values ($)(1)	Ranges of Estimated Fair Values (as a percentage)(1)
Class A1 Notes	$186,250,000	72.60% - 73.63%
Class A2 Notes	$18,125,000	7.07% - 7.17%
Class M Notes	$17,125,000	6.68% - 6.77%
Residual Interest Certificate	$31,458,844 - $35,038,959	12.44% - 13.66%
Aggregate Estimated Fair Value	$252,958,844 - $256,538,959	100.00%

(1) Based on pricing as set forth below.

The Sponsor determined the estimated fair value or range of estimated fair values of the Notes and Residual Interest Certificate using a fair value measurement framework under generally accepted accounting principles. In measuring fair value, the use of observable and unobservable inputs and their significance in measuring fair value are reflected in the fair value hierarchy assessment, with Level 1 inputs favored over Level 3 inputs.

(i) *Level 1* – inputs include quoted prices for identical instruments and are the most observable,

(ii) *Level 2* – inputs include quoted prices for similar instruments and observable inputs such as interest rates and yield curves, and

(iii) *Level 3* – inputs include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instrument.

The estimated fair values of the Class A Notes and Class M Notes is categorized within Level 2 of the hierarchy, reflecting the use of inputs derived from prices for similar instruments. The range of estimated fair values of the Residual Interest Certificate is categorized within Level 3 of the hierarchy as inputs to the fair value calculation (other than the payment entitlement) are generally not observable in the market and reflect the Sponsor's assumptions about the considerations that other market participants would employ in evaluating the Residual Interest Certificate.

The estimated fair values of the Class A Notes and Class M Notes are based on the bona fide range of estimated Note Rates of the Class A Notes and the price at which such Class A Notes will be purchased by investors will be consistent with the assumptions below:

Class	**Range of Estimated Note Rates**[1]	**Estimated Price as a Percentage of Par**
Class A1 Notes	6.356% - 6.648%	100.00%
Class A2 Notes	6.806% - 7.097%	100.00%
Class M Notes	8.066% - 8.549%	100.00%

(1) The Note Rate for the Notes and each Accrual Period will be equal to the fixed *per annum* rate set forth above; *provided*, that for each Accrual Period following the Step-up Date, the Class A1 Note Rate will be the Class A1 Note Rate as of the Closing Date *plus* 1.000% and the Class A2 Note Rate will be the Class A2 Note Rate as of the Closing Date *plus* 1.000%.

To calculate the range of estimated fair values of the Residual Interest Certificate, the Sponsor used an internal valuation model. This model projects future interest and principal payments, prepayments, defaults, delinquencies and other recoveries on the Mortgage Loans, the interest and principal payments on the Notes and transaction fees and expenses. The resulting cash flows to the Residual Interest Certificate are discounted to present value based on a required yield that reflects the credit exposure to these cash flows.

In completing these calculations, the Sponsor made the following assumptions:

(i) The range of estimated yields used to determine the fair value for the Residual Interest Certificate is set forth below:

Class	**Range of Estimated Yields**
Residual Interest Certificate	16.000% - 20.000%

(ii) the assumptions are as set forth under "*Prepayment and Yield Considerations—Structuring Assumptions*" in this Offering Memorandum, except as set forth below;

(iii) on the Closing Date, the amount on deposit in the Interest Reserve Account is assumed to be within the range of $1,204,411.67 to $1,261,020.63;

(iv) the Servicing Fees are, one-twelfth ($1/12^{th}$) of ten basis points (0.10%) multiplied by the aggregate Unpaid Principal Balance of the Mortgage Loans, payable monthly;

(v) the rate of defaults on the Mortgage Loans is the CDR for each month set forth in the table below:

CDR Curve

Month	CDR
1	0.0000000000%
2	0.1176470590%
3	0.2352941180%
4	0.3529411760%
5	0.4705882350%
6	0.5882352940%
7	0.7058823530%
8	0.8235294120%
9	0.9411764710%
10	1.0588235290%
11	1.1764705880%
12	1.2941176470%
13	1.4117647060%
14	1.5294117650%
15	1.6470588240%
16	1.7647058820%
17	1.8823529410%
18 and thereafter	2.0000000000%

(vi) the loss severity for the Mortgage Loans is 30% and a 0 month recovery lag; and

(vii) the rate of delinquencies of interest payments on the Mortgage Loans is the percentage of delinquencies for each month set forth in the table below:

Delinquency Curve

Month	Delinquency Rate
1	0.0000000000%
2	0.2352941180%
3	0.4705882350%
4	0.7058823530%
5	0.9411764710%
6	1.1764705880%
7	1.4117647060%
8	1.6470588240%
9	1.8823529410%
10	2.1176470590%
11	2.3529411760%
12	2.5882352940%
13	2.8235294120%
14	3.0588235290%
15	3.2941176470%
16	3.5294117650%
17	3.7647058820%
18 and thereafter	4.0000000000%

The Sponsor developed these inputs and assumptions by considering the current interest rate environment and the expectation of anticipated interest rates following the Closing Date, composition of the Mortgage Loans and the performance of mortgage loans similar to the Mortgage Loans which were previously originated by the Sponsor. In particular, the Sponsor reviewed the prepayment, delinquency, default and loss history of its previously originated mortgage loans, as adjusted for any updates to the underwriting guidelines, to project an anticipated prepayment, delinquency, default and loss scenario for the Mortgage Loans.

The Sponsor believes that the inputs and assumptions described above include the inputs and assumptions that could have a significant impact on the fair value calculation or a prospective Noteholder's ability to evaluate the fair value calculation. The fair value of the Notes and the Residual Interest Certificate were based on the assumptions described above, including the assumptions regarding the characteristics and performance of the Mortgage Loans that likely will differ from the actual characteristics and performance of the Mortgage Loans.

The Sponsor will cause the Paying Agent or the Indenture Trustee to include a statement (prepared by the Sponsor) in the June 2024 monthly report to Noteholders setting forth the following information:

(i) the fair value, expressed as a percentage of the fair value of all of the Notes and Residual Interest Certificate issued by the Issuer on the Closing Date, of the Residual Interest Certificate retained by the Depositor as of the Closing Date, based on actual sale prices and finalized class sizes;

(ii) the fair value, expressed as a percentage of the fair value of all of the Notes and Residual Interest Certificate issued by the Issuer on the Closing Date, of the eligible horizontal residual interest that the Depositor (or another majority-owned affiliate) is required to retain under the Risk Retention Rules;

(iii) to the extent the valuation methodology or any of the key inputs and assumptions that were used in calculating the fair values as disclosed herein materially differs from the methodology or key inputs and assumptions used to calculate the fair value on the Closing Date, descriptions of those material differences; and

(iv) to the extent the EHRI retained by the Sponsor as of the Closing Date is materially different from the amount that the Sponsor intends to acquire and retain as described herein, the actual EHRI retained by the Sponsor as of the Closing Date.

None of the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers or the Note Registrar will be charged with knowledge of any Risk Retention Rules, nor will the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers or the Note Registrar be responsible for monitoring, confirming or enforcing any Risk Retention Rules applicable to the transaction. None of the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers or the Note Registrar will be liable to any Noteholder or other party for violation of such rules now or hereinafter in effect.

EU AND UK RISK RETENTION

The Issuer has developed a disclosure process to comply with the information requirements set out in the template "*Annex 2: Underlying exposures – residential real estate*" and the template "*Annex 12: Investor report – Non-ABCP securitisation*" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority for the purposes of making available to Affected Investors the information required to be provided in accordance with Article 7(1)(a) and Article 7(1)(e), respectively, of each Securitization Regulation, except for (i) information that is not required to be disclosed because the relevant template allows a "non-disclosure option" and (ii) information that is subject to a confidentiality undertaking or personal data (such confidential information will only be made available to an Affected Investor after such Affected Investor has sent to the Issuer a signed non-disclosure agreement in the form scheduled to the Risk Retention Agreement).

The Issuer will provide at least quarterly a report in the form set out in "*Annex 2: Underlying exposures – residential real estate*" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority (or, to the extent agreed by the Issuer, any updated form required pursuant to the Transparency Requirements and/or published by the European Securities and Markets Authority or other regulator or permitted under the Securitization Rules) (each such report, an "Underlying Exposures Report").

The Issuer will also provide monthly a report in in the form of by the template set out in "*Annex 12: Investor report – Non-ABCP securitisation*" of the disclosure technical standards published as of the Closing Date by the European Securities and Markets Authority (or, to the extent agreed by the Issuer, any updated form required pursuant to the Transparency Requirements and/or published by the European Securities and Markets Authority or other regulator or permitted under the Securitization Rules) for the purposes of making available to Affected Investors the information required to be provided in accordance with Article 7(1)(e) of each Securitization Regulation (each such report, an "Investor Report").

Pursuant to the Risk Retention Agreement, the Sponsor will undertake to the Indenture Trustee for the benefit of Affected Investors for so long as the Notes are outstanding that:

(i) it will, on the basis that it is an originator (as such term is defined in the Securitization Regulations), retain exposure, on an ongoing basis and for as long as any Notes are outstanding, to the Residual Interest Certificate which will constitute a material net economic interest in the securitization of not less than 5% of the nominal value of the securitized exposures in accordance with paragraph (d) of Article 6(3) of each of (i) the EU Securitization Regulation (as in effect on the Closing Date) and the UK Securitization Regulation (as in effect on the Closing Date) (the "EU/UK Retained Interest");

(ii) neither it nor its affiliates will sell, transfer, or otherwise surrender all or any part of the rights, benefits or obligations arising from the EU/UK Retained Interest or hedge or otherwise mitigate its credit risk under or associated with the EU/UK Retained Interest, except to the extent permitted in accordance with both the EU Securitization Rules and the UK Securitization Rules;

(iii) it will confirm its continued compliance with the undertakings set forth in paragraphs (i) and (ii) above on a monthly basis with the Investor Report; and

(iv) it will promptly notify the Paying Agent (solely for purposes of posting to its website) in writing (at the address specified in the Indenture) if for any reason: (a) it ceases to retain exposure to the EU/UK Retained Interest in accordance with paragraph (i) above, or (b) it or any of its affiliates fails to comply with the covenants set out in paragraphs (ii) and (iii) above in any way.

The Sponsor will also represent and warrant on the date of the Risk Retention Agreement to the Indenture Trustee for the benefit of Affected Investors:

(a) the Sponsor was not established for, and does not operate for, the sole purpose of securitizing exposures, and (i) it has a strategy and the capacity to meet payment obligations consistent with a broader business model that involves material support from capital, assets, fees or other sources of income, by virtue of which it does not rely on the exposures being securitized, on any interests retained or proposed to be retained in accordance with the Securitization Regulations, or on any corresponding income from such exposures and interests as its sole or predominant source of revenue, and (ii) the members of the Sponsor's management body have the necessary experience to enable the Sponsor to pursue its established business strategy, as well as adequate corporate governance arrangements.

(b) the Sponsor approved the Underwriting Standards and concluded that each Originator originated the applicable Mortgage Loans on the basis of sound and well-defined criteria, had clearly established processes for approving, amending, renewing and financing such Mortgage Loans, and had effective systems in place to apply those criteria and processes to ensure that such credit-granting was based on a thorough assessment of the obligor's creditworthiness; and

(c) the Sponsor was involved in the decision to purchase the Mortgage Loans and is currently exposed to losses in relation to more than 50% (by unpaid principal balance) of the Mortgage Loans.

Pursuant to the Indenture, the Issuer will undertake to the Indenture Trustee for the benefit of Affected Investors for so long as the Notes are outstanding that the Issuer will:

(i) make available on the Paying Agent's website located at www.ctslink.com:

(A) a copy of this Offering Memorandum and each of the transaction documents required to be disclosed under the Transparency Requirements;

(B) each Underlying Exposures Report (to be made available on a quarterly basis);

(C) each Investor Report (to be made available on a monthly basis); and

(D) any notice given to Noteholders in connection with paragraph (iii) below.

(ii) subject to an Affected Investor executing a non-disclosure agreement in the form set forth in Exhibit A attached to the Risk Retention Agreement, make available to such Affected Investor such additional information as is in the Issuer's possession or reasonably obtainable (as determined by the Issuer) by the Issuer, as may reasonably be required to enable such Affected Investor to satisfy the Due Diligence Requirements, provided that the Issuer will not be liable to any Affected Investor if the information that the Issuer is required to provide in accordance with the Risk Retention Agreement is insufficient to enable any Affected Investor to comply with its applicable Due Diligence Requirements under the Securitization Rules or the Issuer fails to provide such information in accordance with format and templates required by the applicable Securitization Rules; and

(iii) notify the Noteholders of the occurrence of any of the following:

(A) a material breach of the obligations provided for in any of the transaction documents, including any remedy, waiver or consent subsequently provided in relation to such a breach;

(B) a change in the structural features that can materially impact the performance of the Notes;

(C) a change in the risk characteristics of the Notes or of the Mortgage Loans that can materially impact the performance of the Notes; and

(D) any material amendment to any transaction document made without the consent of the Noteholders.

Neither the Sponsor nor the Issuer will be liable to any Affected Investor if the information that the Issuer is required to provide in accordance with the Risk Retention Agreement is insufficient to enable any Affected Investor to comply with its applicable due diligence requirements under the Securitization Rules or if the Issuer fails to provide all the information required by the Securitization Rules, fails to provide any information requested by an Affected Investor or fails to provide such information in accordance with format and templates required by the applicable Securitization Rules.

Failure by an Affected Investor to comply with the applicable Due Diligence Requirements with respect to an investment in the Offered Notes may result in the imposition of a penalty regulatory capital charge on that investment or of other regulatory sanctions by the competent authority of such Affected Investor.

See "*Risk Factors—EU Due Diligence Requirements and UK Due Diligence Requirements Will Affect Certain Potential Investors*" in this Offering Memorandum.

Although the Sponsor has structured this transaction with the intention of enabling Affected Investors to satisfy their applicable Due Diligence Requirements under the Securitization Regulations in effect as of the Closing Date, each prospective investor in the Offered Notes that is an Affected Investor is required to assess independently and to determine whether: (i) the undertaking by the Sponsor to retain exposure to the EU/UK Retained Interest (as described in this Offering Memorandum) and (ii) the information in this Offering Memorandum and the information to be provided in any reports provided to investors in relation to the transaction described in this Offering Memorandum are sufficient to comply with the Securitization Rules or any corresponding national measures which may be relevant. None of the transaction parties, their respective affiliates or any other person makes any representation, warranty or guarantee that any such information is sufficient for such purposes or any other purpose or that the structure of the Offered Notes, the Sponsor (including its exposure to the EU/UK Retained Interest) and the transactions described herein are compliant with the Securitization Rules or any other applicable legal, regulatory or other requirements, and no such person will have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transaction or structure contemplated hereby to comply with or otherwise satisfy such requirements, any subsequent change in law, rule or regulation or any other applicable legal, regulatory or other requirements or any failure by any investor that is an Affected Investor to satisfy the applicable Due Diligence Requirements.

None of the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers, the Custodian, the Master Servicer, the Loan Data Agent or the Note Registrar will be charged with knowledge of the Securitization Regulations, nor will the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers, the Custodian, the Master Servicer, the Loan Data Agent or the Note Registrar be responsible for monitoring, confirming or enforcing the Securitization Regulations. None of the Indenture Trustee, the Owner Trustee, the Paying Agent, the Initial Purchasers, the Custodian, the Master Servicer, the Loan Data Agent or the Note Registrar will be liable to any Noteholder or other party for violation of such rules now or hereinafter in effect.

For the avoidance of doubt, none of the Paying Agent, the Note Registrar, the Indenture Trustee, the Custodian or the Owner Trustee have any duty, responsibility or obligation to monitor, enforce or oversee the

Sponsor's, compliance with any risk retention requirements nor the contents of any item provided to the Indenture Trustee for posting on its website.

PREPAYMENT AND YIELD CONSIDERATIONS

The yield to maturity and weighted average life of a Note will depend upon, among other things, the timing and amounts of principal payments on the Mortgage Loans, the amount of Available Funds deposited to the Accumulation Account and whether such funds are used to purchase Additional Mortgage Loans during the Reinvestment Period, whether the Issuer redeems the Notes after the Optional Redemption Date, or the Step-Up Date occurs, respectively, the price at which the Note is purchased, and the amount and timing of extensions of maturity and principal payments on the Mortgage Loans and Borrower delinquencies, defaults, and loss severity on the Mortgage Loans.

On each Payment Date during the Reinvestment Period, holders of the Class A2 Notes are not expected to receive any payments of principal if the Class A Minimum Credit Enhancement Test is not satisfied, unless the Note Amount of the Class A1 Notes has been reduced to zero.

As described in this Offering Memorandum, principal is not due on the Mortgage Loans until their maturity and many of the Mortgage Loans have had their maturities extended. It is possible that payments on the Mortgage Loans will be irregular, with large amounts of principal being paid at maturity, whether through payments by the Borrower or sales of the related properties.

Prior to the Optional Redemption Date, the rate of payments in reduction of the Note Amount of the Notes, the aggregate amount of payments on the Notes and the Weighted Average Life and yield to maturity of the Notes purchased at a discount or premium will be directly related to the amount of eligible Available Funds deposited to the Accumulation Account, the rate of payments of principal on the Mortgage Loans, the timing and amount of extensions of maturities on the Mortgage Loans, the purchase of Additional Mortgage Loans and Borrower delinquencies and defaults on the Mortgage Loans. The Issuer is expected (but not required) to redeem the Notes on or following the Optional Redemption Date, but may not be able to do so without a refinancing of the Notes or sale of the Mortgage Loans or of the related Mortgaged Properties by the Borrower. As such, the Issuer's ability to redeem the Notes may be dependent on the market for mortgage loans similar to the Mortgage Loans and properties similar to the Mortgaged Properties. If the Notes are redeemed, the Note Amount of the Notes will be paid in full, and the Notes will be retired. In addition, following the Step-Up Date, the fixed *per annum* portion of the Note Rates on the Class A Notes will increase.

Prepayments (which, as used in this Offering Memorandum, include all unscheduled payments of principal, including payments as the result of liquidations and repurchases) of the Mortgage Loans will result in payments to Noteholders of amounts which would otherwise be paid at the maturity of such Mortgage Loans. Since the rate of prepayment on the Mortgage Loans will depend on future events and a variety of factors (as described more fully below), no assurance can be given as to such rate or the rate of principal payments or yield on, or Weighted Average Life of, a Note or the aggregate amount of payments on the Notes. You should consider the risk that rapid rates of prepayments on the Mortgage Loans may coincide with periods of low prevailing market interest rates. Such a low interest rate environmental could result in a significant increase in prepayments by Borrowers who take advantage of the opportunity to refinance their existing mortgages. Any such increase in prepayments could adversely affect the yields on the Notes.

The rate of principal payments on the Mortgage Loans will be affected by the repayment of the Mortgage Loans, the rate and timing of principal prepayments (including partial prepayments and those resulting from refinancing) thereon by any Borrower, the rate, timing and allocation of pay-aheads, liquidations of defaulted Mortgage Loans, the timing of any Borrower's monthly payments, modifications and extensions of the maturities of Mortgage Loans, repurchases by Participants of defaulted participation loans and repurchases by the Sponsor of Mortgage Loans as a result of certain defective or missing documentation or certain breaches of representations and warranties. If prevailing rates for similar mortgage loans fall below the Mortgage Interest Rates on the Mortgage Loans, the rate of prepayment would generally be expected to increase. Conversely, if interest rates on similar mortgage loans rise above the Mortgage Interest Rates on the Mortgage Loans, the rate of prepayment would generally be expected to decrease. See "*Mortgage Loans and Representations and Warranties*" in this Offering Memorandum.

If a holder of a Note calculates its anticipated yield based on an assumed rate of default and amount of Realized Losses that is lower than the default rate and amount of losses, its actual yield to maturity will be lower than that so calculated. The timing of Realized Losses will also affect a Noteholder's actual yield to maturity, even if the average rate of defaults and severity of losses are consistent with such Noteholder's expectations. In general, the earlier a loss occurs, the greater the effect on an investor's yield to maturity. There can be no assurance as to the default, extension of maturity or loss experience with respect to the Mortgage Loans. See "*Risk Factors—Risks Related to Mortgage Loans—Nature of the Mortgage Loans*" in this Offering Memorandum.

No representation is made as to the rate of principal payments on the Mortgage Loans. Since certain of the Mortgage Loans contain due on sale clauses, acceleration of mortgage payments as a result of any such sale will affect the level of principal payments on the Mortgage Loans.

The yield to maturity of the Notes will be sensitive in varying degrees to the amount of Available Funds deposited to the Accumulation Account and whether such amounts are used to purchase Additional Mortgage Loans during the Reinvestment Period, whether the Issuer redeems the Notes on or following the Optional Redemption Date, with respect to the Class A Notes whether the Step-Up Date or a Class A Early Amortization Event occurs, with respect to the Class A2 Notes, whether the Class A2 Note Mandatory Redemption Date occurs and with respect to the Class M Notes, whether the Class M Note Mandatory Redemption Date occurs, as well as the rate and timing of principal payments (including prepayments) on the Mortgage Loans. The ability of the Issuer to redeem the Notes on or following the Optional Redemption Date will be affected by the market for mortgage loans similar to the Mortgage Loans and properties similar to the Mortgaged Properties. Investors in the Notes should consider the associated risks, including, in the case of Notes purchased at a discount, the risk that during the Reinvestment Period certain Available Funds are deposited to the Accumulation Account and that such funds are used to purchase Additional Mortgage Loans, the Issuer fails to redeem the Notes on or following the Optional Redemption Date, with respect to the Class A2 Notes, the Class A2 Note Mandatory Redemption Date, or, with respect to the Class M Notes, the Class M Note Mandatory Redemption Date, the risk that principal payments (including prepayments) on the Mortgage Loans are received more slowly than you expect or extensions of maturity occur at a higher rate than you expect, which may have a negative effect on the yields to maturity of such Notes and, in the case of Notes purchased at a premium, the risk that no or limited Available Funds on each Payment Date during the Reinvestment Period are deposited to the Accumulation Account or Payment Account, the risk that the Issuer redeems the Notes on or following the Optional Redemption Date, the risk that payments (including prepayments) in respect of the Mortgage Loans are received faster than you expect or extensions of maturity occur at a lower rate than you expect which may have a negative effect on the yield to maturity of such Notes.

An investor is urged to make an investment decision with respect to the Notes based on the anticipated yield to maturity resulting from its purchase price and such investor's own determination as to the amount of Available Funds deposited to the Accumulation Account during the Reinvestment Period and used to purchase Additional Mortgage Loans, the timing and amounts of principal payments on the Mortgage Loans, whether the Issuer redeems the Notes on or following the Optional Redemption Date, with respect to the Class A2 Notes, the Class A2 Note Mandatory Redemption Date, or, with respect to the Class M Notes, the Class M Note Mandatory Redemption Date, the amount, timing and occurrence of sales of Mortgage Loans, if any, and the rate of extensions of maturity on the Mortgage Loans.

No representation is made as to the amount of Available Funds that will be deposited to the Accumulation Account or Payment Account during the Reinvestment Period and used to purchase Additional Mortgage Loans, the rate of principal payments on the Mortgage Loans, the amount and timing of loan sales, if any, the ability of the Issuer to redeem the Notes or as to the yield to maturity of the Notes.

Weighted Average Lives of the Notes

The "Weighted Average Life" of the Notes is the average amount of time that will elapse from the date of the issuance of such Note to the date of payment to the investor of each dollar paid in net reduction of the Note Amount of such Note. Because the Issuer may redeem the Notes after the Optional Redemption Date and there will be defaults, principal prepayments, extensions of maturity and other modifications of the Mortgage Loans, the actual Weighted Average Life of the Notes may vary substantially from the weighted average remaining terms to maturity of the Mortgage Loans as set forth in the applicable tables below.

Prepayments on mortgage loans are commonly measured relative to a prepayment model or standard.

There is no assurance that prepayments of the Mortgage Loans will conform to any level of the prepayment model. A number of factors, including but not limited to economic conditions, natural disasters, changes in a Borrower's housing needs, adverse economic conditions, a Borrower's net equity in the properties securing the Mortgage Loans, servicing decisions, enforceability of due on sale clauses, modifications, mortgage market interest rates, mortgage recording taxes, competition among mortgage loan originators resulting in reduced refinancing costs and the availability of mortgage funds, may affect prepayment and liquidation experience. In general, however, if prevailing mortgage rates fall below the Mortgage Interest Rates borne by the Mortgage Loans, it would be expected that more Borrowers would refinance their mortgage obligations and repay their Mortgage Loans and that the prepayment rates of the Mortgage Loans would therefore be higher than if prevailing rates remain at or above the rates borne by such Mortgage Loans. Conversely, if prevailing mortgage rates rise above the Mortgage Interest Rates borne by the Mortgage Loans, it would be expected that fewer Borrowers would refinance their mortgage obligations and repay their Mortgage Loans and that the prepayment rates of the Mortgage Loans would therefore be lower than if prevailing rates remain at or below such Mortgage Interest Rates. However, there can be no assurance that prepayments will rise or fall according to such changes in mortgage rates. The amount of equity in a Mortgaged Property may also affect the rate of prepayments because as the amount of equity in the Mortgaged Property increases, the related Borrower may be more likely to enter into a "cash out" refinancing of the Mortgaged Property (if such refinancing is available), which will result in a prepayment in full of the Mortgage Loan.

Prepayments on the Mortgage Loans will also be affected by the obligation of the Sponsor to repurchase certain of the Mortgage Loans under certain circumstances and the right of the Issuer to exercise the Optional Redemption right.

Unlike traditional mortgage securitizations in which the balances of the securities pay down over time from collections on the mortgage loans, it is possible (particularly during the Reinvestment Period) that the Note Amount of the Notes will remain relatively unchanged for a period of time and pay down in significant amounts on certain Payment Dates due to the principal amount being due at maturity on each Mortgage Loan and the potential redemption of the Notes.

See "*Risk Factors—Risks Related to Mortgage Loans—Nature of the Mortgage Loan*s" in this Offering Memorandum. The Issuer may, at its option, redeem the Notes as set forth under "*Description of the Notes—Optional Redemption*" in this Offering Memorandum.

No assurance can be made regarding the amount of Available Funds deposited to the Accumulation Account or Payment Account or whether such funds will be used to purchase Additional Mortgage Loans during the Reinvestment Period. However, during the Reinvestment Period, the holders of the Class A2 Notes are not expected to receive any payments of principal unless the Class A Minimum Credit Enhancement Test is satisfied or the Note Amount of the Class A1 Notes has been reduced to zero.

There can be no assurance as to the rate at which prepayments by any Borrower, if any, will be received in respect of the Mortgage Loans, repurchases of Mortgage Loans by the Depositor as a result of the obligation to repurchase certain of the Mortgage Loans under certain limited circumstances or redemption of the Notes.

Structuring Assumptions

To provide a starting point for prospective investors to evaluate the Notes, average life and other scenarios for the Notes have been based on the following (the "Structuring Assumptions"):

(i) the aggregate Unpaid Principal Balance of the Initial Mortgage Loans is $208,996,013.68, the aggregate Unfunded Draw Amounts of the Initial Mortgage Loans is $34,843,688.93 and the Initial Mortgage Loans have the characteristics set forth under "*Summary Information*" in this Offering Memorandum;

(ii) on the Closing Date, the Depositor will remit $41,003,986.32 for deposit to the Accumulation Account;

(iii) monthly payments of interest and principal on the Mortgage Loans will be timely received on the last day of the related Collection Period, commencing in May, subject to the prepayment assumptions set forth in clause (xxi) below;

(iv) the Sponsor does not repurchase any Mortgage Loans, and the Optional Redemption is exercised on the Step-Up Date;

(v) the Closing Date is May 29, 2024;

(vi) payments on the Notes are made on the twenty-fifth (25th) day of each month, without regard to whether such day is a business day, commencing in June 2024, in accordance with the priorities described in this Offering Memorandum;

(vii) the Initial Note Amount of the Class A1 Notes is $186,250,000, the Class A2 Notes is $18,125,000 and the Class M Notes is $17,125,000;

(viii) the Note Rate of the Class A1 Notes is a rate equal to 6.576% per annum (subject to increase after the Step-Up Date), the Note Rate of the Class A2 Notes is a rate equal to 7.025% per annum (subject to increase after the Step-Up Date) and the Note Rate of the Class M Notes is a rate equal to 8.719% per annum;

(ix) the Indenture Trustee Fee is $9,000 per month, payable monthly, the Owner Trustee Fee is $12,500 per annum, payable in June of each year beginning in June 2024, the Calculation Agent Fee is $2,500 per month, payable monthly, the Custodian Fee is $500 per month, and Servicing Fees are, one-twelfth of 0.25% multiplied by the aggregate Unpaid Principal Balance of the Mortgage Loans as of the first day of the related Collection Period, payable monthly and all other fees and expenses are zero;

(x) on the Closing Date, the amount on deposit in the Redemption Account is assumed to be $0;

(xi) on the Closing Date, the amount on deposit in the Interest Reserve Account is assumed to be $1,251,184.17;

(xii) all amounts on deposit in the Accumulation Account and Payment Account are cash deposits;

(xiii) During the Reinvestment Period, all amounts on deposit in the Accumulation Account after subclause (iii) of clause *eighth* of the Priority of Payments in each Collection Period are assumed to be used to purchase Additional Mortgage Loans;

(xiv) Additional Mortgage Loans have the following terms and are purchased at 100% of the related Unpaid Principal Balance;

Original Term to Maturity (Months)	Original Interest Only Term (Months)	Pass-Through Rate	Seasoning (Months)	Unfunded Draw Amounts (% of Principal Limit)
13	13	9.578%	0	0.00%

(xv) no Event of Default occurs or Class A Early Amortization Event;

(xvi) there are no Servicing Advances;

(xvii) no Construction Advance Shortfall Amounts exist as of the end of the applicable Cut-off Date;

(xviii) prepayments and defaults reduce the Unfunded Draw Amount associated with the related Mortgage Loan;

(xix) the rate of approval of Rehabilitation Disbursement Requests with respect to Mortgage Loans with Unfunded Draw Amounts (as a percentage of the aggregate Unfunded Draw Amounts on the Initial Mortgage Loans) is assumed to be 20% per month for nine months and then 0% to the Step-Up Date;

(xx) cash in the Expense Reserve Account is assumed to be $100,000 on the Closing Date; and

(xxi) prepayments occur on the Mortgage Loans at 50% CPR unless specified otherwise.

Discrepancies between the assumed and actual performance underscore the hypothetical nature of the tables below, which are provided only to give a general sense of the sensitivity of weighted average life and yields using varying prepayment assumptions. Changes in average life will affect the yield on the Notes. No representation is made regarding the appropriateness of the prepayment used in preparing the tables below, the relationship between purchase price and prepayments or the resulting yield to maturity of the Notes.

Notwithstanding the percentage of prepayment reflected in the Structuring Assumptions, it is highly unlikely that prepayments will be incurred according to one particular pattern. Any discrepancy may have an effect, and such effect may be substantial, upon the weighted average lives set forth in the table and the resulting yield on the Notes.

Investors are urged to make their investment decisions based on their determinations as to the amount of Available Funds deposited to the Accumulation Account during the Reinvestment Period, the likelihood of the occurrence of a Class A Early Amortization Event, and the anticipated rates of prepayments, default, loss severity and extension of maturity under a variety of scenarios.

Sensitivity Tables (to Step-up Date)

Class A1 Notes	30% CPR	40% CPR	50% CPR	60% CPR	70% CPR
Yield at 100% (Par value)	6.667%	6.667%	6.667%	6.667%	6.667%
WAL (years)	2.31	2.31	2.31	2.30	2.29
Principal Window (months)	25 - 30	25 - 30	25 - 30	25 - 30	25 - 30

Class A2 Notes	30% CPR	40% CPR	50% CPR	60% CPR	70% CPR
Yield at 100% (Par value)	7.129%	7.129%	7.129%	7.129%	7.129%
WAL (years)	2.49	2.49	2.49	2.49	2.49
Principal Window (months)	30 - 30	30 - 30	30 - 30	30 - 30	30 - 30

Class M Notes	30% CPR	40% CPR	50% CPR	60% CPR	70% CPR
Yield at 100% (Par value)	8.879%	8.879%	8.879%	8.879%	8.879%
WAL (years)	2.49	2.49	2.49	2.49	2.49
Principal Window (months)	30 - 30	30 - 30	30 - 30	30 - 30	30 - 30

CERTAIN LEGAL ASPECTS OF THE MORTGAGE LOANS

The following discussion contains summaries, which are general in nature, of certain state law legal aspects of loans secured by non-owner occupied residential properties, multi-family properties, manufactured housing or mixed-use properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure and REO Properties. Because such legal aspects are governed primarily by the applicable laws of the state in which the related Mortgaged Property or REO Property is located (which laws may differ substantially), the summaries do not purport to be complete nor to reflect the laws of any particular state, nor to encompass the laws of all states in which the Mortgaged Properties and REO Properties are situated. The summaries are qualified in their entirety by reference to the applicable federal and state laws governing the Mortgage Loans.

General

All of the Mortgage Loans are loans evidenced by a note or bond and secured by instruments granting a security interest in real property which may be mortgages, deeds of trust, security deeds or deeds to secure debt, depending upon the prevailing practice and law in the state in which the Mortgaged Property is located. Mortgages, deeds of trust and deeds to secure debt are in this Offering Memorandum collectively referred to as “mortgages.” Any of the foregoing types of mortgages will create a lien upon, or grant a title interest in, the subject property, the priority of which will depend on the terms of the particular security instrument, as well as separate, recorded, contractual arrangements with others holding interests in the mortgaged property, the knowledge of the parties to such instrument as well as the order of recordation of the instrument in the appropriate public recording office. However, recording does not generally establish priority over governmental claims for real estate taxes and assessments and other charges imposed under governmental police powers.

Types of Mortgage Instruments

A mortgage either creates a lien against or constitutes a conveyance of real property between two parties—a mortgagor, who is usually the owner of the subject property (or, in the case of a Mortgage Loan secured by a property that has been conveyed to an inter vivos revocable trust, the settlor of such trust)—and a mortgagee. In a mortgage instrument state, the mortgagor delivers to the mortgagee a note or bond evidencing the mortgage loan and the mortgage. In contrast, a deed of trust is a three-party instrument, among a trustor (the equivalent of a mortgagor), a trustee to whom the mortgaged property is conveyed, and a beneficiary (the mortgagee) for whose benefit the conveyance is made. As used in this Offering Memorandum, unless the context otherwise requires, "mortgagor" includes the trustor under a deed of trust and a grantor under a security deed or a deed to secure debt. Under a deed of trust, the mortgagor grants the property, irrevocably until the debt is paid, in trust, generally with a power of sale as security for the indebtedness evidenced by the related note. A deed to secure debt typically has two parties. By executing a deed to secure debt, the grantor conveys title to, as opposed to merely creating a lien upon, the subject property to the grantee until such time as the underlying debt is repaid, generally with a power of sale as security for the indebtedness evidenced by the related mortgage note. In case the mortgagor under a mortgage is a land trust, there would be an additional party because legal title to the property is held by a land trustee under a land trust agreement for the benefit of the mortgagor. At origination of a mortgage loan involving a land trust, the mortgagor executes a separate undertaking to make payments on the mortgage note. The mortgagee's authority under a mortgage, the trustee's authority under a deed of trust and the grantee's authority under a deed to secure debt are governed by the express provisions of the mortgage, the law of the state in which the real property is located, certain federal laws (including, without limitation, the Relief Act) and, in some cases, in deed of trust transactions, the directions of the beneficiary.

Interest in Real Property

The real property covered by a mortgage, deed of trust, security deed or deed to secure debt is most often the fee estate in land and improvements. However, such an instrument may encumber other interests in real property such as a tenant's interest in a lease of land or improvements, or both, and the leasehold estate created by such lease. An instrument covering an interest in real property other than the fee estate requires special provisions in the instrument creating such interest or in the mortgage, deed of trust, security deed or deed to secure debt, to protect the mortgagee against termination of such interest before the mortgage, deed of trust, security deed or deed to secure debt is paid.

Condominiums

Certain of the Mortgage Loans are loans secured by condominium units. The condominium building may be a multi-unit building or buildings, or a group of buildings whether or not attached to each other, located on property subject to condominium ownership. Condominium ownership is a form of ownership of real property as to which each owner is entitled to the exclusive ownership and possession of his or her individual condominium unit. The owner also owns a proportionate undivided interest in all parts of the condominium building (other than the other individual condominium units) and all areas or facilities, if any, for the common use of the condominium units. The condominium unit owners appoint or elect the condominium association to govern the affairs of the condominium.

Foreclosure

Foreclosure is a legal procedure that allows the mortgagee to recover its mortgage debt by enforcing its rights and available legal remedies under the mortgage. If the mortgagor defaults in payment or performance of its obligations under the note or mortgage, the mortgagee has the right to institute foreclosure proceedings to sell the mortgaged property at public auction to satisfy the indebtedness.

Foreclosure procedures with respect to the enforcement of a mortgage vary from state to state. Two primary methods of foreclosing a mortgage are judicial foreclosure and non-judicial foreclosure pursuant to a power of sale granted in the mortgage instrument. There are several other foreclosure procedures available in some states that are either infrequently used or available only in certain limited circumstances, such as strict foreclosure.

The Mortgages or assignments of mortgage for some of the Mortgage Loans have been recorded in the name of MERS, solely as nominee for the Originator and its successors and assigns, including the Indenture Trustee. Subsequent assignments of those Mortgages are registered electronically through the MERS system. The recording of mortgages in the name of MERS has been challenged in a number of states. Although many decisions have accepted MERS as mortgagee, some courts have held that MERS is not a proper party to conduct a foreclosure and have required that the mortgage be reassigned to the entity that is the economic owner of the mortgage loan before a foreclosure can be conducted. In states where such a rule is in effect, there may be delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of mortgaged properties. In addition, borrowers are raising new challenges to the recording of mortgages in the name of MERS, including challenges questioning the ownership and enforceability of mortgage loans registered in MERS. An adverse decision in any jurisdiction may delay the foreclosure process.

With respect to any Mortgage Loans registered on the MERS system, the Servicer will comply with all of the requirements of MERS regarding instituting foreclosure proceedings. In addition, Mortgage Loans registered in the MERS system will be required to be removed from the MERS system by the Servicer upon ninety (90) days of delinquency.

Judicial Foreclosure

A judicial foreclosure proceeding is conducted in a court having jurisdiction over the mortgaged property. Generally, the action is initiated by the service of legal pleadings upon all parties having an interest of record in the real property. Delays in completion of the foreclosure may occasionally result from difficulties in locating defendants. When the mortgagee's right to foreclose is contested, the legal proceedings can be time-consuming. Upon successful completion of a judicial foreclosure proceeding, the court generally issues a judgment of foreclosure and appoints a referee or other officer to conduct a public sale of the mortgaged property, the proceeds of which are used to satisfy the judgment. Such sales are made in accordance with procedures that vary from state to state.

In response to an unusually large number of foreclosures in recent years, a growing number of states have enacted laws that subject the holder to certain notice and/or waiting periods prior to commencing a foreclosure. In Massachusetts, for example, the Attorney General's office may review and possibly terminate the foreclosure of any one-to-four family residential mortgage that is the mortgagor's principal dwelling. In some instances, these laws require the servicer of the mortgage to consider modification of the mortgage or an alternative option prior to proceeding with foreclosure. The effect of these laws has been to delay foreclosures in particular jurisdictions.

Equitable Limitations on Enforceability of Certain Provisions

United States courts have traditionally imposed general equitable principles to limit the remedies available to a mortgagee in connection with foreclosure. These equitable principles are generally designed to relieve the mortgagor from the legal effect of mortgage defaults, to the extent that such effect is perceived as harsh or unfair. Relying on such principles, a court may alter the specific terms of a loan to the extent it considers necessary to prevent or remedy an injustice, undue oppression or overreaching, or may require the mortgagee to undertake affirmative and expensive actions to determine the cause of the mortgagor's default and the likelihood that the mortgagor will be able to reinstate the loan. In some cases, courts have substituted their judgment for the mortgagee's and have required that mortgagees reinstate loans or recast payment schedules in order to accommodate mortgagors who are suffering from a temporary financial disability. In other cases, courts have limited the right of the mortgagee to foreclose if the default under the mortgage is not monetary, (*e.g.*, the mortgagor failed to maintain the mortgaged property adequately or the mortgagor executed a junior mortgage on the mortgaged property). The exercise by the court of its equity powers will depend on the individual circumstances of each case presented to it. Finally, some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for adequate notice require that a mortgagor receive notice in addition to statutorily prescribed minimum notice. For the most part, these cases have upheld the reasonableness of the notice provisions or have found that a public sale under a mortgage providing for a power of sale does not involve sufficient state action to afford constitutional protections to the mortgagor.

Non-Judicial Foreclosure/Power of Sale

Foreclosure of a deed of trust is generally accomplished by a non-judicial trustee's sale pursuant to the power of sale granted in the deed of trust. A power of sale is typically granted in a deed of trust. It may also be contained in any other type of mortgage instrument. A power of sale allows a non-judicial public sale to be conducted generally following a request from the beneficiary/mortgagee to the trustee to sell the property upon any default by the mortgagor under the terms of the mortgage note or the mortgage instrument and after notice of sale is given in accordance with the terms of the mortgage instrument, as well as applicable state law. In some states, prior to such sale, the trustee under a deed of trust must record a notice of default and notice of sale and send a copy to the mortgagor and to any other party who has recorded a request for a copy of a notice of default and notice of sale. In addition, in some states the trustee must provide notice to any other party having an interest of record in the real property, including junior lienholders. A notice of sale must be posted in a public place and, in most states, published for a specified period of time in one or more newspapers. The mortgagor or junior lienholder may then have the right, during a reinstatement period required in some states, to cure the default by paying the entire actual amount in arrears (without acceleration) plus the expenses incurred in enforcing the obligation. In other states, the mortgagor or the junior lienholder is not provided a period to reinstate the loan, but has only the right to pay off the entire debt to prevent the foreclosure sale. Generally, the procedure for public sale, the parties entitled to notice, the method of giving notice and the applicable time periods are governed by state law and vary among the states. Foreclosure of a deed to secure debt is also generally accomplished by a non-judicial sale similar to that required by a deed of trust, except that the mortgagee or its agent, rather than a trustee, is typically empowered to perform the sale in accordance with the terms of the deed to secure debt and applicable law.

Public Sale

A third party may be unwilling to purchase a mortgaged property at a public sale because of the difficulty in determining the value of such property at the time of sale, due to, among other things, redemption rights which may exist and the possibility of physical deterioration of the property during the foreclosure proceedings. For these reasons, it is common for the mortgagee to purchase the mortgaged property for an amount equal to or less than the underlying debt and accrued and unpaid interest plus the expenses of foreclosure. Thereafter, subject to the mortgagor's right in some states to remain in possession during a redemption period, if applicable, the mortgagee will become the owner of the property and have both the benefits and burdens of ownership of the mortgaged property. For example, the mortgagee will become obligated to pay taxes, obtain casualty insurance and to make such repairs at its own expense as are necessary to render the property suitable for sale. The mortgagee will commonly obtain the services of a real estate broker and pay the broker's commission in connection with the sale of the property. Depending upon market conditions, the ultimate proceeds of the sale of the property may not equal the mortgagee's investment in the property. Moreover, a mortgagee commonly incurs substantial legal fees and court costs in acquiring a mortgaged property through contested foreclosure and/or bankruptcy proceedings. Generally, state law controls the amount of foreclosure expenses and costs, including attorneys' fees, that may be recovered by a mortgagee.

A junior mortgagee may not foreclose on the property securing the junior mortgage unless it forecloses subject to senior mortgages and any other prior liens, in which case it may be obliged to make payments on the senior mortgages to avoid their foreclosure. In addition, in the event that the foreclosure of a junior mortgage triggers the enforcement of a "due-on-sale" clause contained in a senior mortgage, the junior mortgagee may be required to pay the full amount of the senior mortgage to avoid its foreclosure.

The proceeds received by the referee or trustee from the sale are applied first to the costs, fees and expenses of sale and then in satisfaction of the indebtedness secured by the mortgage under which the sale was conducted. Any proceeds remaining after satisfaction of senior mortgage debt are generally payable to the holders of junior mortgages and other liens and claims in order of their priority, whether or not the mortgagor is in default. Any additional proceeds are generally payable to the mortgagor. The payment of the proceeds to the holders of junior mortgages may occur in the foreclosure action of the senior mortgage or a subsequent ancillary proceeding or may require the institution of separate legal proceedings by such holders.

Rights of Redemption

The purposes of a foreclosure action are to enable the mortgagee to realize upon its security and to bar the mortgagor, and all persons who have an interest in the property which is subordinate to the mortgage being foreclosed, from exercise of their "equity of redemption." The doctrine of equity of redemption provides that, until the property covered by a mortgage has been sold in accordance with a properly conducted foreclosure and foreclosure sale, those having an interest which is subordinate to that of the foreclosing mortgagee have an equity of redemption and may redeem the property by paying the entire debt with interest. In addition, in some states, when a foreclosure action has been commenced, the redeeming party must pay certain costs of such action. Those having an equity of redemption must generally be made parties and joined in the foreclosure proceeding in order for their equity of redemption to be cut off and terminated.

The equity of redemption is a common law (non-statutory) right which exists prior to completion of the foreclosure, is not waivable by the mortgagor, must be exercised prior to a foreclosure sale and should be distinguished from the post-sale statutory rights of redemption. In some states, after sale pursuant to a deed of trust or foreclosure of a mortgage, the mortgagor and foreclosed junior lienors are given a statutory period in which to redeem the property from the foreclosure sale. In some states, statutory redemption may occur only upon payment of the foreclosure sale price. In other states, redemption may be authorized if the former mortgagor pays only a portion of the sums due. The effect of a statutory right of redemption is to diminish the ability of the mortgagee to sell the foreclosed property. The exercise of a right of redemption would defeat the title of any purchaser from a foreclosure sale or sale under a deed of trust. Consequently, the practical effect of the redemption right is to force the mortgagee to maintain the property and pay the expenses of ownership until the redemption period has expired. In some states, a post-sale statutory right of redemption may exist following a judicial foreclosure, but not following a trustee's sale under a deed of trust.

Anti-Deficiency Legislation, the Bankruptcy Code and Other Limitations on Mortgagees

Statutes in some states limit the right of a beneficiary under a deed of trust or a mortgagee under a mortgage to obtain a deficiency judgment against the mortgagor following foreclosure or sale under a deed of trust. A deficiency judgment would be a personal judgment against the former mortgagor equal to the difference between the net amount realized upon the public sale of the real property and the amount due to the mortgagee. Some states require the mortgagee to exhaust the security afforded under a mortgage by foreclosure in an attempt to satisfy the full debt before bringing a personal action against the mortgagor. In certain other states, the mortgagee has the option of bringing a personal action against the mortgagor on the debt without first exhausting such security; however, in some of these states, the mortgagee, following judgment on such personal action, may be deemed to have elected a remedy and may be precluded from exercising remedies with respect to the security. In some cases, a mortgagee will be precluded from exercising any additional rights under the note or mortgage if it has taken any prior enforcement action. Consequently, the practical effect of the election requirement, in those states permitting such election, is that mortgagees will usually proceed against the security first rather than bringing a personal action against the mortgagor. Finally, other statutory provisions limit any deficiency judgment against the former mortgagor following a judicial sale to the excess of the outstanding debt over the fair market value of the property at the time of the public sale. The purpose of these statutes is generally to prevent a mortgagee from obtaining a large deficiency judgment against the former mortgagor as a result of low or no bids at the judicial sale.

In addition to laws limiting or prohibiting deficiency judgments, numerous other federal and state statutory provisions, including the federal bankruptcy laws and state laws affording relief to debtors, may interfere with or affect the ability of the secured mortgage mortgagee to realize upon collateral or enforce a deficiency judgment. For example, under the Bankruptcy Code, virtually all actions (including foreclosure actions and deficiency judgment proceedings) are automatically stayed upon the filing of a bankruptcy petition, and, usually, no interest or principal payments are made during the course of the bankruptcy case. Foreclosure of an interest in real property of a debtor in a case under the Bankruptcy Code can typically occur only if the bankruptcy court vacates the stay, an action the court may be reluctant to take, particularly if the debtor has the prospect of restructuring his or her debts and the mortgage collateral is not deteriorating in value. The delay and the consequences of such delay caused by such automatic stay can be significant. Also, under the Bankruptcy Code, the filing of a petition in bankruptcy by or on behalf of a junior lienor (a subordinate mortgagee secured by a mortgage on the property) may stay a senior mortgagee from taking action to foreclose.

A homeowner may typically file for relief under the Bankruptcy Code under any one (1) of three (3) different chapters of the Bankruptcy Code. Under Chapter 7, the assets of the debtor (that are not exempt from execution to satisfy a money judgment) are liquidated and a mortgagee secured by a lien may usually "bid in" (*i.e.*, bid up to the amount of the debt) at the sale of the asset. See "—*Foreclosure*" above in this Offering Memorandum. A homeowner may also file for relief under Chapter 11 of the Bankruptcy Code and reorganize his or her debts through his or her reorganization plan. Alternatively, a homeowner may file for relief under Chapter 13 of the Bankruptcy Code and address his or her debts in a rehabilitation plan. (Chapter 13 is often referred to as the "wage earner chapter" or "consumer chapter" because most individuals seeking to restructure their debts file for relief under Chapter 13 rather than Chapter 11.)

The Bankruptcy Code permits a mortgage loan that is secured by property that does not consist solely of the debtor's principal residence to be modified without the consent of the mortgagee provided certain substantive and procedural safeguards are met. Under the Bankruptcy Code, the mortgagee's security interest may be reduced to the then-current value of the property as determined by the court if the value is less than the amount due on the loan, thereby leaving the mortgagee as a general unsecured creditor for the difference between the then-current value of the collateral and the outstanding balance of the mortgage loan. A mortgagor's unsecured indebtedness will typically be discharged in full with or without payment of a substantially reduced amount. Other modifications to a mortgage loan may include a reduction in the amount of each monthly payment, which reduction may result from one or more of the following: a reduction in the rate of interest, an alteration of the repayment schedule, an extension of the final maturity date, or a reduction in the outstanding balance of the secured portion of the loan. In certain circumstances, subject to the court's approval, liens senior to the lien of a mortgage may be granted.

A reorganization plan under Chapter 11 and a rehabilitation plan under Chapter 13 of the Bankruptcy Code may each allow a debtor to cure a default with respect to a mortgage loan on such debtor's residence by paying arrearages over a period of time and to decelerate and reinstate the original mortgage loan payment schedule, even though the mortgagee accelerated the loan and a final judgment of foreclosure had been entered in state court (provided no sale of the property had yet occurred) prior to the filing of the debtor's petition under the Bankruptcy Code. Under a Chapter 13 plan, curing of defaults and arrearages must be accomplished within the five (5)-year maximum term permitted for repayment plans, such term commencing when the repayment plan becomes effective, while defaults may be cured over a longer period of time under a Chapter 11 plan of reorganization. Plans in both Chapter 11 and Chapter 13 can provide for an extension of the maturity of the mortgage loan beyond the five (5)-year period described above.

Generally, a repayment plan in a case under Chapter 13 and a plan of reorganization under Chapter 11 may not modify the claim of a mortgagee if the mortgagor elects to retain the property, the property is the mortgagor's principal residence and the property is the mortgagee's only collateral. Certain courts have allowed modifications when the mortgage loan is secured both by the debtor's principal residence and by collateral that is not "inextricably bound" to the real property, such as appliances, machinery, or furniture.

The general protection for mortgages secured only by the debtor's principal residence is not applicable in a case under Chapter 13 if the last payment on the original payment schedule is due before the final date for payment under the debtor's Chapter 13 plan (which date could be up to five (5) years after the debtor emerges from bankruptcy). Under several recently decided cases, the terms of such a loan can be modified in the manner described above. While these decisions are contrary to the holding in a prior case by a senior appellate court, it is possible that the later decisions will become the accepted interpretation in view of the language of the applicable statutory provision.

If this interpretation is adopted by a court considering the treatment in a Chapter 13 repayment plan of a Mortgage Loan, it is possible that the Mortgage Loan could be modified.

State statutes and general principles of equity may also provide a mortgagor with means to halt a foreclosure proceeding or sale and to force a restructuring of a mortgage loan on terms a mortgagee would not otherwise accept.

In a bankruptcy or similar proceeding of a mortgagor, action may be taken seeking the recovery, as a preferential transfer or on other grounds, of any payments made by the mortgagor under the related mortgage loan prior to the bankruptcy or similar proceeding. Payments on long-term debt may be protected from recovery as preferences if they are payments in the ordinary course of business made on debts incurred in the ordinary course of business or if the value of the collateral exceeds the debt at the time of payment. Whether any particular payment would be protected depends upon the facts specific to a particular transaction.

A trustee in bankruptcy, in some cases, may be entitled to collect its costs and expenses in preserving or selling the mortgaged property ahead of a payment to the mortgagee. Moreover, the laws of certain states also give priority to certain tax and mechanics liens over the lien of a mortgage. Under the Bankruptcy Code, if the court finds that actions of the mortgagee have been unreasonable and inequitable, the lien of the related mortgage may be subordinated to the claims of unsecured creditors.

The Code provides priority to certain tax liens over the lien of the mortgage.

Forfeiture for Drug, RICO and Money Laundering Violations

Federal law provides that property purchased or improved with assets derived from criminal activity or otherwise tainted, or used in the commission of certain offenses, can be seized and ordered forfeited to the United

States of America. The offenses which can trigger such a seizure and forfeiture include, among others, violations of the Racketeer Influenced and Corrupt Organizations Act, the Bank Secrecy Act, the anti-money laundering laws and regulations, including the USA PATRIOT Act of 2001 and the regulations issued thereunder, as well as the narcotic drug laws. In many instances, the United States may seize the property even before a conviction occurs.

In the event of a forfeiture proceeding, a mortgagee may be able to establish its interest in the property by proving that (i) its mortgage was executed and recorded before the commission of the illegal conduct from which the assets used to purchase or improve the property were derived or before the commission of any other crime upon which the forfeiture is based, or (ii) the mortgagee, at the time of the execution of the mortgage, "did not know or was reasonably without cause to believe that the property was subject to forfeiture." However, there can be no assurance that such a defense will be successful.

Servicemembers Civil Relief Act and Similar State Laws

The Relief Act provides various protections in connection with mortgage loans and other obligations owed by servicemembers and, in certain cases, their dependents. Certain of these protections may apply to the Mortgage Loans in certain circumstances, including where a Mortgage Loan is guaranteed by an individual who is a servicemember or dependent of a servicemember. Generally, under the terms of the Relief Act, a mortgagor who enters military service after the origination of such mortgagor's mortgage loan (including a mortgagor who is a member of the National Guard or is in reserve status at the time of the origination of the mortgage loan and is later called to active duty) may not be charged interest, including fees and charges, above an annual rate of 6% during the period of such mortgagor's active duty status. In addition to adjusting the interest, the mortgagee must forgive any such interest in excess of 6% *per annum*, unless a court or administrative agency orders otherwise upon application of the mortgagee. Further, the Relief Act imposes limitations which would impair the ability of a servicer to foreclose on an affected mortgage loan during the servicemember mortgagor's period of active duty status and, in some cases, during an additional year thereafter. In addition, the Relief Act provides broad discretion for a court to modify a Mortgage Loan upon application of the mortgagor. Moreover, the Relief Act also imposes limitations on the ability to enforce obligations against servicemembers and certain of their dependents, including restrictions on default judgments and requirements related to stays or vacation of judgments, attachments, and garnishments. It is possible that these protections could have an effect, for an indeterminate period of time, on the ability of the Asset Managers to collect some or all amounts due on certain of the Mortgage Loans, or to recover funds in connection with Mortgage Loans through foreclosure or judicial enforcement against guarantors. Any shortfall in collections resulting from the application of the Relief Act or any amendment to it, will make it more likely that, under certain scenarios, amounts received in respect of the Mortgage Loans and amounts in the Accumulation Account and the Redemption Account, may be insufficient to pay the Notes all principal and interest to which they are entitled. Additionally, with respect to Mortgage Loans in default, application of foreclosure or enforcement protections, in certain cases, may result in delays and losses occasioned by the inability to realize upon the mortgaged property in a timely fashion and/or the inability to recover from a guarantor in a timely fashion. Certain states have enacted comparable legislation which may lead to the modification of a Mortgage Loan or interfere with or affect the ability of the Asset Managers to timely collect payments of principal and interest on, or to foreclose on or otherwise enforce, Mortgage Loans of mortgagors in such states who are active or reserve members of the armed services or the National Guard (or guarantees in connection with such Mortgage Loans). For example, California has enacted legislation providing protection substantially similar to that provided by the Relief Act to California National Guard members called up for active service by the Governor or President and to reservists called to active duty.

Environmental Considerations

A mortgagee or the Issuer may be subject to unforeseen environmental risks when taking a security interest in real or personal property or by owning real property, as the case may be. Properties may be subject to federal, state, and local laws and regulations relating to environmental protection. Such laws may regulate, among other things: emissions of air pollutants; discharges of wastewater or storm water; generation, transport, storage or disposal of hazardous waste or hazardous substances; operation, closure and removal of underground storage tanks; removal and disposal of asbestos-containing materials and management of electrical or other equipment containing polychlorinated biphenyls. Failure to comply with such laws and regulations may result in significant penalties, including civil and criminal fines. Under the laws of certain states, environmental contamination on a property may give rise to a lien on the property to ensure the availability and/or reimbursement of cleanup costs. Generally all subsequent liens on such property are subordinated to such a lien and, in some states, even prior recorded liens are subordinated to such liens ("Superliens"). In the latter states, the security interest of the mortgagee in a property that is subject to such a Superlien could be adversely affected.

Under the federal Comprehensive Environmental Response, Compensation and Liability Act, as amended ("CERCLA"), and under states law in certain states, a party which takes a deed in lieu of foreclosure, purchases a mortgaged property at a foreclosure sale, operates a mortgaged property or undertakes certain types of activities that may constitute management of the mortgaged property may become liable in certain circumstances for the costs of remedial action ("Cleanup Costs") if hazardous wastes or hazardous substances have been released or disposed of on the property. Such Cleanup Costs may be substantial and could exceed the value of the property and the aggregate assets of the owner or operator. CERCLA imposes strict, as well as joint and several liability for environmental remediation and/or damage costs on several classes of "potentially responsible parties," including current "owners and/or operators" of property, irrespective of whether those owners or operators caused or contributed to contamination on the property. In addition, owners and operators of properties that generate hazardous substances that are disposed of at other "off-site" locations may be held strictly, jointly and severally liable for environmental remediation and/or damages at those off-site locations. Many states also have laws that are similar to CERCLA. Liability under CERCLA or under similar state law could exceed the value of the property itself as well as the aggregate assets of the property owner.

The law is unclear as to whether and under what precise circumstances cleanup costs, or the obligation to take remedial actions, could be imposed on a secured mortgagee. Under the laws of some states and under CERCLA, a mortgagee may be liable as an "owner or operator" for costs of addressing releases or threatened releases of hazardous substances on a mortgaged property if such mortgagee or its agents or employees have "participated in the management" of the operations of the mortgagor, even though the environmental damage or threat was caused by a prior owner or current owner or operator or other third party. Excluded from CERCLA's definition of "owner or operator," is a person "who without participating in the management of...[the] facility, holds indicia of ownership primarily to protect his security interest" (the "secured-creditor exemption"). This exemption for holders of a security interest such as a secured mortgagee applies only to the extent that a mortgagee seeks to protect its security interest in the contaminated facility or property. Thus, if a mortgagee's activities begin to encroach on the actual management of such facility or property, the mortgagee faces potential liability as an "owner or operator" under CERCLA. Similarly, when a mortgagee forecloses and takes title to a contaminated facility or property, the mortgagee may incur potential CERCLA liability in various circumstances including, among others, when it holds the facility or property as an investment (including leasing the facility or property to a third party), fails to market the property in a timely fashion or fails to properly address environmental conditions at the property or facility.

The Resource Conservation and Recovery Act, as amended ("RCRA"), contains a similar secured-creditor exemption for those mortgagees who hold a security interest in a petroleum underground storage tank ("UST") or in real estate containing a UST, or that acquire title to a petroleum UST or facility or property on which such a UST is located. As under CERCLA, a mortgagee may lose its secured-creditor exemption and be held liable under RCRA as a UST owner or operator if such mortgagee or its employees or agents participate in the management of the UST. In addition, if the mortgagee takes title to or possession of the UST or the real estate containing the UST, under certain circumstances the secured-creditor exemption may be deemed to be unavailable.

A decision in May 1990 of the United States Court of Appeals for the Eleventh Circuit in *United States v. Fleet Factors Corp.* very narrowly construed CERCLA's secured-creditor exemption. The court's opinion suggested that a mortgagee need not have involved itself in the day-to-day operations of the facility or participated in decisions relating to hazardous waste to be liable under CERCLA, rather, liability could attach to a mortgagee if its involvement with the management of the facility were broad enough to support the inference that the mortgagee had the capacity to influence the mortgagor's treatment of hazardous waste. The court added that a mortgagee's capacity to influence such decisions could be inferred from the extent of its involvement in the facility's financial management. A subsequent decision by the United States Court of Appeals for the Ninth Circuit in *In re Bergsoe Metal Corp.*, apparently disagreeing with, but not expressly contradicting, the *Fleet Factors* court, held that a secured mortgagee had no liability absent "some actual management of the facility" on the part of the mortgagee.

Court decisions have taken varying views of the scope of the secured-creditor exemption, leading to administrative and legislative efforts to provide guidance to mortgagees on the scope of activities that would trigger CERCLA and/or RCRA liability. On September 30, 1996, however, the Asset Conservation Lender Liability and Deposit Insurance Protection Act of 1996 (the "Asset Conservation Act") was intended to clarify the scope of the secured-creditor exemption under both CERCLA and RCRA. The Asset Conservation Act more explicitly defined the kinds of "participation in management" that would trigger liability under CERCLA and specified certain activities that would not constitute "participation in management" or otherwise result in a forfeiture of the secured-creditor exemption prior to foreclosure or during a workout period. The Asset Conservation Act also clarified the extent of protection against liability under CERCLA in the event of foreclosure and authorized certain regulatory clarifications of the scope of the secured-creditor exemption for purposes of RCRA, similar to the statutory protections under CERCLA. However, since the courts have not yet had the opportunity to interpret the new statutory provisions, the scope of the additional protections offered by the Asset Conservation Act is not fully defined. It also is important to note that the Asset Conservation Act does not offer complete protection to mortgagees and that the risk of liability remains.

If a secured mortgagee does become liable, it may be entitled to bring an action for contribution against the owner or operator who created the environmental contamination or against some other liable party, but that person or entity may be bankrupt or otherwise judgment-proof. It is therefore possible that cleanup or other environmental liability costs could become a liability of the Issuer and occasion a loss to the Issuer and to Noteholders in certain circumstances. The secured creditor amendments to CERCLA, also, would not necessarily affect the potential for liability in actions by either a state or a private party under other federal or state laws which may impose liability on "owners or operators" but do not incorporate the secured-creditor exemption.

Traditionally, residential mortgage mortgagees have not taken steps to evaluate whether hazardous wastes or hazardous substances are present with respect to any mortgaged property prior to the origination of the mortgage loan or prior to foreclosure or accepting a deed-in-lieu of foreclosure. None of the Owner Trustee, the Indenture Trustee, the Paying Agent, the Note Registrar, the Custodian, the Trust Manager, the Sponsor, the Issuer, the Depositor or the Asset Managers is required to undertake any such evaluations prior to foreclosure or accepting a deed-in-lieu of foreclosure. None of the Indenture Trustee, the Paying Agent, the Note Registrar, the Custodian, the Trust Manager, the Sponsor, the Issuer, the Depositor or the Asset Managers makes any representations or warranties or assumes any liability with respect to: the environmental condition of any Mortgaged Property; the absence, presence or effect of hazardous wastes or hazardous substances on any Mortgaged Property; any casualty resulting from the presence or effect of hazardous wastes or hazardous substances on, near or emanating from such Mortgaged Property; the impact on Noteholders of any environmental condition or presence of any substance on or near such Mortgaged Property; or the compliance of any Mortgaged Property with any environmental laws, nor is any agent, person or entity otherwise affiliated with the Indenture Trustee, the Paying Agent, the Note Registrar, the Custodian, the Trust Manager, the Sponsor, the Issuer, the Depositor or the Asset Managers authorized or able to make any such representation, warranty or assumption of liability relative to any such Mortgaged Property. Notwithstanding the foregoing, prior to any real property being taken, titled or recorded in the name of the Owner Trustee, the Trust Manager shall determine in accordance with the Asset Management Agreement if any environmental hazards exist with respect to such property and if so, no title shall be recorded and no action shall be taken in the name of the Owner Trustee without its prior written consent. Any request to the Owner Trustee to take title to property subject to environmental hazards shall be accompanied by a Phase I environmental report and the Owner Trustee may hire an agent or expert to interpret such report at the expense of the Issuer. Any Mortgage Loan or real property that is required to be registered in the name of the Owner Trustee shall be recorded in the name of the Owner Trustee not in its individual capacity but solely in its capacity as Owner Trustee on behalf of the Issuer. If the Trust Manager becomes aware of any environmental hazard existing with respect to a property securing a mortgage or lien or other property titled in the name of the Owner Trustee, pursuant to the applicable Servicing Agreement the Trust Manager shall notify the Owner Trustee of the existence of such environmental hazard, and the Owner Trustee may, within thirty (30) days of receipt of such notice, direct the Trust Manager to cause title to such property, mortgage or lien to be rerecorded in the name of the Issuer. Any property, if required to be registered in the name of the Owner Trustee, shall be recorded in the name of the Owner Trustee not in its individual capacity but solely in its capacity as Owner Trustee for the Issuer. See "*Mortgage Loan Representations and Warranties*" and "*The Servicing Agreements—Loss Mitigation*" in this Offering Memorandum.

"Due-on-Sale" Clauses

The forms of note, mortgage and deed of trust relating to conventional mortgage loans may contain a "due-on-sale" clause permitting acceleration of the maturity of a loan if the mortgagor transfers its interest in the property. Some court decisions and legislative actions placed substantial restrictions on the right of mortgagees to enforce such clauses in many states. However, effective October 15, 1982, Congress enacted the Garn-St Germain Depository Institutions Act of 1982 (the "Garn Act") which purposes to preempt state laws which prohibit the enforcement of "due-on-sale" clauses by providing among other matters, that "due-on-sale" clauses in certain loans (which loans may include the Mortgage Loans) made after the effective date of the Garn Act are enforceable, within certain limitations as set forth in the Garn Act and the regulations promulgated thereunder. "Due-on-sale" clauses contained in mortgage loans originated by federal savings and loan associations, federal savings banks, national banks and federal credit unions are fully enforceable pursuant to regulations of the Office of the Comptroller of the Currency ("OCC") and the National Credit Union Administration, which preempt state law restrictions on the enforcement of such clauses.

The Garn Act created a limited exemption from its general rule of enforceability for "due-on-sale" clauses in certain mortgage loans ("Window Period Loans") which were originated by non-federal mortgagees and made or assumed in certain states ("Window Period States") during the period, prior to October 15, 1982, in which that state prohibited the enforcement of "due-on-sale" clauses by constitutional provision, statute or statewide court decision (the "Window Period"). Though neither the Garn Act nor the OCC regulations actually names the Window Period States, Freddie Mac has taken the position, in prescribing mortgage loan servicing standards with respect to mortgage loans which it has purchased, that the Window Period States were: Arizona, Arkansas, California, Colorado, Georgia, Iowa, Michigan, Minnesota, New Mexico, Utah and Washington. Under the Garn Act, unless a Window Period State took action by October 15, 1985, the end of the Window Period, to further regulate enforcement of "due-on-sale" clauses in Window Period Loans, "due-on-sale" clauses would become enforceable even in Window Period Loans. Five of the Window Period States (Arizona, Minnesota, Michigan, New Mexico and Utah) have taken actions which restrict the enforceability of "due-on-sale" clauses in Window Period Loans beyond October 15, 1985. The actions taken vary among such states.

By virtue of the Garn Act, the Asset Managers may generally be permitted to accelerate any conventional Mortgage Loan which contains a "due-on-sale" clause upon transfer of an interest in the property subject to the mortgage or deed of trust. The extent of the effect of the Garn Act on the average lives and delinquency rates of the Mortgage Loans cannot be predicted. See "*Prepayment and Yield Considerations*" in this Offering Memorandum.

Subordinate Financing

Where a mortgagor encumbers mortgaged property with one or more junior liens, the senior mortgagee is subjected to additional risk. First, the mortgagor may have difficulty servicing and repaying multiple loans. In addition, if the junior loan permits recourse to the mortgagor (as junior loans often do) and the senior loan does not, a mortgagor may be more likely to repay sums due on the junior loan than those on the senior loan. Second, acts of the senior mortgagee that prejudice the junior mortgagee or impair the junior mortgagee's security may create a superior equity in favor of the junior mortgagee. For example, if the mortgagor and the senior mortgagee agree to an increase in the principal amount of or the interest rate payable on the senior loan, the senior mortgagee may lose its priority to the extent any existing junior mortgagee is harmed or the mortgagor is additionally burdened. Third, if the mortgagor defaults on the senior loan and/or any junior loan or loans, the existence of junior loans and actions taken by junior mortgagees can impair the security available to the senior mortgagee and can interfere with or delay the taking of action by the senior mortgagee. Moreover, the bankruptcy of a junior mortgagee may operate to stay foreclosure or similar proceedings by the senior mortgagee.

Applicability of Usury Laws

Title V of the Depository Institutions Deregulation and Monetary Control Act of 1980, enacted in March 1980 ("Title V"), provides that state usury limitations do not apply to certain types of residential first mortgage loans originated by certain mortgagees after March 31, 1980. The OCC is authorized to issue rules and regulations and to publish interpretations governing implementation of Title V. The statute authorized any state to reimpose interest rate limits by adopting before April 1, 1983, a law or constitutional provision which expressly rejects application of the federal law. Fifteen states have adopted laws reimposing or reserving the right to reimpose interest rate limits. In addition, even where Title V is not so rejected, any state is authorized to adopt a provision limiting certain other loan charges. Title V preemption of usury rates may not apply to certain mortgage loans, depending on their exact terms.

Enforceability of Certain Provisions

Standard forms of note, mortgage and deed of trust generally contain provisions obligating the mortgagor to pay a late charge if payments are not timely made and in some circumstances may provide for prepayment fees or penalties if the obligation is paid prior to maturity. In certain states, there are or may be specific limitations upon late charges which a mortgagee may collect from a mortgagor for delinquent payments. Certain states also limit the amounts that a mortgagee may collect from a mortgagor as an additional charge if the loan is prepaid.

Courts have imposed general equitable principles upon foreclosure. These equitable principles are generally designed to relieve the mortgagor from the legal effect of defaults under the loan documents. Examples of judicial remedies that may be fashioned include judicial requirements that the mortgagee undertake affirmative and expensive actions to determine the causes for the mortgagor's default and the likelihood that the mortgagor will be able to reinstate the loan. In some cases, courts have substituted their judgment for the mortgagee's judgment and have required mortgagees to reinstate loans or recast payment schedules to accommodate mortgagors who are suffering from temporary financial disability. In some cases, courts have limited the right of mortgagees to foreclose if the default under the mortgage instrument is not monetary, such as the mortgagor failing to adequately maintain the property or the mortgagor executing a second mortgage or deed of trust affecting the property. In other cases, some courts have been faced with the issue of whether federal or state constitutional provisions reflecting due process concerns for adequate notice require that mortgagors under the deeds of trust receive notices in addition to the statutorily prescribed minimum requirements. For the most part, these cases have upheld the notice provisions as being reasonable or have found that the sale by a trustee under a deed of trust or under a mortgage having a power of sale does not involve sufficient state action to afford constitutional protections to the mortgagor.

Alternative Mortgage Instruments

Alternative mortgage instruments, including adjustable rate mortgage loans and early ownership mortgage loans, originated by non-federally chartered mortgagees have historically been subject to a variety of restrictions. Such restrictions differed from state to state, resulting in difficulties in determining whether a particular alternative mortgage instrument originated by a state-chartered mortgagee was in compliance with applicable law. These difficulties were alleviated substantially as a result of the enactment of Title VIII of the Garn-St. Germain Act ("Title VIII"). Title VIII provides that, notwithstanding any state law to the contrary, state-chartered banks may originate alternative mortgage instruments in accordance with regulations promulgated by the OCC with respect to origination of alternative mortgage instruments by national banks; state-chartered credit unions may originate alternative mortgage instruments in accordance with regulations promulgated by the National Credit Union Administration with respect to origination of alternative mortgage instruments by federal credit unions; and all other non-federally chartered housing creditors, including state-chartered savings and loan associations, state-chartered savings banks and mutual savings banks and mortgage banking companies, may originate alternative mortgage instruments in accordance with the regulations promulgated by the Federal Home Loan Bank Board, predecessor to the OCC, with respect to origination of alternative mortgage instruments by federal savings and loan associations. Title VIII provides that any state may reject applicability of the provisions of Title VIII by adopting, prior to October 15, 1985, a law or constitutional provision expressly rejecting the applicability of such provisions. Certain states have taken such action. As of July 21, 2011, the Dodd-Frank Act transferred rulemaking authority from the OCC, the Office of Thrift Supervision and the National Credit Union Administration to the CFPB. For alternative mortgage transactions with an application date on or after July 22, 2011, state-chartered or state-licensed housing creditors must comply with the CFPB regulations.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

General

The following discussion summarizes the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes.

For purposes of this summary, a "U.S. Noteholder" is a beneficial owner of a Note (for U.S. federal income tax purposes) that is:

- an individual who is a citizen or a resident of the United States (for U.S. federal tax purposes);
- a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organized in or under the laws of the United States, any State thereof, or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust, if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons (as defined under Section 7701(a)(30) of the Code) have the authority to control all of its substantial decisions.

A "Non-U.S. Noteholder" is a beneficial owner of a Note (for U.S. federal income tax purposes) that is not a U.S. Noteholder.

Subject to certain exceptions, an individual may be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of more than 182 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of a Note (for U.S. federal income tax purposes), the treatment of a partner in such partnership will generally depend upon the status of such partner as either a United States person (as defined in Section 7701(a)(30) of the Code) or other than a United States person, and upon the activities of the partnership. A holder of Notes that is a partnership, and partners in such partnership, should consult their professional tax advisors with regard to the application of U.S. federal income tax law to their particular situations.

This summary is based on the Code, the U.S. Treasury Regulations issued thereunder, administrative rulings and judicial decisions, all of which are subject to change. Any such change may be applied retroactively and could adversely affect the federal income tax consequences described herein. This summary addresses only holders that purchase Notes at initial issuance (and at their issue price) and beneficially own such Notes as capital assets within the meaning of Section 1221 of the Code and not as part of a "straddle," "hedge," "synthetic security" or a "conversion transaction" for federal income tax purposes, or as part of some other integrated investment. This summary does not discuss all of the U.S. federal income tax consequences (such as any alternative minimum tax consequences) that may be relevant to particular investors or to investors subject to special treatment under the federal income tax laws (such as banks, thrifts or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; small business investment companies; S corporations; partnerships or investors that hold their Notes through a partnership or other entity treated as a partnership for U.S. federal income tax purposes; investors whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; retirement plans or other tax-exempt entities, or persons holding Notes in tax-deferred or tax-advantaged accounts; or "controlled foreign corporations" or "passive foreign investment companies", for U.S. federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder of Notes, or any state, local, foreign, estate or gift tax consequences of the purchase, ownership or disposition of the Notes. This summary does not address the tax treatment of any Notes that are held by any holder of the Residual Interest Certificate. Finally, this discussion, and the opinions of counsel described below, do not address the effect of any amendments to the Transaction Documents.

PROSPECTIVE PURCHASERS OF NOTES SHOULD CONSULT THEIR TAX ADVISORS AS TO THE U.S. FEDERAL, STATE AND LOCAL TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP

AND DISPOSITION OF NOTES, AS WELL AS ANY CONSEQUENCES ARISING UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION TO WHICH THEY MAY BE SUBJECT.

U.S. Federal Income Tax Treatment of the Issuer and the Notes

Upon the issuance of the Notes on the Closing Date, Mayer Brown LLP, tax counsel to the Sponsor, will deliver its opinion generally to the effect that, assuming compliance with the Indenture, the Trust Agreement and the other Transaction Documents by the parties to such agreements, and based in part on the facts set forth in this Offering Memorandum, and on certain additional information and customary representations and assumptions, although there is no direct legal authority that specifically addresses the United States federal income tax treatment of securities having terms the same as the Notes or of entities that possess characteristics identical to those of the Issuer, (i) each of the Class A1 Notes and each of the Class A2 Notes will be treated as debt for United States federal income tax purposes, in each case to the extent such Note is issued on the Closing Date to a beneficial owner (for United States federal income tax purposes) other than the single beneficial owner (for United States federal income tax purposes) of the Residual Interest Certificate and (ii) none of the Issuer or any portion thereof will be classified as an association or a "publicly traded partnership" taxable as a corporation, or as a "taxable mortgage pool", in each case, as defined for United States federal income tax purposes. No tax opinion has been requested or will be delivered with respect to the U.S. federal income tax treatment of the Class M Notes.

The opinion of Mayer Brown LLP will be based in part on the Transaction Documents as of the Closing Date and, accordingly, will not address any potential U.S. federal income tax consequences of any supplemental indenture or other amendment to any of the other Transaction Documents. Prospective purchasers of Notes should be aware that opinions of counsel are not a guarantee of any particular U.S. federal income tax result and are not binding on the Internal Revenue Service (the "**IRS**") or the courts. Accordingly, there can be no assurance that the IRS will not seek to characterize the Class A1 Notes or Class A2 Notes, or classify the Issuer, differently than described above.

The determination of whether a Note will be characterized as debt for U.S. federal income tax purposes is based on the facts and circumstances existing at the time the Note is considered to be issued under federal income tax law. Under the Indenture, the Issuer and each Noteholder and beneficial owner of a Note (other than the sole beneficial owner of the Residual Interest Certificate, for U.S. federal income tax purposes with respect to any Notes it owns), by virtue of its acceptance of a Note, will agree to treat the Notes as debt for U.S. federal income tax purposes, unless otherwise required by law. This agreement supports the treatment of the Notes as debt but is not binding on the IRS or the courts, and thus, the IRS could assert, and a court could ultimately hold, that one or more classes of Notes constitute equity of the Issuer or in the Trust Estate for U.S. federal income purposes, rather than debt. If the IRS were to successfully contend that any of the Notes does not constitute debt for U.S. federal income tax purposes, but, rather, represent a beneficial ownership interest in the Issuer or the Trust Estate, the U.S. federal income tax consequences to holders of such recharacterized Notes and the Issuer could be materially different than in the case of treatment of the Notes as debt. Noteholders are encouraged to consult with their tax advisors regarding the tax treatment of the Notes. Except as otherwise indicated below, the balance of this summary assumes that the Notes will be treated as debt for U.S. federal income tax purposes. See *"—Possible Alternate Characterization"*

The Transaction Documents contain restrictions on the transfer and ownership of the Class M Notes and the Residual Interest Certificate that are intended to (i) prevent the Issuer (or any portion thereof) from being classified as an association or "publicly traded partnership" taxable as a corporation or as a "taxable mortgage pool," for U.S. federal income tax purposes, and (ii) reduce the likelihood of the Issuer being subject to certain U.S. withholding taxes. If, contrary to the parties' intentions, the transfer restrictions applicable to the Class M Notes or the Residual Interest Certificate are not met, the Issuer could be treated as a taxable corporation subject to current U.S. federal income tax on its taxable income (if any) at prevailing U.S. corporate income tax rates. Such a result could reduce amounts available for, and affect the timing of, payments on the Notes. In addition, if the Issuer (or any portion of the Issuer) were treated as a taxable corporation under the "taxable mortgage pool" rules, it (or such portion) would be unable to file a consolidated U.S. federal income tax return with any other corporation, which filing can reduce the cost of corporate income tax imposed on certain affiliated corporations. Under certain circumstances, even if the Issuer is not treated as a taxable corporation for U.S. federal income tax purposes, the failure to adhere to applicable transfer restrictions on the Class M Notes or the Residual Interest Certificate could result in the imposition of U.S. withholding tax on the Issuer that could materially reduce cash flow available to the Issuer to make payments on all of the Notes.

Except as discussed under the caption entitled "—*Possible Alternate Characterization*" below, the remainder of this summary assumes that the Issuer will not be treated as a taxable corporation for U.S. federal income tax purposes, or become subject to U.S. withholding tax as a result of any failure by any party to comply with the transfer restrictions applicable to the Class M Notes and the Residual Interest Certificate.

U.S. Federal Income Tax Treatment of U.S. Noteholders

Interest and Original Issue Discount Income on the Notes

The following discussion is based on the rules governing original issue discount ("OID") that are set forth in sections 1271 through 1273, 1275 and 1276 of the Code and the Treasury regulations thereunder (the "OID Regulations"). The OID Regulations do not adequately address certain issues relevant to, and in some instances provide that they are not applicable to, instruments such as the Notes.

A holder of a Note must include interest payable on the Note in income in accordance with its regular method of accounting, to the extent such interest constitutes Qualified Stated Interest (as defined below). If a class of Notes is treated as having OID, a beneficial owner of a Note of that Class must include its proportionate share of such OID in income as it accrues, which may be prior to the receipt of the cash attributable to that income.

On the Closing Date, assuming the Notes are issued and outstanding for U.S. federal income tax purposes, the Notes may be treated as having been issued with OID depending on the issue prices for such Notes. A debt instrument is issued with OID unless its stated redemption price at maturity exceeds its issue price by less than a de minimis amount. Although not entirely clear, the de minimis amount for a Class A Note would equal the product of (i) 0.25%, (ii) the stated redemption price at maturity of such class of Notes and (iii) the weighted average maturity of such class of Notes, computed by taking into account any prepayment assumption as discussed below.

The issue price of a class of debt instruments issued for money is the first price at which a substantial portion of the class is sold. The stated redemption price at maturity of a debt instrument includes all payments, other than interest that is unconditionally payable at fixed intervals of one year or less at either a fixed rate or a qualifying variable rate ("Qualified Stated Interest"). Interest is unconditionally payable only if either (i) reasonable legal remedies exist to compel the timely payment of interest or (ii) the terms or conditions under which the debt instrument is issued make the likelihood of a late payment or nonpayment of interest remote. To the extent stated interest payable on a Note is Qualified Stated Interest, such interest will be taxable as ordinary income to a beneficial owner of the Note in accordance with such beneficial owner's regular method of tax accounting. If, however, all or a portion of the stated interest payable on the Note is not Qualified Stated Interest, then the stated interest, or portion thereof, would be included in the Note's stated redemption price at maturity, which could result in OID. For tax information reporting purposes the Paying Agent will treat all stated interest on the Notes as Qualified Stated Interest.

The Issuer believes that the likelihood of payment of any increase in the fixed per annum portions of the Note Rate with respect to the Class A Notes is remote for purposes of the OID Regulations, and thus, intends to take the position that such Notes should not be characterized as contingent payment debt instruments under U.S. federal income tax law, even though the Class A Notes provide for payments of increased fixed per annum portions of their Note Rates if such Notes are not redeemed or called by the Step-Up Date. If the IRS takes a contrary position, a holder of a Class A Note may be required (i) to accrue interest income at a rate higher than the stated interest rate (and the accrual rate of any OID) on such Note, and (ii) to treat as ordinary income, rather than capital gain, any gain on the sale or retirement of the Note. The meaning of the term "remote" in the Treasury regulations has not yet been addressed in any rulings or other guidance by the IRS or any court. In addition, under applicable Treasury regulations, it is presumed that an issuer of a debt instrument will exercise an option to redeem the debt instrument if such exercise would lower the yield to maturity of the debt instrument. The exercise of the Issuer's option to redeem or call the Class A Notes on or prior to the Step-Up Date is expected to lower the yield to maturity on each such Note. Accordingly, the Issuer will presume that the Class A Notes will be redeemed or called on or prior to the Step-Up Date. The remainder of this discussion assumes that the likelihood of payment of any increase in the fixed per annum portion of the Note Rate for the Class A Notes is remote and that such Notes are not contingent payment debt instruments. If the assumption turns out to be incorrect, then the Class A Note for which the assumption was incorrect will be deemed for purposes of computing OID, to be retired and reissued on the date of the changed circumstances for its "adjusted issue price" and taking into account the change in rate or if such Note is treated as contingent payment debt instruments, as if a contingent payment has become fixed. The remainder of this discussion assumes that interest properly accrues at the lower stated interest rate.

Additionally, although it is not free from doubt, any accrual of OID on the Class A1 Notes will be subject to the provisions of section 1272(a)(6) of the Code (debt instruments that may be accelerated by reason of the prepayment of other debt obligations securing such debt instruments). In general, OID accrues on debt instruments described in section 1272(a)(6) of the Code based on a prepayment assumption that is used solely for U.S. federal income tax purposes (and may not represent the rate at which such Notes in fact prepay) (the "PAC Method"). Any Notes to which the PAC method applies are referred to herein as the "PAC Notes," and any Notes to which the constant yield method applies are referred to herein as the "Non-PAC Notes." Although the matter is not entirely clear, the OID accruals resulting from applying the PAC Method to the PAC Notes, is intended to produce reasonably similar OID accruals that would result from applying the constant yield method to the Non-PAC Notes under the assumption that the Non-PAC Notes actually pay as projected as of the Closing Date. No representation, however, is made concerning whether such results would be reasonably similar or as to the amount or timing of OID that would actually occur. For tax reporting purposes, the Paying Agent intends to use the PAC Method in computing OID in respect of all of the Notes. U.S. Noteholders should consult with their own tax advisors concerning the proper method of accruing OID in respect of the Notes.

Under the PAC Method, the amount of OID allocable with respect to any accrual period will equal (i) the sum of (A) the present value of all remaining payments with respect to a Note as of the end of the accrual period and (B) any payments made on such Note during the accrual period of amounts included in the stated redemption price at maturity of such Note, minus (ii) the adjusted issue price of such Note at the beginning of the accrual period. The present value of the remaining payments referred to in the preceding sentence will be calculated (i) assuming that payments on such Note will be received in future periods based on the prepayment assumption, (ii) using a discount rate equal to the original yield to maturity of such Note and (iii) taking into account events (including actual prepayments) that have occurred before the close of the accrual period. The OID so determined is allocated ratably among the days in the accrual period. Under the constant yield method, the portion of OID that accrues in respect of a Note is based on a constant yield determined assuming such Note will pay interest in each accrual period at its respective stated fixed rate through the Stated Final Maturity at which time it will be paid in full.

The adjusted issue price of a PAC Note at the beginning of the first accrual period will be its respective issue price. The adjusted issue price at the end of any accrual period (and, therefore, at the beginning of the subsequent accrual period) is determined by discounting the remaining payments due on such Note at its yield to maturity. The remaining payments due are determined based on the prepayment assumption, but are adjusted to take into account the effect of payments actually made in respect of the Mortgage Loans.

For these purposes, under the PAC method, the original yield to maturity of a Note will be calculated based on its issue price and assuming that payments on such Notes will be made in all accrual periods based on the prepayment assumption made with respect to the Mortgage Loans. The yield to maturity of a Note is the discount rate that, when applied to the stream of payments projected to be made on such Notes as of the issue date, produces a present value equal to the issue price of such Notes. The Code requires that the prepayment assumption be determined in the manner prescribed in Treasury regulations. To date, no such regulations have been issued. The legislative history of this Code provision indicates that the regulations will provide that the assumed prepayment rate must be the rate used by the parties in pricing the particular transaction. For tax information reporting purposes, the Paying Agent will assume a constant prepayment rate of 50% for the Mortgage Loans as a monthly liquidation percentage equivalent, without loss severity. No representation, however, is made as to the rate at which principal payments or liquidation proceeds actually will occur in respect of the Mortgage Loans, or the PAC Notes. Under the constant yield method, the original yield to maturity for a Non-PAC Note should be calculated assuming that such Note bears interest at its stated fixed rate in each accrual period and is paid its principal entitlement in full on the Stated Final Maturity. The OID accruing during any accrual period, computed as described above, will be allocated ratably to each day during the accrual period to determine the daily portion of OID for such day.

Under the PAC Method, accruals of OID will increase or decrease (but never below zero) to reflect the fact that payments on the Mortgage Loans are occurring at a rate that is faster or slower than that assumed under the prepayment assumption. If the OID accruing on a Note is negative for any period, a beneficial owner of such Note will be entitled to offset such negative accruals only against future positive OID accruals on such Note.

Prospective investors should consult their own tax advisors regarding the proper method for accruing OID on a Note and any possible tax consequences should they fail to do so.

Acquisition Premium

If a subsequent U.S. Noteholder's adjusted basis in its Note immediately after the acquisition exceeds the adjusted issue price of such Note, but is less than or equal to the sum of the remaining payments on such Note other than Qualified Stated Interest, the amount of OID on the Note will be reduced by a fraction, the numerator of which is the excess of the adjusted basis of the Note immediately after its acquisition over the adjusted issue price of the Note and the denominator of which is the excess of the sum of all remaining payments on the Note other than Qualified Stated Interest over the adjusted issue price of the Note. For that purpose, the adjusted basis of a Note generally is reduced by the amount of any Qualified Stated Interest that is accrued but unpaid as of the acquisition date.

Market Discount

If a purchaser acquires a Note at a discount from its Note Amount (or, if the Notes are issued with OID, the adjusted issue price), the purchaser will have acquired such Note at a market discount and such Note will be treated as "market discount bond." If the market discount is less than a statutorily defined de minimis amount, the market discount will be considered to be zero. Treasury regulations interpreting the market discount rules have not yet been issued. Accordingly, prospective purchasers should consult their own tax advisors regarding the application of those rules and the advisability of making any of the elections described below.

The legislative history indicates that, until the Treasury promulgates regulations, a U.S. Noteholder that purchases a Note with market discount generally may elect to accrue the market discount either (i) on the basis of a constant interest rate, (ii) in the case of a Note not issued with OID, in the ratio of stated interest payable in the relevant period to the total stated interest remaining to be paid from the beginning of such period or (iii) in the case of a Note issued with OID, in the ratio of OID accrued for the relevant period to the total remaining OID at the beginning of such period. Any prepayment assumption used in calculating accrual of OID in respect of a PAC Note is also used in calculating the accrual of market discount.

Unless the U.S. Noteholder of a market discount bond elects under section 1278(b) of the Code to include market discount in income as it accrues, any principal payment or any gain on disposition of the market discount bond will be treated as ordinary income to the extent that it does not exceed the accrued market discount at the time of such payment or disposition. If the U.S. Noteholder makes the election under section 1278(b) of the Code, the election will apply to all market discount bonds acquired by the U.S. Noteholder as of the first day of the taxable year to which the election applies and all market discount bonds thereafter acquired. The election may be revoked only with the consent of the IRS.

If a U.S. Noteholder of a market discount bond incurred or continues indebtedness to purchase or hold such market discount bond, the owner may be required to defer a portion of its interest deductions for the taxable year attributable to any such indebtedness. Any such deferred interest expense would not exceed the market discount that accrues during such taxable year and would be allowed as a deduction not later than the year in which such market discount is includible in income. If such owner makes the election to include market discount in income as it accrues, the interest deferral rule described above will not apply.

Amortizable Bond Premium

If a U.S. Noteholder purchases a Note for a price greater than the sum of all remaining payments other than Qualified Stated Interest, such Noteholder will be considered to have purchased the Note at a premium. Such Noteholder may elect under section 171 of the Code to amortize such premium under the constant yield method over the remaining term of the Note. The relevant legislative history indicates that the same rules that apply to accrual of market discount, which rules may require use of a prepayment assumption in accruing market discount, would also apply in amortizing bond premium. If made, such an election will apply to all debt instruments (other than tax exempt bonds) having amortizable premium that such Noteholder owns as of the first day of the taxable year for which the election is made and to all premium bonds (other than tax exempt bonds) such Noteholder acquires thereafter. The election may be revoked only with the consent of the Internal Revenue Service. Amortizable premium will be treated as an offset to interest income on the related Note, rather than as a separate item of deduction.

Constant Yield Election

A U.S. Noteholder may elect to use a constant yield method for accounting for all interest, discount, and premium on debt instruments that it holds. If a U.S. Noteholder makes this election with respect to its Notes, then such Notes acquired by such Noteholder will be treated as having been issued on the date of acquisition for a price equal to such Noteholder's cost basis in the Notes. All income on such Notes would be reported under the OID rules described above (no market discount, no amortizable bond premium). If a U.S. Noteholder were to make such election with respect to a Note acquired at a market discount, then such Noteholder would be considered to have made an election under section 1278(b) of the Code to include market discount in income as it accrues. If such Noteholder were to make such an election with respect to a Note issued at a premium, then such Noteholder would be deemed to have made an election to amortize bond premium under section 171(c) of the Code. Prospective investors should consult their own tax advisors regarding this election. The election cannot be revoked without the approval of the IRS.

Potential Acceleration of Items of Income.

U.S. Noteholders that use an accrual method of accounting for U.S. federal income tax purposes generally will be required to include certain amounts in income no later than the time such amounts are reflected on certain financial statements. The application of this rule may therefore require the accrual of income earlier than would be the case under the general U.S. federal income tax rules described above. The United States Department of the Treasury released Treasury regulations that exclude from this rule any item of gross income for which a taxpayer uses a special method of accounting required by certain sections of the Code, including income subject to the timing rules for OID, income under the contingent payment debt instrument rules, income and gain associated with an integrated transaction, *de minimis* OID, accrued market discount, and *de minimis* market discount, provided that the taxpayer applies the regulations consistently to all items of income during such taxpayer's taxable year.

"Medicare" 3.8% Net Investment Income Tax

Certain non-corporate U.S. Noteholders will be subject to an additional tax rate of 3.8% on some or all of their "net investment income," which generally includes interest, OID and market discount realized with respect to the Notes, and any net gain recognized upon a sale or other disposition of a Note. Prospective investors should consult their own tax advisors regarding the applicability of this tax in respect of their ownership of Notes.

Sale, Exchange and Retirement of the Notes by a U.S. Noteholder

Upon a sale, exchange or retirement of a Note (including a redemption), a U.S. Noteholder will generally recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (other than amounts representing accrued and unpaid interest) and such U.S. Noteholder's adjusted tax basis in such Note. A U.S. Noteholder's adjusted tax basis in a Note will equal the price paid for the Note, increased by the amount of OID or market discount, if any, previously included in such Noteholder's income with respect to the Note, and reduced by any premium amortization previously deducted (or used as an offset) by such Noteholder with respect to such Note and any payments on the Note other than Qualified Stated Interest. Generally, subject to the discussion under "—*Market Discount*" above, gain or loss upon the sale, exchange or retirement of a Note will be long-term capital gain or loss if the U.S. Noteholder held such Note for more than one year at the time of disposition.

In general, Non-corporate U.S. Noteholders are subject to reduced maximum rates on long-term capital gains and are subject to tax at ordinary income rates on short-term capital gains. As discussed above, certain non-corporate U.S. Noteholders are also subject to an additional tax at a rate of 3.8% on their net investment income, which would include, among other things, gain on the disposition of the Notes if such Notes were not held in a trade or business or were held in a trade or business that is a passive activity with respect to the taxpayer or consists of trading financial instruments or commodities (as defined in section 475(e)(2) of the Code). The deductibility of capital losses is subject to certain limitations. Prospective investors should consult their own tax advisors concerning these tax law provisions.

Taxation of Non-U.S. Noteholders of the Class A1 Notes and Class A2 Notes

As indicated, the discussion in this section entitled "Taxation of Non-U.S. Noteholders of the Class A1 Notes and Class A2 Notes" pertains to the Class A1 Notes and Class A2 Notes only (together, the "Foreign Eligible Notes") because Class M Notes may not be owned by or transferred to a Non-U.S. Noteholder. A Non-U.S. Noteholder that does not hold a Foreign Eligible Note in connection with a U.S. trade or business generally is not expected to be subject to U.S. federal income or U.S. withholding tax in respect of interest, including any accrued OID, paid on such Note, provided that the Non-U.S. Noteholder complies with certain identification requirements, including delivery of a properly executed IRS Form W-8BEN, W-8BEN-E, W-8IMY (with required attachments) or other appropriate form (or appropriate successor form), signed by the Non-U.S. Noteholder under penalties of perjury, certifying that such Non-U.S. Noteholder is not a U.S. Person and providing its name and address. This exemption does not apply to payments of interest, including payments in respect of any accrued OID, received by a Non-U.S. Noteholder that (i) owns directly or indirectly ten percent (10%) or greater interest in the Issuer, (ii) is a bank lending within the ordinary course of its business, (iii) is a "controlled foreign corporation," within the meaning of section 957 of the Code, with respect to which the issuer is a "related person," within the meaning of section 881(c)(3)(C) of the Code or (iv) is a person within a foreign country which the IRS has included in a list of countries that do not provide adequate exchange of information with the United States to prevent tax evasion by U.S. Persons.

If a Non-U.S. Noteholder of a Foreign Eligible Note does not qualify for the foregoing exemption from U.S. withholding, payments of interest, including payments relating to any accrued OID, may be subject to U.S. withholding tax at a rate of 30 percent. The foregoing rate is subject to reduction or exemption under any applicable income tax treaty, if the Non-U.S. Noteholder supplies at the time of its initial purchase, and at all subsequent times as are required under the Treasury regulations, a properly executed IRS Form W-8BEN, W-8BEN-E, W-8IMY (with required attachments) or other appropriate form, or appropriate successor form, signed under penalties of perjury, to report its eligibility for that reduced rate or exemption. The Issuer will not be obligated to pay any additional amounts to "gross up" payments in respect of the Foreign Eligible Notes as a result of any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or government charges with respect to payments in respect of such Notes.

Amounts allocable to interest, including any accrued OID, in respect of the Foreign Eligible Notes received by a Non-U.S. Noteholder that constitute income that is effectively connected with a United States trade or business carried on by the Non-U.S. Noteholder generally are not expected to be subject to U.S. withholding tax. Such amounts will be subject to U.S. federal income tax at the graduated rates applicable to U.S. Persons, if the Non-U.S. Noteholder supplies, at the time of its initial purchase, and at those subsequent times that are required under the Treasury regulations, a properly executed IRS Form W-8ECI or appropriate successor form, signed under penalties of perjury, certifying that the income is, or is expected to be, effectively connected with the conduct of a trade or business within the United States of that Non-U.S. Noteholder and that this income is includible in the Non-U.S. Noteholder's gross income for the taxable year. This statement on IRS Form W-8ECI must include, among other things, the name and address of the Non-U.S. Noteholder, its identifying number, and the trade or business with which the income is, or is expected to be, effectively connected.

Subject to the discussion at the end of this section, any gain realized on the sale, exchange, retirement or other taxable disposition of a Foreign Eligible Note by a Non-U.S. Noteholder is expected to be exempt from U.S. federal income and U.S. withholding tax if (i) such gain is not effectively connected with the conduct of a trade or business in the United States of such Non-U.S. Noteholder and (ii) in the case of a Non-U.S. Noteholder that is an individual, such individual is not present in the United States for 183 days or more in the taxable year.

Nominees and entities that are treated as non-U.S. partnerships for U.S. federal income tax purposes which own Foreign Eligible Notes are subject to complex certification requirements. For example, a payment on a Foreign Eligible Note to a non-U.S. partnership is treated, with some exceptions, as a payment directly to the partners, so that the partners are required to provide any required certifications. A non-United States person that intends to hold or invest in a Foreign Eligible Note through a partnership or other pass-through entity should consult its own tax advisors regarding an investment in such Notes.

The Foreign Account Tax Compliance Act ("FATCA") imposes U.S. withholding tax on interest and certain other payments made to certain foreign financial institutions and non-financial foreign entities if certain disclosure requirements related to U.S. accounts or ownership are not satisfied. The Issuer will not be obligated to make any "gross up" or additional payments in respect of amounts withheld on the Notes if it determines that it must so withhold in order to comply with FATCA in respect of the amounts described above.

Non-U.S. Noteholders are urged to consult their own tax advisors with respect to an investment in Foreign Eligible Notes.

Backup Withholding and Information Reporting

Under certain circumstances, the Code requires "information reporting" annually to the IRS and to each Noteholder, and "backup withholding" with respect to certain payments made on or with respect to the Notes. Backup withholding generally does not apply with respect to certain Noteholders, including corporations, tax-exempt organizations, qualified pension and profit sharing trusts, and individual retirement accounts. Backup withholding will apply to a U.S. Noteholder only if such person (a) fails to furnish its Taxpayer Identification Number ("TIN") which, for an individual would be his or her Social Security Number, (b) furnishes an incorrect TIN, (c) is notified by the IRS that it has failed to properly report payments of interest and dividends, or (d) under certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct TIN and has not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments. The exemption is available by providing a properly completed IRS Form W-9. A Non-U.S. Noteholder that provides the applicable IRS Form W-8BEN, W-8BEN-E, W-8ECI, or W-8IMY, together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Noteholder and stating that the Non-U.S. Noteholder is not a U.S. Person will not be subject to IRS reporting requirements or backup withholding. In addition, IRS Form W-8BEN-E (or other applicable form) may be required from the beneficial owners of interests in a Non-U.S. Noteholder that is treated as a partnership or other financial intermediary for U.S. federal income tax purposes.

The payment of the proceeds on the disposition of a Note by a Noteholder to or through the U.S. office of a broker generally will be subject to information reporting and backup withholding unless the Noteholder either certifies its status as a Non-U.S. Noteholder under penalties of perjury on the applicable IRS Form W-8BEN-E or W-8IMY (as described above) or otherwise establishes an exemption. The payment of the proceeds on the disposition of a Note by a Non-U.S. Noteholder to or through a non-U.S. office of a non-U.S. broker will not be subject to backup withholding or information reporting unless the non-U.S. broker is a "U.S. Related Person." The payment of proceeds on the disposition of a Note by a Non-U.S. Noteholder to or through a non-U.S. office of a U.S. broker or a U.S. Related Person generally will not be subject to backup withholding but will be subject to information reporting unless the Non-U.S. Noteholder certifies its status as a Non-U.S. Noteholder under penalties of perjury or the broker has certain documentary evidence in its files as to the Non-U.S. Noteholder's foreign status and the broker has no actual knowledge to the contrary.

For this purpose, a "U.S. Related Person" is (a) a controlled foreign corporation for U.S. federal income tax purposes, (b) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment (or for such part of the period that the broker has been in existence) is derived from activities that are effectively connected with the conduct of a United States trade or business, or (c) a foreign partnership if at any time during its tax year one or more of its partners are U.S. Persons who, in the aggregate, hold more than 50% of the income or capital interest of the partnership or if, at any time during its taxable year, the partnership is engaged in the conduct of a United States trade or business.

Backup withholding is not an additional tax and may be refunded (or credited against the Noteholder's U.S. federal income tax liability, if any), provided that certain required information is furnished. The information reporting requirements may apply regardless of whether backup withholding is required. Copies of the information returns reporting such interest and withholding also may be made available to the tax authorities in the country in which a Non-U.S. Noteholder is a resident under the provisions of an applicable income tax treaty or agreement.

Tax Audit Procedures

If the Issuer is classified as a partnership (other than a publicly traded partnership) for U.S. federal income tax purposes, then unless it elects otherwise, taxes arising from any audit adjustments with respect to tax items of such Issuer partnership may be required to be paid by the Issuer rather than by the persons treated as partners of such issuer partnership. So long as the Notes are outstanding, under the Trust Agreement, the person designated as the partnership representative under Section 6223(a) of the Code will use its best efforts to utilize any available exceptions under the Code's partnership tax audit provisions (including any subsequent changes to such rules) and related Treasury regulations so that the partners of such Issuer partnership, rather than the Issuer itself, will be liable for any taxes arising from any audit adjustments with respect to any Issuer partnership taxable income. It is unclear how any such elections may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such elections. Investors should consult their own tax advisors regarding the application of the partnership audit provisions.

Status as Real Property Loans

Notes held by a domestic building and loan association will not constitute "loans . . . secured by an interest in real property" within the meaning of section 7701(a)(19)(C)(v) of the Code. Notes held by a real estate investment trust will not constitute "real estate assets" within the meaning of section 856(c)(4)(A) of the Code, and interest on Notes will not be considered "interest on obligations secured by mortgages on real property" within the meaning of section 856(c)(3)(B) of the Code. The Notes will not be considered "qualified mortgages" for a REMIC.

Possible Alternate Characterization

If the IRS were to successfully assert that the any of the Notes do not constitute debt for U.S. federal income tax purposes, such Notes would likely be treated as equity interests of the Issuer. In such case, the Issuer would be treated as a disregarded entity if, for U.S. federal income tax purposes, a single holder beneficially owned all of such recharacterized Notes and 100% of the Residual Interest Certificate, and such Noteholder would be treated as having a direct ownership interest in the Mortgage Loans and related assets. If a single holder did not beneficially own both the Notes characterized as equity and all of the Residual Interest Certificate for U.S. federal income tax purposes, the Issuer would be treated as a partnership for U.S. federal income tax purposes.

If the Issuer were treated as a partnership (other than a publicly traded partnership taxable as a corporation) for U.S. federal income tax purposes, the Issuer would not itself be subject to U.S. federal income taxation, but it would be required to file an annual partnership information return with the Internal Revenue Service reporting its income, gains, losses, deductions and credits for each of the Issuer's taxable years. In addition, in such case, each beneficial owner of any Note recharacterized as equity of the Issuer would be treated as a partner of such Issuer partnership and would be required to take into account its allocable share of the Issuer's income, gains, losses, deductions and credits for each of the Issuer's taxable years ending with or within each of such beneficial owner's taxable years, regardless of whether the Issuer made any cash distributions to the beneficial owner of the recharacterized Note in the taxable year. Furthermore, such beneficial Note owner may not be able to either influence decisions affecting the taxation of the Issuer (such as the selection of accounting methods or treatment of partnership terminations) or participate in any administrative or judicial action involving the taxation of the Issuer.

In general terms, the Transaction Documents provide that, in the event that the Class A Notes are recharacterized as equity interests of the Issuer, each holder of a recharacterized Note will be specially allocated an amount of taxable income for each taxable year equal to the amount of interest and OID that would have accrued with respect to such Noteholder for such year had the Notes been treated as debt for U.S. federal income tax purposes. As a result of this special allocation, and assuming the Issuer was not treated as engaged in a U.S. trade or business for federal income tax purposes, it is possible that, in general, the U.S. federal income tax consequences to a Noteholder of a recharacterized Class A Note may not differ materially from the U.S. federal income tax consequences afforded such Noteholder if its Class A Notes were not recharacterized, and treated as debt as intended. However, tax-exempt U.S. Noteholders should be aware that, under the unrelated debt-financed income rules contained in Section 514 of the Code, they could be treated as receiving unrelated business taxable income from the Issuer in the event any of their Class A Notes are recharacterized as equity of the Issuer. It should also be noted that any special income allocations made in respect of a recharacterized Class A Note, as described above, could be challenged by the IRS.

It is possible that the Issuer's activities with respect to its Mortgage Loans could be treated as the carrying on of a U.S. trade or business under Section 864 of the Code. In such event, income allocated to any Non-U.S. Noteholder of a recharacterized Class A Note could be treated as U.S.-source effectively connected income ("ECI") in the hands of such Noteholder that would be subject to regular U.S. federal income tax. In general, under Section 1446 of the Code, in the case of a partnership that has a non-U.S. partner and recognizes ECI, any federal income tax imposed on such non-U.S. partner's allocable share of ECI is collected in the first instance by requiring the partnership to withhold tax currently in respect of such income at the highest applicable rate (currently, 37% for non-corporate partners and 21% for corporate partners). If any Class A Notes were to be recharacterized as equity of the Issuer and the Issuer's activities were treated as giving rise to ECI, the Issuer could be obligated to withhold applicable tax, possibly on a retroactive basis, on income recognized by the Issuer that is allocable to such recharacterized Class A Note held by a Non-U.S. Noteholder. Any such withholding tax could potentially reduce cash available to make payments on all of the Notes by a material amount. Furthermore, in such case, amounts received on or allocable to any recharacterized Class A Note beneficially owned by a Non-U.S. Noteholder could be subject to significant adverse tax consequences in the hands of such Noteholder, including potential IRS income tax filing and payment obligations, including the imposition of U.S. withholding tax. Additionally, in the event a Non-U.S. Noteholder sells its interest in a recharacterized Class A Note treated as an equity interest in the Issuer, the transferee of such Note may be required to withhold on the amount realized on such disposition under Section 1446(f) of the Code. If such withholding is not made, the Issuer may be required to make such withholding, possibly with retroactive effect. The imposition of any such tax on the Issuer could result in a substantial reduction in the amount of cash available to make payments on all of the Notes. Investors in the Notes are advised to consult their tax advisors with respect to an investment in the Notes.

Investors in the Notes are advised to consult their tax advisors with respect to an investment in the Notes.

STATE AND OTHER TAX CONSEQUENCES

In addition to the U.S. federal income tax consequences described in "*Certain U.S. Federal Income Tax Consequences*" in this Offering Memorandum, potential investors should consider the state and local tax consequences of the acquisition, ownership, and disposition of the Notes offered hereby. State tax law may differ substantially from the corresponding U.S. federal tax law, and this discussion does not purport to describe any aspect of the tax laws of any state or other jurisdiction. Therefore, prospective investors should consult their tax advisors with respect to the various tax consequences of investments in the Notes.

CERTAIN CONSIDERATIONS FOR ERISA AND OTHER U.S. EMPLOYEE BENEFIT PLANS

Subject to the considerations described below, the Class A Notes are eligible to be purchased by, on behalf of, or with assets of Benefit Plans, as well as by governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) and other plans.

Section 406 of ERISA and Section 4975 of the Code prohibit a Benefit Plan from engaging in certain transactions with persons that are "parties-in-interest" under ERISA or "disqualified persons" under the Code with respect to the Benefit Plan unless an exemption is available. A violation of these "prohibited transaction" rules may result in an excise tax or other penalties and liabilities under ERISA or the Code for such a person or a fiduciary of the Benefit Plan. In addition, a fiduciary of a Benefit Plan subject to Title I of ERISA is subject to certain standards for investing plan assets, including that investments are prudent, diversified and made in accordance with the governing plan documents. Any fiduciary of a Benefit Plan subject to Title I of ERISA that proposes to cause such Benefit Plan to purchase the Class A Notes should determine whether, under the general fiduciary standards of ERISA, an investment in the Class A Notes is appropriate for such Benefit Plan.

Employee benefit plans that are governmental plans, certain church plans (as defined under ERISA) or other plans generally are not subject to the requirements of Title I of ERISA or Section 4975 of the Code; *provided, however*, such plans may be subject to Similar Laws that affect their ability to acquire and hold the Class A Notes.

Certain transactions involving the Issuer might be deemed to constitute prohibited transactions under ERISA and the Code with respect to a Benefit Plan that purchased (or whose assets were used to purchase) the Class A Notes if assets of the Issuer were deemed to be assets of the Benefit Plan. Under a regulation issued by the United States Department of Labor, as modified by Section 3(42) of ERISA (the "Plan Asset Regulations"), the assets of the Issuer would be treated as "plan assets" of a Benefit Plan for the purposes of ERISA and the Code if the Benefit Plan acquired an "equity interest" in the Issuer and none of the exceptions contained in the regulation were applicable. The term "equity interest" is defined in the Plan Asset Regulations as any interest in an entity other than an instrument that is treated as indebtedness under "applicable local law" and which has no "substantial equity features." Although there is little guidance on the subject, it is expected that, at the time of their issuance, the Class A Notes should be treated as indebtedness of the Issuer without substantial equity features for purposes of the Plan Asset Regulations. This determination is based on the traditional debt features of the Class A Notes, including: (a) the reasonable expectation by purchasers of such Notes that they will be repaid when due, (b) the traditional default remedies, and (c) the absence of conversion rights, warrants and other typical equity features. The debt treatment of the Class A Notes for purposes of the Plan Asset Regulations could change if the Issuer incurs losses. In the event of a characterization of the Class A Notes as other than indebtedness under applicable local law, the subsequent acquisition of the Class A Notes or interest therein by a Benefit Plan or a governmental, church or other plan that is subject to Similar Law is prohibited.

Without regard to whether the Class A Notes constitute "equity interests" for purposes of the Plan Asset Regulations, the acquisition or holding of the Class A Notes by, or on behalf of, a Benefit Plan could trigger a prohibited transaction if the Depositor, the Issuer, the Sponsor, the Initial Purchasers, the Owner Trustee, the Indenture Trustee, the Paying Agent, the Note Registrar, certain other transaction parties or any of their respective affiliates is or becomes a party in interest or a disqualified person with respect to such Benefit Plan. Certain exemptions from these prohibited transaction rules may be available, including: Prohibited Transaction Class Exemption ("PTCE") 84-14 (relating to transactions effected by a "qualified professional asset manager"); PTCE 90-1 (relating to transactions involving insurance company pooled separate accounts); PTCE 91-38 (relating to transactions involving bank collective investment funds); PTCE 95-60 (relating to transactions involving insurance company general accounts); and PTCE 96-23 (relating to transactions effected by an "in-house asset manager") (each, an "Investor-Based Class Exemption"). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code provide a statutory exemption for prohibited transactions between a Benefit Plan and a person that is a party in interest or a disqualified person (other than a fiduciary or an affiliate of a fiduciary that has or exercises discretionary authority or control with respect to the investment of plan assets involved in the transaction or renders investment advice with respect to the assets involved in the transaction) solely by reason of providing services to the Benefit Plan or being related to a provider of services to such Benefit Plan in accordance with Section 408(b)(17) of ERISA or Section 4975(d)(20) of the Code; provided there is adequate consideration for the transaction. Even if the conditions specified in one or more of these exemptions are met, the scope of the relief provided may or may not cover all acts that could be construed as prohibited transactions. There can be no assurance that these exemptions, or any other exemption, will be available with respect to any particular transaction involving the Class A Notes and prospective purchasers that are or are acting on behalf of, or with assets of, Benefit Plans should consult with their advisors regarding the applicability of any such exemption.

By acquiring a Class A Note or any interest therein, each purchaser or transferee of a Class A Note or any interest therein will be deemed to represent and warrant that, for so long as it holds the Class A Note or any interest therein, either (i) it is not, and is not acquiring and will not hold such Note or interest therein on behalf of, or with assets of, a Benefit Plan or a governmental, church or other plan that is subject to Similar Law or (ii) (A) the Class A Notes have not been characterized as other than indebtedness under applicable local law and (B) its acquisition, transfer and holding of such Note or any interest therein will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation of Similar Law.

By acquiring a Class M Note or any interest therein, each purchaser or transferee of a Class M Note or any interest therein will be required to represent and warrant that, for so long as it holds such Note or any interest therein, it is not, and is not acquiring and will not hold such Note or interest therein on behalf of, or with assets of, a Benefit Plan or a governmental, church or other plan that is subject to any Similar Law.

Due to the complexity of the applicable rules described above, which descriptions are general in nature and are not intended to be all-inclusive, it is important that potential plan purchasers consult with their legal advisors regarding the impact of ERISA, the Code, Similar Law or other applicable law, the application of the Plan Asset Regulations, the applicability of any Investor-Based Class Exemption or any other statutory or administrative prohibited transaction exemption and the potential consequences in their specific circumstances, before their acquisition and ownership of the Notes.

The sale or transfer of any Note or interest therein to a plan or a person acting on behalf of, or using assets of, a plan is in no way a representation by the Depositor, the Issuer, the Sponsor, the Initial Purchasers, the Indenture

Trustee, the Paying Agent, the Note Registrar or the Owner Trustee that the acquisition and holding of such Note or any interest therein meets all the legal requirements for investments and acquisitions by plans generally or any particular plan or that the investment or acquisition is appropriate for plans generally or any particular plan.

LEGAL INVESTMENT

The Notes will not constitute "mortgage related securities" for purposes of the SMMEA. You should consult your own legal advisors to determine whether the Notes are legal investments for you and whether you can use the Notes as collateral for borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of the Notes under risk-based capital and similar rules.

If you are subject to legal investment laws and regulations or to review by regulatory authorities, you may be subject to restrictions on investing in the Notes. Institutions regulated by the OCC, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, the Treasury Department or any other federal or state agency with similar authority should review applicable regulations, policy statements and guidelines before purchasing the Notes.

ACCOUNTING CONSIDERATIONS

Various factors may influence the accounting treatment applicable to an investor's acquisition and holding of mortgage-backed securities. Accounting standards, and the application and interpretation of such standards, are subject to change from time to time. Investors are encouraged to consult their own accountants for advice as to the appropriate accounting treatment for the Notes.

LEGAL MATTERS

The legality of the Notes and certain tax matters will be passed upon for the Sponsor, the Depositor and the Issuer by Mayer Brown LLP. Certain legal matters will be passed upon for the Initial Purchasers by Dentons US LLP.

PLAN OF DISTRIBUTION

The Notes may only be offered (i) in the United States to "qualified institutional buyers" in reliance on Rule 144A, or (ii) only in the case of the Class A1 Notes and the Class A2 Notes, outside the United States to entities which are not "U.S. Persons" acquiring the securities in "offshore transactions" under Regulation S. Such investors will be required to make or will be deemed to make certain representations with respect to their ability to invest in the Notes.

Subject to the terms and conditions set forth in a note purchase agreement, dated on or before the Closing Date, by and among the Initial Purchasers, the Depositor and the Sponsor (as such agreement may be amended, modified, superseded or supplemented from time to time, the "Note Purchase Agreement"), the Initial Purchasers have agreed, subject to certain conditions, to use their reasonable best efforts to identify investors, and will be obligated to purchase from the Depositor only the Class A Notes and the Class M Notes for which investors have entered into agreements to purchase from the Depositor on the Closing Date as principal for resale to investors. The Initial Purchasers intend to offer the Class A Notes and the Class M Notes to prospective investors from time to time.

The Class A Notes and the Class M Notes are being purchased when, as and if delivered to and accepted by the Initial Purchasers, and subject to prior sale and to the right of the Initial Purchasers to reject any orders in whole or in part. The Initial Purchasers may withdraw, cancel or modify the offering of the Class A Notes or the Class M Notes without notice. Sales of the Class A Notes and the Class M Notes may be effected from time to time in one or more negotiated transactions or otherwise at varying prices to be determined at the time of sale. The Initial Purchasers may effect such transactions by selling the Class A Notes and the Class M Notes to or through sub-agents, and such sub-agents may receive compensation in the form of discounts, concessions or commissions from the Initial Purchasers. The Initial Purchasers have agreed to use their reasonable best efforts to identify investors, and will be obligated to purchase from the Depositor only the Class A Notes and the Class M Notes for which investors have entered into agreements to purchase such Class A Notes or Class M Notes from the Initial Purchasers on or prior to the Closing Date. Placement of the Class A Notes may be effected privately from time to time in negotiated transactions at varying prices to be determined in each case at the time of sale. As a result, the purchase price paid by any investor in a portion of the Class A Notes or the Class M Notes may be higher or lower than the price paid by different investors in the same class sold in this offering.

One or more of the Initial Purchasers (or affiliates of the Initial Purchasers) provide warehouse financing to the Sponsor or an affiliate of the Sponsor. A portion of the proceeds of the sale of the Class A Notes and the Class M Notes may be used to repay one or more such warehouse financing facilities, and a portion of the purchase price paid by the Issuer for any Additional Mortgage Loans may be used to repay one or more such warehouse financing facilities from time to time.

This Offering Memorandum has been prepared by the Depositor. The Initial Purchasers make no representations or warranties as to the accuracy or completeness of the information contained in this Offering Memorandum, and nothing in this Offering Memorandum will be deemed to constitute such a representation or warranty by either Initial Purchaser or any promise or representation as to the future performance of the Issuer, the Mortgage Loans or the Notes.

In relation to each Member State of the EEA, each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, (a) the expression "retail investor" means a person who is one (or more) of the following: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"), (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended, the "EU Prospectus Regulation") and (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Each Initial Purchaser has represented and agreed that:

(a) it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes to any retail investor in the United Kingdom;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated in the United Kingdom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of UK Financial Services and Markets Act 2000 (as amended, the "FSMA")) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

For the purposes of subparagraph (a) above, the expressions (a) "retail investor" means (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (as amended, "EUWA"); (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the EUWA or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "UK Prospectus Regulation") and (b) "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

In connection with the sale of the Class A Notes, the Initial Purchasers may be deemed to have received compensation in the form of discounts, concessions or commissions from the Issuer. Proceeds to the Depositor from the sale of the Class A Notes will be equal to the aggregate purchase price paid by the Initial Purchasers. The Note

Purchase Agreement provides that the Depositor will indemnify the Initial Purchasers, and that under certain limited circumstances the Initial Purchasers will indemnify the Depositor, against certain civil liabilities under the Securities Act, or contribute to payments required to be made in respect thereof.

The Notes are being offered only in transactions exempt from the registration requirements of the Securities Act as set forth under "*Notice to Investors*" in this Offering Memorandum. The Notes have not been registered under the Securities Act or registered or qualified under any applicable state securities laws, and none of the Depositor, the Issuer or any other person is required to so register or qualify the Notes or to provide registration rights to any investor therein.

There currently is no secondary market for the Notes, and there can be no assurance that such a market will develop or, if it does develop, that it will continue or will provide investors with a sufficient level of liquidity of investment. While the Initial Purchasers intend to make a market in the Class A Notes, they may discontinue or limit such activities at any time. In addition, the liquidity of the Class A Notes may be affected by present uncertainties and future unfavorable developments concerning legal investment. Consequently, investors should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time.

RATINGS

It is a condition of the issuance of the Notes that they receive at least the ratings set forth in the Securities Table by the Rating Agency. The ratings assigned to the Offered Notes by the Rating Agency address the likelihood of the ultimate receipt by the applicable Noteholders of (i) all principal payments to which such Noteholders are entitled and (ii) the amount of interest on such Notes to which such Noteholders are entitled.

The ratings address structural, legal and issuer related aspects associated with the Offered Notes, including the nature of the Mortgage Loans. While the ratings address the receipt by holders of the payment of principal and interest due on the Offered Notes as described in the immediately preceding paragraph, such ratings do not represent any assessment of any interest shortfalls resulting from prepayments or application of the Relief Act, the timing of receipt by holders of the principal due on the Offered Notes or the corresponding effect on yield to investors.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each security rating should be evaluated independently of any other security rating. In the event that any of the ratings initially assigned to the Offered Notes are subsequently lowered for any reason, no person or entity is obligated to provide any additional credit support or credit enhancement with respect to the Rated Notes.

If another rating agency were to rate the Offered Notes, such rating agency may assign ratings different from the ratings described above.

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ANNEX A

GLOSSARY OF DEFINED TERMS

"12+ Month Extension Rate" means with respect to any Calculation Date, a rate expressed as a percentage equal to (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of such Calculation Date that have been subject to maturity date extensions that extend the maturity of such Mortgage Loans by more than twelve (12) months in the aggregate *divided by* (b) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of such Calculation Date *plus* any amounts held in the Accumulation Account and any principal Collections then on deposit in the Payment Account, in each case, as of such Calculation Date.

"60+ Day Delinquency Rate" means with respect to any Calculation Date, a rate expressed as a percentage equal to (a) the aggregate Unpaid Principal Balance of, without duplication, (i) the Mortgage Loans and REO Properties as of such Calculation Date that are sixty (60) days or more delinquent on scheduled interest pursuant to the MBA delinquency methodology (including any Defaulted Mortgage Loans) and (ii) the Mortgage Loans that are Modified Loans as of the related Calculation Date minus all amounts on deposit in any Rehab Escrow Account with respect to such Mortgage Loans, REO Properties and Modified Loans, *divided by* (b) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of such Calculation Date *plus* any amounts held in the Accumulation Account and any principal Collections then on deposit in the Payment Account, in each case, as of such Calculation Date.

"Accepted Servicing Criteria" means a set of criteria required to be met by any Servicer or Asset Manager, solely to the extent applicable and within the scope of such party's duties under the related Asset Management Agreement or Servicing Agreement: (i) having the proper licenses, if applicable, to service the related Mortgage Loans and collect debt from the respective Borrowers; (ii) maintaining servicing and accounting systems to accurately report relevant loan servicing data points to the Trust Manager, the Issuer and, if requested by the Issuer or the Trust Manager or required under the Servicing Agreement, the Paying Agent, of which such data points include, but are not limited to, the unpaid principal balance, undrawn construction holdback, monthly payment amounts, fees, and servicing advances; (iii) retaining all relevant documentation related to the Mortgage Loans that are in its possession pursuant to all applicable law and regulations; (iv) collecting payments and fees from the relevant Borrowers and segregating such funds in one or more bank accounts established solely for the benefit of the Issuer; (v) paying taxes and insurance for certain Mortgage Loans as and when identified as outstanding; (vi) effecting, releasing or overseeing construction draw disbursements conditional upon receipt of an inspection report, contractor invoices, and lien releases, where and as applicable; (vii) remitting amounts from the respective Custodial Account to the Payment Account pursuant to the applicable Servicing Agreement; (viii) having special servicing capabilities, which include loss mitigation practices, foreclosure administration and REO management; (ix) establishing proper protocol and systems to ensure Borrower non-public personal information is secure, as required by the Issuer or the Trust Manager on behalf of the Issuer, and applicable law and regulations; (x) complying with the applicable Mortgage Loan Documents; and (xi) conforming to applicable market-standard asset management and/or servicing practices for the relevant Mortgage Loans. A Servicer may engage Subservicers to assist in complying with the Accepted Servicing Criteria. In the event that a Mortgage Loan is managed and serviced by a combination of a particular Asset Manager and/or Servicer, compliance with the Accepted Servicing Criteria can be met by such parties as a group, together with Trust Manager and any other vendors engaged by the Trust Manager on behalf of the Issuer in order to supplement the services provided by the related Asset Manager or Servicer.

"Accrual Period" means, with respect to each Payment Date (other than the initial Payment Date), the period beginning with the previous Payment Date and ending on the day prior to such Payment Date (in each case assuming the Payment Date occurs on the twenty-fifth (25^{th}) of the month) with interest calculated on the basis of a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day months. The Accrual Period for the initial Payment Date is the period beginning on the Closing Date and ending on the day prior to the initial Payment Date (assuming such Payment Date occurs on the twenty-fifth (25^{th}) of the month) with interest calculated based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods.

"Accumulation Account Minimum Balance" means with respect to any Payment Date, will be an amount equal to the sum of (x) all outstanding Construction Advance Shortfall Reimbursement Amounts, if any, and (y) the aggregate Unfunded Draw Amounts with respect to the Mortgage Loans as of the last day of the related Collection Period.

"Acquisition Guidelines" means the guidelines developed or approved by the Sponsor to establish requirements and procedures with respect to its acquisition of business purpose mortgage loans. The Acquisition Guidelines may be revised from time to time by the Sponsor, and the Sponsor may rely on either its Acquisition Guidelines, an Originator's Underwriting Guidelines or other guidelines in connection with its or its affiliates acquisition of business purpose loans.

"Acquisition Loan Amount" means, the financed portion of the related Mortgage Loan disbursed at the closing of such Mortgage Loan minus the financed rehabilitation amount.

"Additional Cut-off Date" means the applicable cut-off date designated by the Sponsor with respect to the related Additional Mortgage Loans.

"AIV" or "As-Is Value" means the current value of the related Mortgaged Property, determined at the time of inspection, prior to the predetermined repairs and/or rehabilitation projects being completed.

"Ancillary Fees" means, as applicable, (i) 50% of default interest, extension fees and modification fees (excluding accrued interest collections or principal payments collected on a Mortgage Loan and payable to the Issuer pursuant to the Asset Management Agreement), which the Asset Managers will be entitled to retain pursuant to the Asset Management Agreement and (ii) these or similar ancillary fees, which other Servicers may be similarly entitled to retain under the applicable Servicing Agreement.

"Annual Expense Cap" means, amounts reimbursable to the Indenture Trustee, Paying Agent, the Note Registrar, the Custodian, the Owner Trustee and the Trust Manager (such parties, the "Deal Parties") under the Indenture or under the Trust Agreement will not exceed $450,000 per Anniversary Year in the aggregate (the "Annual Expense Cap"); *provided*, in no event will the aggregate amount reimbursable to (i) the Owner Trustee (an "Expense Cap Group"), in the aggregate, exceed $150,000 annually (such amount, a "Group Cap Amount"), (ii) the Indenture Trustee, the Paying Agent, the Note Registrar and the Custodian (also, an "Expense Cap Group"), in the aggregate, exceed $250,000 annually (also, a "Group Cap Amount"), and (iii) the Trust Manager (also, an "Expense Cap Group"), in the aggregate, exceed $50,000 annually (also, a "Group Cap Amount"); provided, further, that, to the extent that an Expense Cap Group does not utilize the applicable Group Cap Amount in full in any Anniversary Year and the other Expense Cap Group has exhausted its Group Cap Amount, then on the final Payment Date for such Anniversary Year, the Deal Parties in the Expense Cap Group that has exhausted its Group Cap Amount will be entitled to use the remainder of the Group Cap Amount of the other Expense Cap Group on a *pro rata* basis, based on the accrued and unpaid expenses and indemnity amount reimbursable to such Deal Parties. To the extent that the expenses and/or indemnification amounts of any Deal Party are not reimbursed prior to payments on the Notes due to operation of the applicable Group Cap Amount (any such amount at which a Deal Party is capped, a "Capped Amount"), such Deal Party will be entitled to seek reimbursement on each Payment Date in subsequent Anniversary Years prior to payments on the Notes for any expenses and indemnification amounts in excess of the related Capped Amount, subject to the applicable Group Cap Amount for such subsequent Anniversary Years, until paid in full. Neither the Annual Expense Cap nor the Group Cap Amount will apply in the event of an Optional Redemption Date or other final payment on the Notes, or so long as an Event of Default has occurred and is continuing. For purposes of the Annual Expense Cap, "Anniversary Year" means the one-year period beginning on the Closing Date and ending on the Payment Date in the month in which the first anniversary thereof occurs (the "Anniversary Month"), and each subsequent one-year period beginning on the day after the end of the preceding Anniversary Year and ending on the Payment Date in the Anniversary Month in such succeeding calendar year.

"Applicable Law" means, as to any Mortgage Loan, all federal, state and local laws, statutes, rules and regulations applicable thereto, including, the applicable rules and regulations of the CFPB.

"Appraised Value" means, with respect to each Mortgage Loan, the value of the related Mortgaged Property as determined by an appraisal or another valuation product obtained by the applicable Originator from a third-party licensed appraiser at the time of origination.

"As-Repaired Value" or "ARV" means the estimated value of a subject property upon completion of all contemplated renovations and repairs which is used to determine the loan amount of a Mortgage Loan.

"Asset Management Fee" means the monthly fee each Asset Manager will be entitled pursuant to the related Asset Management Agreement with respect to each Mortgage Loan, equal to (x) $1/12^{th}$ of the percentage specified for such Mortgage Loan on a schedule attached to the related loan acquisition agreement or bill of sale (which percentage may be 0.00%) *multiplied by* (y) the Unpaid Principal Balance of the related Mortgage Loan for the related Collection Period.

"ATR Rules" means the "Ability to Repay" rules promulgated pursuant to TILA.

"Available Funds" means, with respect to any Payment Date, the sum, without duplication, of: (i) all Collections received during the related Collection Period other than principal (which includes the principal portion of any Net Liquidation Proceeds and Repurchase Prices) Collections received during the Reinvestment Period, *less* amounts permitted to be retained by an Asset Manager pursuant to the applicable Asset Management Agreement or a Servicer pursuant to the related Servicing Agreement, (ii) the amount of any Repurchase Prices paid with respect to the Mortgage Loans during the related Collection Period, (iii) Sale Proceeds received by the Issuer in connection with the sale of any Mortgage Loans pursuant to the terms of the Indenture during the related Collection Period, (iv) certain amounts deposited from the Accumulation Account, the Expense Reserve Account and/or the Interest Reserve Account into the Payment Account for such Payment Date, pursuant to the terms of the Indenture, including (A) during the Reinvestment Period, amounts on deposit in the Accumulation Account, if any, up to any Available Funds Shortfall Amount for such Payment Date withdrawn from the Accumulation Account, and (B) on the first Payment Date after the termination of the Reinvestment Period and all Payment Dates thereafter, all amounts on deposit in the Accumulation Account in excess of the Accumulation Account Minimum Balance, (v) on the Class A2 Note Mandatory Redemption Date, an amount equal to the Class A2 Note Mandatory Redemption Price to be used solely to pay the Interest Payment Amount due and owing with respect to the Class A2 Notes and to reduce the Note Amount of the Class A2 Notes until the Note Amount of the Class A2 Notes has been reduced to zero and (vi) on the Class M Note Mandatory Redemption Date, an amount equal to the Class M Note Mandatory Redemption Price to be used solely to pay the Interest Payment Amount due and owing with respect to the Class M Notes and to reduce the Note Amount of the Class M Notes until the Note Amount of the Class M Notes has been reduced to zero.

"Available Funds Shortfall Amount" means, with respect to any Payment Date, the excess, if any, of (i) the sum of all amounts due and payable on such Payment Date under clauses *first* through *seventh* of the Priority of Payments over (ii) the amount of Available Funds on deposit in the Payment Account on such Payment Date prior to any payments being made from the Payment Account or the Redemption Account on such Payment Date.

"Balloon Payment" means, with respect to a Mortgage Loan, the outstanding principal amount that is due and payable on the respective scheduled maturity date and thus will require substantial principal payments at its stated maturity.

"Borrower" means the obligor on a Mortgage Note relating to a Mortgage Loan.

"Bridge Loan" means a purchase or refinance transaction with or without rehabilitation needed in order to meet short term financing needs.

"Business Day" means any day other than (i) a Saturday or a Sunday, or (ii) a day on which the New York Stock Exchange or Federal Reserve is closed, a day on which banking institutions in the State of New York, the State of Delaware, the State of Minnesota or any state in which the Corporate Trust Office of the Indenture Trustee, the Custodian, the Note Registrar or the Paying Agent is located are authorized or obligated by law or executive order to be closed.

"Calculation Agent Fee" means a monthly fee payable on each Payment Date equal to $2,500, beginning in June 2024.

"Calculation Date" means, with respect to any Payment Date, the final day of the related Collection Period.

"Cash-Out Refinance" means a refinance transaction where Borrower is receiving a material amount of proceeds from the new loan amount at the closing.

"CFPB" means the Consumer Financial Protection Bureau, an independent federal agency operating as a part of the United States Federal Reserve System.

"Class A Credit Enhancement Percentage" means, for each Payment Date, the amount, expressed as a percentage, equal to the *quotient of* (i) the excess of (a) the sum of (x) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the immediately preceding Calculation Date, (y) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (z) any amounts held in the Accumulation Account as of such Calculation Date *over* (b) the Note Amount of the Class A Notes as of the related Calculation Date *divided by* (ii) the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of such Calculation Date, (b) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (c) any amounts held in the Accumulation Account as of such Calculation Date. As of the Closing Date, it is expected that the Class A Credit Enhancement Percentage will be equal to approximately eighteen and twenty-five hundredths percent 18.25%.

"Class A Early Amortization Event" means any one of the following: (i) the occurrence and continuance of an Event of Default, (ii) for a period of at least three (3) consecutive calendar months, the 60+ Day Delinquency Rate exceeds ten percent (10%), (iii) for a period of at least three (3) consecutive calendar months, the Default Rate exceeds five percent (5%) or (iv) for a period of at least three (3) consecutive calendar months, the 12+ Month Extension Rate exceeds seven and a half percent (7.5%).

"Class A Minimum Credit Enhancement Test" means a test that will be satisfied on any Payment Date if the Class A Credit Enhancement Percentage for such Payment Date is at least equal to eight percent (8%). If an amount up to the Class A Paydown Amount that satisfies the Class A Minimum Credit Enhancement Test has been paid in full on a Payment Date, then the Class A Minimum Credit Enhancement Test will be deemed to have been satisfied until the next succeeding Payment Date. If the Class A Minimum Credit Enhancement Test is not satisfied, the "Class A Paydown Amount" will be equal to twelve and a half (12.50) multiplied by (i) eight percent (8%) *minus* the Class A Credit Enhancement Percentage, multiplied by (ii) the sum of (a) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the related Calculation Date, (b) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (c) any amounts held in the Accumulation Account as of such Calculation Date.

"Class A2 Note Expected Redemption Date" means, the Payment Date occurring in October 2027. Unless the Issuer exercises its Optional Redemption right to purchase all of the then-outstanding Notes or a Class A2 Note Mandatory Redemption occurs, prior to the occurrence of an Event of Default, the Class A2 Notes will not be entitled to any payments of principal before the Stated Final Maturity Date.

"Class A2 Note Mandatory Redemption" means, on any Payment Date on or following the Class A2 Note Expected Redemption Date, if the amounts on deposit in the Redemption Account equal or exceed the Class A2 Note Mandatory Redemption Price, the Issuer shall cause the redemption of the Class A2 Notes in whole using amounts on deposit in the Redemption Account on the Class A2 Note Mandatory Redemption Date.

"Class A2 Note Mandatory Redemption Price" means, the sum of (i) the Interest Payment Amount for the Class A2 Notes for the related Payment Date and (ii) the Note Amount of the Class A2 Notes.

"Class A2 Note Mandatory Redemption Date" means the date of the Class A2 Note Mandatory Redemption.

"Class M Note Expected Redemption Date" means, the Payment Date occurring in February 2028. Unless the Issuer exercises its Optional Redemption right to purchase all of the then-outstanding Notes or a Class M Note Mandatory Redemption occurs, prior to the occurrence of an Event of Default or the Class A2 Note Expected Redemption Date, the Class M Notes will not be entitled to any payments of principal before the Stated Final Maturity Date.

"Class M Note Mandatory Redemption" means, on any Payment Date on or following the Class M Note Expected Redemption Date and following the redemption of the Class A2 Notes, if the amounts on deposit in the

Redemption Account equal or exceed the Class M Note Mandatory Redemption Price, the Issuer shall cause the redemption of the Class M Notes in whole using amounts on deposit in the Redemption Account on the Class M Note Mandatory Redemption Date.

"Class M Note Mandatory Redemption Price" means the sum of (i) the Interest Payment Amount for the Class M Notes for the related Payment Date and (ii) the Note Amount of the Class M Notes.

"Class M Note Mandatory Redemption Date" means the date of the Class M Note Mandatory Redemption.

"Closing Date" means on or about May 29, 2024.

"Collection Period" means, with respect to any Payment Date and the Mortgage Loans, the immediately preceding calendar month; *provided*, *however*, that for the first Payment Date following the acquisition date of the related Mortgage Loan, the Collection Period will mean the period following the Initial Cut-off Date, with respect to the Initial Mortgage Loans, or the Additional Cut-off Date, with respect to any Additional Mortgage Loans, as applicable, through the last day of the immediately preceding calendar month.

"Collections" means, with respect to any Payment Date, all payments received during the related Collection Period from or on behalf of any Borrower, including:

(a) all payments on account of principal, including Principal Prepayments (including funds released from a Rehab Escrow Account following the liquidation of any Mortgage Loan);

(b) all payments on account of interest (including any default interest payable to the Issuer);

(c) all Net Liquidation Proceeds;

(d) all Insurance Proceeds;

(e) all Condemnation Proceeds and all amounts in respect of condemnation proceedings or eminent domain affecting any Mortgaged Property which are not released to any Borrower in accordance with Accepted Servicing Criteria;

(f) all Ancillary Fees payable to the Issuer pursuant to an Asset Management Agreement or a Servicing Agreement; and

(g) any payments by a Borrower with respect to Servicing Advances required to be paid under the terms of the related Mortgage Note, or have been paid to the Issuer to reimburse any outstanding Servicing Advances.

"Condemnation Proceeds" means all awards or settlements in respect of a taking of a Mortgaged Property or REO Property by exercise of the power of eminent domain or condemnation.

"Construction Advance" means, with respect to a Construction Advance Mortgage Loan, the amounts set forth in such Rehabilitation Disbursement Requests so approved to the Borrower.

"Construction Advance Mortgage Loan" means a Mortgage Loan with respect to which the Borrower has the right to submit Rehabilitation Disbursement Requests and for which an Asset Manager or the related Servicer has not reserved or otherwise deposited into the related Rehab Escrow Account the full amount of such permitted future disbursement requests.

"Construction Advance Shortfall Amount" means, with respect to a Construction Advance, in the event there are insufficient Collections in any related Custodial Account to fund any Construction Advance or in the event that the related Servicing Agreement otherwise requires the Trust Manager to pre-fund such Construction Advance, the amounts required to fund such Construction Advance.

"Construction Advance Shortfall Reimbursement Amount" means the amount of any Construction Advance Shortfall Amounts remaining unreimbursed to the Trust Manager at the end of each Collection Period.

"Corporate Trust Office" means, (i) with respect to the Owner Trustee, 500 Delaware Avenue, 11th Floor, Wilmington, Delaware 19801, Attention: NYMT Loan Trust Series 2024-BPL2, and (ii) with respect to the Indenture Trustee, Paying Agent and the Note Registrar (x) solely for purpose of the transfer, surrender, exchange or presentation for final payment of any Note, 1505 Energy Park Drive, St. Paul, MN 55108, Attention: Corporate Trust Operations – NYMT Loan Trust Series 2024-BPL2, and (y) for all other purposes, 9062 Old Annapolis Road, Columbia Maryland, 21045, Attention: NYMT Loan Trust Series 2024-BPL2, or at such other address as the Owner Trustee, the Indenture Trustee, the Paying Agent or the Note Registrar, as applicable, may designate from time to time by notice to the Noteholders and the Issuer.

The "Cumulative Principal Balance" means, with respect to any date of determination, an amount equal to the sum of (i) the aggregate Unpaid Principal Balance of the Mortgage Loans as of the Initial Cut-off Date (as increased by any Rehabilitation Disbursement Requests that have been satisfied by the related Asset Manager or Servicer after the Initial Cut-off Date) and (ii) the aggregate Unpaid Principal Balance of the Additional Mortgage Loans acquired by the Issuer during the Reinvestment Period (as increased by an Rehabilitation Disbursement Requests that have been satisfied by the related Asset Manager or Servicer after the applicable Additional Cut-off Date).

"Curtailment Amounts" means with respect to the Initial Mortgage Loans, the aggregate amount of principal prepayments made by Borrowers on or prior to the Initial Cut-off Date.

"Custodian Fee" means, with respect to each Payment Date, the monthly account management fee equal to $500, an annual safekeeping fee per Mortgage Loan, and certain other fees for services rendered as compensation for its activities in its capacity as Custodian under the Custodial Agreement.

"Default Rate" means with respect to any Calculation Date, a rate expressed as a percentage equal to (a) the aggregate Unpaid Principal Balance of the Defaulted Mortgage Loans and REO Properties as of such Calculation Date; *divided by* (b) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of such Calculation Date *plus* any amounts held in the Accumulation Account and any principal Collections then on deposit in the Payment Account, in each case, as of such Calculation Date.

"Defaulted Mortgage Loan" means any Mortgage Loan that is one hundred twenty (120) days or more delinquent on scheduled interest pursuant to the MBA delinquency methodology, after giving effect to any extensions or modifications approved with respect to such Mortgage Loan.

"Diligence Defect": With respect to any Additional Mortgage Loan, any document defect or other issue revealed in an Eligible Securitization Diligence Provider's review of such Additional Mortgage Loan during the thirty (30) day period following such Additional Mortgage Loan's Additional Transfer Date that prevents such Additional Mortgage Loan from receiving a grade of "A" or "B" in such review.

"Document Defect" means any document or documents constituting a part of a Mortgage Loan file that has not been properly executed, has not been delivered within the time periods provided for in the Indenture, has not been properly executed, is missing, does not appear to be regular on its face or contains information that does not conform in any material respect with the corresponding information set forth in the Mortgage Loan Schedule attached as an exhibit in the Master Reallocation Agreement or a subsequent transfer instrument attached as an exhibit to the Indenture.

"Due Date" means the day of the month of which each monthly payment is due on a Mortgage Loan exclusive of any days of grace.

"Eligible Investments": At any time, any one or more of the following obligations, instruments, investments and securities:

(i) direct obligations of, and obligations fully guaranteed as to timely payment of principal and interest by, the United States of America or any agency or instrumentality of the United States of America the obligations of which are backed by the full faith and credit of the United States of America ("Direct Obligations");

(ii) federal funds, demand and time deposits in, certificates of deposits of, or bankers' acceptances issued by, any depository institution or trust company (including U.S. subsidiaries of foreign depositories, the Paying Agent or any agent of the Paying Agent, acting in its commercial capacity) incorporated or organized under the laws of the United States of America or any state thereof and subject to supervision and examination by federal or state banking authorities, so long as at the time of such investment or the contractual commitment providing for such investment the commercial paper or other short-term debt obligations of such depository institution or trust company (or, in the case of a depository institution or trust company which is the principal subsidiary of a holding company, the commercial paper or other short-term debt or deposit obligations of such holding company or deposit institution, as the case may be) have been rated by at least one rating agency in its highest short-term rating category or one of its two highest long-term rating categories;

(iii) repurchase agreements collateralized by Direct Obligations or securities guaranteed by Fannie Mae or Freddie Mac with any registered broker/dealer subject to Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated by any NRSRO in its highest short-term rating category;

(iv) securities bearing interest or sold at a discount issued by any corporation incorporated under the laws of the United States of America or any state thereof which have a credit rating from any NRSRO, at the time of investment or the contractual commitment providing for such investment, at least equal to one of the two highest long-term credit rating categories of any NRSRO;

(v) commercial paper (including both non-interest-bearing discount obligations and interest-bearing obligations payable on demand or on a specified date not more than one hundred eighty (180) days after the date of issuance thereof), other than extendable commercial paper, rated by any NRSRO in its highest short-term rating category;

(vi) certificates or receipts representing direct ownership interests in future interest or principal payments on obligations of the United States of America or its agencies or instrumentalities (which obligations are backed by the full faith and credit of the United States of America) held by a custodian in safekeeping on behalf of the Holders of such receipts;

(vii) any other demand, money market, common trust fund or time deposit or obligation, or interest-bearing or other security or investment rated in the highest rating category by any NRSRO. Such investments in this clause (vii) may include money market mutual funds or common trust funds, including any fund for which the Paying Agent or an Affiliate thereof serves as an investment advisor, administrator, shareholder servicing agent, and/or custodian or subcustodian, notwithstanding that (1) the Paying Agent or an Affiliate thereof charges and collects fees and expenses from such funds for services rendered, (2) the Paying Agent or an Affiliate thereof charges and collects fees and expenses for services rendered pursuant to this Agreement, and (3) services performed for such funds and pursuant to this Agreement may converge at any time;

provided, however, that no such instrument shall be an Eligible Investment if such instrument evidences either (i) a right to receive only interest payments with respect to the obligations underlying such instrument, or (ii) both principal and interest payments derived from obligations underlying such instrument and the principal and interest payments with respect to such instrument provide a yield to maturity of greater than 120% of the yield to maturity at par of such underlying obligations; and, provided, further, that such investment shall not be subject to withholding or deduction unless the issuer of such investment is required to gross-up such amounts.

"Eligible Securitization Diligence Provider" means any of (i) the Securitization Diligence Providers, or (ii) other third-party mortgage loan diligence firm regularly engaged to conduct third-party mortgage loan diligence in similar transactions, including, without limitation, Recovco Mortgage Management, LLC, AMC Diligence, LLC, Clayton Services LLC, Infinity IPS, Inc., Opus Capital Markets Consultants, LLC, Selene Diligence LLC, Consolidated Analytics or Resolute Diligence Solutions.

"eLoan Agreement" means the loan agreement that evidences a Mortgage Loan that has been executed electronically by a Borrower and the Originator and that is maintained as an electronic record in a e-Vault provided by the provider of the e-Vault under an electronic collateral control agreement (except as otherwise may be permitted under the Transaction Documents).

"eMortgage Loan" means a Mortgage Loan with respect to which there is an eMortgage Note and as to which some or all of the other documents comprising the related Mortgage File may be created electronically and not by traditional paper documentation with a pen and ink signature.

"eMortgage Note" means, with respect to any eMortgage Loan, the electronically created and stored Mortgage Note that is a Transferable Record.

"Event of Default" means any one of the following:

(i) the failure by the Issuer to pay the Interest Payment Amount for any Payment Date for six (6) consecutive Payment Dates; unless such failure results from an operational failure of a Servicer to collect or remit payments made by a mortgagor, or an operational failure of the Paying Agent to remit payments under the Indenture (as described therein), in which case such failure is not remedied on or before the next succeeding Payment Date;

(ii) the failure by the Issuer to pay in full all interest, principal and fees due in respect of each class of Notes by the applicable Stated Final Maturity of such class of Notes, without regard to Available Funds;

(iii) the failure by the Issuer to redeem the Class A2 Notes in full by the Payment Date following the Class A2 Note Mandatory Redemption Date;

(iv) the failure by the Issuer to redeem the Class M Notes in full by the Payment Date following the Class M Note Mandatory Redemption Date;

(v) a default by the Issuer in the observance of any negative covenants in the Indenture or any representation or warranty made by the Issuer in the Indenture (other than any representation or warranty regarding the Mortgage Loans) having been incorrect as of the time made, which default or breach has a material adverse effect on the Noteholders, and the continuation of any such default or breach for a period of thirty (30) days after notice to the Issuer by the Indenture Trustee or by the holders of at least 25% percentage interest of the Notes;

(vi) certain events of bankruptcy, insolvency, receivership or liquidation of the Issuer;

(vii) a final determination by a court or an agreement between the Internal Revenue Service and the Owner Trustee on behalf of the Issuer that the Issuer is subject to U.S. federal income tax on a net income basis;

(viii) the Issuer will have become subject to registration as an "investment company" within the meaning of the Investment Company Act, as determined by a court of competent jurisdiction in a final and non-appealable order; or

(ix) any material portion of the security interest in the Trust Estate created under the Indenture ceases to be a valid and perfected first priority security interest or lien in the Trust Estate.

"E-SIGN" means the Electronic Signatures in Global and National Commerce Act, 15 U.S.C. § 7001 *et seq*., as amended.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Expense Reserve Account" means an expense reserve account established by the Paying Agent, for the benefit of the Issuer.

"Expense Reserve Withdrawal Amount" means amounts on deposit in the Expense Reserve Account that will be transferred to the Payment Account on or before each Payment Date for distribution as Available Funds to the extent necessary to remedy any shortfalls in respect of amounts required to be paid in clause *first* of the Priority of Payments.

"Fannie Mae" means the Federal National Mortgage Association.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation.

"Ground-up Loan" means a loan (i) secured at the time of purchase by the Issuer solely by unimproved land or (ii) that contains a budget to demolish all improvements completely, in either case and is intended to be used for the building of a residential, multifamily or mixed use property upon project completion.

"Indenture Trustee Fee" means a monthly fee payable on each Payment Date equal to $9,000, beginning in June 2024.

"Initial Cut-off Date" means the close of business on April 30, 2024.

"Initial Note Amount" means, with respect to (i) the Class A1 Notes, $186,250,000, (ii) the Class A2 Notes, $18,125,000 and (iii) the Class M Notes, $17,125,000.

"Insurance Policy" means, with respect to any Mortgage Loan, any insurance policy, including all names and endorsements thereto in effect, including any replacement policy or policies for any Insurance Policies.

"Insurance Proceeds" means proceeds paid with respect to any Insurance Policy (excluding proceeds required to be applied to the restoration and repair of the related Mortgaged Property or released to the borrower), in each case other than any amount included in such Insurance Proceeds in respect of Insured Expenses.

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

"Interest Payment Amount" means, (1) with respect to each class of Notes and any Payment Date (other than the first Payment Date) an amount equal to (i) the related Cumulative Interest Shortfall Amount for such class of Notes plus (ii) one-twelfth (1/12th) of the product of (A) the applicable Note Rate for such class of Notes for the related Accrual Period and (B) the applicable Note Amount for such class of Notes as of the end of the immediately preceding Payment Date; and (2) for each class of Notes and the initial Payment Date, an amount equal to the product of (x) the number of days from and including the Closing Date to but excluding the first Payment Date (assuming such Payment Date occurs on the twenty-fifth (25th) of each month), based on a three hundred sixty (360)-day year consisting of twelve (12) thirty (30)-day periods, divided by three hundred sixty (360), (y) the initial Note Rate for such class of Notes, and (z) the Initial Note Amount of such class of Notes.

"Interest Reserve Account Required Amount" means as of any Payment Date during the Reinvestment Period, an amount equal to the sum of one (1) month of interest at the applicable Note Rate of the Notes on the Initial Note Amount of the Notes.

"Issuer" means NYMT Loan Trust Series 2024-BPL2, a separate series of Residential Mortgage Aggregation Trust, a Delaware statutory trust organized in series.

"Loan Cost" means, with respect to any Mortgage Loan where a portion of the proceeds is dedicated to the repair or renovation of the subject Mortgaged Property, the determination of the purchase price (if the loan purpose is a Purchase) or AIV (if the loan purpose is a Rate/Term Refinance, a Refinance of Cash Purchase or a Cash-Out Refinance).

"Loan to As-Is Value Ratio" means, with respect to each No Rehabilitation Loan, a ratio expressed as a percentage of (x) the disbursed loan amount at origination over (y) the As-Is Value.

"Loan to As-Repaired Value Ratio" means, with respect to each Rehabilitation Loan, a ratio expressed as a percentage of (x) the Principal Limit over (y) the As-Repaired Value.

"Loan-to-Cost Ratio" means, with respect to each Mortgage Loan, a ratio expressed as a percentage of (x) the disbursed loan amount at origination over (y) (1) the related purchase price for purchase transactions or (2) the As-Is Value for refinance transactions.

"Loan-to-Value Ratio" means, collectively, the Loan to As-Is Value Ratio and Loan to As-Repaired Value Ratio.

"Liquidated Loan" means any delinquent or defaulted Mortgage Loan (or REO Property) that was liquidated, sold or as to which the related Asset Manager or Servicer has determined that all amounts which it expects that it will recover from or on account of such Mortgage Loan have been recovered.

"Liquidation Proceeds" means all amounts received by the related Asset Manager or Servicer in connection with a Liquidated Loan, including all proceeds of any insurance policies with respect to a Mortgage Loan, to the extent such proceeds are not applied to the restoration and repair of the related Mortgaged Property, required to be deposited in an escrow account or released to any Borrower in accordance with the normal servicing procedures of the related Asset Manager or Servicer, Condemnation Proceeds, proceeds from the sale of any REO Property and all other cash amounts received and retained in connection with the liquidation of such Liquidated Loan, by foreclosure, sale or otherwise.

"Material Breach" means any breach of a representation or warranty with respect to a Mortgage Loan that has caused or is reasonably expected to cause a material increased loss in connection with the liquidation of the Mortgage Loan or will materially impair the ability of the Indenture Trustee (or an Asset Manager on its behalf) to enforce the payment obligations under the related Mortgage Note or to enforce the security interest set forth in the related Mortgage, as further described in "*Mortgage Loan Representations and Warranties*" in this Offering Memorandum.

"Material Document Defect" means, a Document Defect that is preventing or materially delaying the (a) realization against the related Mortgaged Property through foreclosure or similar loss mitigation activity or (b) processing of any title claim under the related title insurance policy.

"Modified Loan" means any subject Mortgage Loan which has been modified by the Servicer or any Subservicer as reported by the Servicer or any Subservicer, as applicable, in a manner that: (a) except as expressly contemplated by the related Mortgage Loan Documents, reduces the regular interest thereunder below the Pass-Through Rate with respect to such Mortgage Loan as of the applicable Cut-off Date or (b) except as expressly contemplated by the related Mortgage Loan Documents, results in the forgiveness of any principal or the forbearance or forgiveness of any regular interest due on such Mortgage Loan at the Pass-Through Rate for a period of greater than three (3) months; provided that if the mortgagor of any such Mortgage Loan which has been so modified later makes regular interest payments at or above the Pass-Through Rate for at least six (6) months, then such Mortgage Loan shall no longer be considered to be a Modified Loan. For the avoidance of doubt, Mortgage Loans which have been granted an extension of maturity should not be considered to be Modified Loans unless such Mortgage Loan otherwise meets the criteria set forth above.

"Mortgage" means the mortgage, deed of trust or other instrument creating a first or second lien on an unsubordinated estate in fee simple in Mortgaged Property.

"Mortgagee" means the mortgagee or beneficiary named in the related Mortgage and the successors and assigns of such mortgagee or beneficiary.

"Mortgage Interest Rate" means the *per annum* rate at which interest accrues on a Mortgage.

"Mortgage Loan Documents" means, (A) with respect to each Mortgage Loan, each of the following documents, delivered to the Custodian on the Closing Date and each Additional Transfer Date:

(i) the original executed Mortgage Note which Mortgage Note will: (A) be endorsed (either on the face thereof or pursuant to a separate allonge) by the most recent endorsee reflecting a complete, unbroken chain of endorsement from the related originator, (B) be accompanied by a separate allonge endorsing such Mortgage Note, without recourse, in blank and (C) in each case reference the borrower name and loan amount;

(ii) as applicable, the original or copy of any guarantee made in connection with the origination of the Mortgage Note;

(iii) as applicable, the original or copy of the loan agreement;

(iv) as applicable, the original or copy of the security agreement with evidence of recording thereon;

(v) original or copy of all assumption, modification, consolidation or extension of mortgage agreements (if any) with evidence of recording thereon;

(vi) copies of all UCC financing statements and all necessary UCC continuation statements, referencing the parcel number or street address for each related Mortgaged Property in each case with evidence of recording thereon;

(vii) reports of any UCC, tax lien, judgment and litigation searches conducted with respect to such Mortgage Loan and the related Borrower;

(viii) the original or copy environmental indemnity agreement (if any);

(ix) the originals or copies of all lockbox agreements, cash management agreements, legal opinions (if any) relating to such loan;

(x) the original or copy of the survey of each Mortgaged Property (if any);

(xi) as applicable, a copy of the opinion of counsel of Borrower and any guarantor;

(xii) as applicable, the original pledge agreement;

(xiii) a mortgagor statement certifying the business purpose and occupancy status of the loan;

(xiv) an original or copy of a power of attorney, if any, executed in connection with the Mortgage Loan, with evidence of recording if required by applicable law; and

(xv) the mortgagor affidavit, if any.

(B) with respect to each Mortgage Loan, each of the following documents, delivered to the Custodian on the Closing Date and each Additional Transfer Date:

(i) The original recorded Mortgage or copy of such recorded Mortgage referencing, in each case, the borrower name and parcel number or street address, city and state (excluding zip code) for each related Mortgaged Property;

(ii) the original of each assignment of Mortgage to the Owner Trustee, not in its individual capacity but solely as trustee of Residential Mortgage Aggregation Trust, in each case, the parcel number or street address for each related Mortgaged Property;

(iii) as applicable, the originals or copies of each assignment of assignments of leases and rents in blank and all intervening assignments of Mortgage with evidence of recording thereon, evidencing a complete chain of assignment and transfer from the related originator, and in each case, referencing the parcel number or street address for each related Mortgaged Property; and

(iv) the original policy of title insurance or a copy of such title insurance policy, referencing the parcel number or street address for each related Mortgaged Property.

"Mortgage Loan Schedule" means the delivered pursuant to the Master Reallocation Agreement and attached to the Indenture, which will identify each Mortgage Loan included in the Trust Estate, as such schedule may be amended by the Issuer or the Trust Manager from time to time to reflect the addition or repurchase of Mortgage Loans from the Trust Estate.

"Mortgage Loans" means the business purpose mortgage loans with balloon payments due at the end of the terms of the loans, and secured by first liens on non-owner occupied one to four-family residential properties, condominium properties or townhome properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure, and often require construction or rehabilitation projects.

"Mortgage Note" means the note or other evidence of the indebtedness of a Borrower secured by a mortgage or deed of trust and any riders, addenda, modifications or amendments thereto.

"Mortgage Pool" means the pool of Initial Mortgage Loans expected to be transferred to the Issuer by the Depositor on the Closing Date, together with any Additional Mortgage Loans acquired by the Issuer during the Reinvestment Period.

"Mortgaged Property" means each non-owner occupied residential properties, multi-family properties, manufactured housing or mixed-use properties, or conversions or ground-up construction of one of the foregoing property types on vacant land or as a tear-down of an existing structure securing a Mortgage Loan.

"Net Liquidation Proceeds" means, with respect to any Liquidated Loan or any other disposition of related Mortgaged Property, the related Liquidation Proceeds net of unreimbursed corporate and escrow Servicing Advances and any other accrued and unpaid Asset Management Fees, Servicing Fees and expenses incurred in connection with the liquidation of such Mortgage Loan or Mortgaged Property.

"New Customer" means a Borrower that has no proven track record in the last thirty-six (36) months.

"No Cash-Out Refinance" means, transactions where a Borrower is refinancing an existing property that is not a Cash-Out Refinance.

"No Rehabilitation Loan" means, a Mortgage Loan for which the related Mortgage Loan Documents specify that such loan was originated as a purchase or refinance transaction, and do not contemplate rehabilitation of the related Mortgaged Property.

"Note Amount" means, with respect to any class of Notes and any Payment Date, the Initial Note Amount as reduced, but not below zero (0), by all amounts paid on previous Payment Dates on account of principal.

"Note Rate" means, with respect to each Accrual Period and each class of Class A Notes and Class M Notes, is a *per annum* rate equal to the applicable rate set forth in the Securities Table; *provided that* for each Accrual Period relating to a Payment Date following the Step-up Date, the fixed *per annum* rate used in the calculation of the Note Rate of each of the Class A Notes will be equal to the sum of the Note Rate of such Class A Notes as of the Closing Date and 1.000%.

"OCC" means the Office of the Comptroller of the Currency.

"Owner Trustee Fee" means the annual fee payable to the Owner Trustee on the first Payment Date and each subsequent Payment Date occurring in June of each year beginning in June 2024, in an amount equal to $12,500.

"Pass-Through Rate" means for each Mortgage Loan as of any Payment Date is a *per annum* rate, expressed as a percentage, equal to the Mortgage Interest Rate of such Mortgage Loan, *minus* a rate expressed as a percentage (but in no event less than zero) and equivalent to the product of (a) a fraction, the numerator of which is the related Asset Management Fee payable to the related Asset Manager for the related Accrual Period, and the denominator of which equals the Unpaid Principal Balance of such Mortgage Loan for the related Collection Period, *multiplied by* (b) 12.

"Payment Date" means the twenty-fifth (25^{th}) day of each month, or the immediately following Business Day if the twenty-fifth (25^{th}) day is not a business day, commencing in June 2024.

"Percentage Interest" means, with respect to the Notes, the percentage obtained by dividing (i) the amount, if any, specified on the face of such Note representing the principal portion of the Initial Note Amount evidenced by such Note by (ii) the Initial Note Amount.

"Prepayment Interest Shortfall" means a shortfall resulting when a borrower prepays a Mortgage Loan in part or in full, and as a result, thirty (30) days of interest for the month of such prepayment is not paid and not included in the payment to Noteholders in the month in which such shortfall is applied.

"Prepayment Penalty" means, with respect to any Mortgage Loan, the charge or premium, if any, due in connection with a full or partial prepayment of such Mortgage Loan in accordance with the terms thereof.

"Principal Limit" means with respect to (A) each Mortgage Loan with Unfunded Draw Amounts, the maximum principal balance of such Mortgage Loan as of the related date of origination, including all related Unfunded Draw Amounts, and (B) any other Mortgage Loan, the Unpaid Principal Balance of such Mortgage Loan as of the related date of origination.

"Principal Prepayment" means any payment or other recovery of principal on a Mortgage Loan that is received in advance of its scheduled Due Date, which is not accompanied by an amount of interest representing scheduled interest due on any date or dates in any month or months subsequent to the month of prepayment and which reduces the Unpaid Principal Balance of such Mortgage Loan.

"Property Liquidity Ratio" means the ratio of (x) the As-Repaired Value for Bridge Loans that are Rehabilitation Loans and the As-Is Value for Bridge Loans that are No Rehabilitation Loans to (y) the typical property value in the related zip code as of its origination month.

"Property Value" means, as applicable, (i) for any Mortgage Loan that is a purchase loan, the related purchase price and (ii) for any Mortgage Loan that is a refinance loan, the related As-Is Value at origination.

"Purchase" means, transactions where the Borrower is acquiring the property in conjunction with the closing of the loan.

"Rate/Term Refinance" means refinance transactions where the Borrower uses the proceeds to pay off an existing mortgage loan or to buyout a co-owner pursuant to an agreement.

"Rating Agency" means, DBRS, Inc. or its successor in interest.

"Realized Loss" means, as applicable (i) with respect to each Liquidated Loan, an amount equal to the excess of (A) the Unpaid Principal Balance of the Liquidated Loan as of the date of such liquidation over (B) the Net Liquidation Proceeds received during the month in which such liquidation occurred, to the extent not previously applied as recoveries of interest and principal of the Liquidated Loan; or (ii) with respect to a Mortgage Loan that has been the subject of a servicing modification after the Cut-off Date, any principal due on the mortgage loan that has been written off by the Asset Manager or Servicer, or the amount of principal of the Mortgage Loan that has been deferred and that does not accrue interest.

"Record Date" means for the first Payment Date and any Notes, the close of business on the Closing Date, and for each Payment Date after the first Payment Date, (A) for any Notes that are in global form, the close of business on the business day immediately preceding such Payment Date and (B) for any Notes that are in definitive certificated form, the close of business of the last Business Day in the calendar month immediately preceding the calendar month in which such Payment Date occurs.

"Regulation AB" means Subpart 229.1100 – Asset Backed Securities (Regulation AB), 17 C.F.R. §§ 229.1100-229.1125, as such rules may be amended from time to time, and subject to such clarification and interpretation as have been provided by the SEC or by the staff of the SEC, or as may be provided by the SEC or its staff from time to time, in each case, effective as of the compliance dates specified therein.

"Rehab Escrowed Mortgage Loan" means a Mortgage Loan with Rehabilitation Holdback Amounts.

"Rehabilitation Holdback Amounts" with respect to each Mortgage Loan (other than a Construction Advance Mortgage Loan), if applicable, amounts withheld at origination from the proceeds of such Mortgage Loan, which amounts will be disbursed by any Asset Manager or Servicer from the related Rehab Escrow Account to be used in the construction or rehabilitation of the related Mortgaged Property in accordance with the terms of the related Mortgage Note.

"Rehabilitation Loan" means a Mortgage Loan for which the related Mortgage Loan Documents contemplate rehabilitation or repair of the related Mortgaged Property.

"Reinvestment Period" means the period beginning on the Closing Date and ending on the earlier to occur of (i) the day following the Payment Date occurring in May 2026 and (ii) the occurrence of a Class A Early Amortization Event.

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

"REO Disposition Proceeds" is calculated as the excess of (x) proceeds collected in a foreclosure proceeding or upon the sale of the REO Property, as applicable; *over* (y) the unpaid principal balance of the related Mortgage Loan immediately prior to foreclosure; *less* (z) the unreimbursed Servicing Advances.

"Repurchase Limit" means 10% of the Cumulative Principal Balance of the Mortgage Loans as of the date of a repurchase or sale.

"REO Property" means any Mortgaged Property acquired by the Issuer after the Initial Cut-off Date through foreclosure or similar proceedings, acceptance of deed-in-lieu of foreclosure, acquisition of title in lieu of foreclosure, or the acquisition of title by operation of law.

"Repurchase Price" means, for a Mortgage Loan to be repurchased by the Sponsor, an amount equal to the sum of (i) the Unpaid Principal Balance of such Mortgage Loan as of the date of such repurchase, plus interest accrued on such Unpaid Principal Balance at the Pass-Through Rate from the date the last monthly payment was made by the related Borrower up to but not including the date that such repurchase occurs, (ii) any amounts representing unreimbursed Servicing Advances made after the applicable Cut-off Date (to the extent not capitalized on the Unpaid Principal Balance of the related Mortgage Loan), expenses, costs and liabilities reimbursable pursuant to the applicable Servicing Agreement with respect to such Mortgage Loan and (iii) expenses reasonably incurred or to be incurred by an Asset Manager, any related Servicer, the Custodian, the Trust Manager or the Indenture Trustee in respect of the breach or defect giving rise to the repurchase obligation.

"Required Accumulation Account Deposit Amount" means, with respect to any Payment Date, an amount equal to the excess, if any, of (i) the aggregate Note Amount of the Class A Notes and Class M Notes (after giving effect to any principal payments made to the Class A Notes on such Payment Date) *divided by* 88.60%, *over* (ii) the sum of (x) the aggregate Unpaid Principal Balance of the Mortgage Loans and REO Properties as of the last day of the related Collection Period, (y) any amounts held in the Payment Account that represent principal Collections as of such Calculation Date and (z) any amounts held in the Accumulation Account (after giving effect to any distributions made on such Payment Date), *less* the aggregate outstanding Construction Advance Shortfall Reimbursement Amounts, if any.

"RESPA" means the Real Estate Settlement Procedures Act, as amended.

"Sale Proceeds" means all proceeds (including accrued interest) received with respect to Mortgage Loans as a result of sales of such Mortgage Loans, and sales in connection with a repurchase for a Material Breach or a Material Document Defect, in each case net of any reasonable out-of-pocket expenses of the Indenture Trustee, the Trust

Manager under the Indenture or an Asset Manager under the related Asset Management Agreement in connection with any such sale.

"Scheduled Payment" means, with respect to any Mortgage Loan, the scheduled payment on such Mortgage Loan due on any Due Date allocable to principal and/or interest on such Mortgage Loan which will give effect to any related servicing modification that affects the amount of the Scheduled Payment due on such Mortgage Loan.

"Securities Table" means the table set forth on page 15 of this Offering Memorandum describing the size and basic payment characteristics of the Notes.

"Servicing Fee" means certain fees each Servicer may be entitled to retain in the form of fixed monthly fees per Mortgage Loan or fees assessed on a per service basis, pursuant to the related Servicing Agreement and subject to the Eligibility Criteria. Such Servicing fees may be payable in lieu of, or in addition to, any Ancillary Fees payable to such Servicer. It is expected the monthly aggregate Servicing Fees across the Mortgage Loans will not exceed the product of (i) one-twelfth ($1/12^{th}$) multiplied by (ii) 0.25% *multiplied by* (iii) the aggregate Unpaid Principal Balance of such Mortgage Loans.

"Stated Final Maturity" means, the Payment Date occurring in May 2039.

"Step-Up Date" means the Payment Date occurring in November 2026, if the Issuer does not redeem the Notes in full on or prior to such date.

"Target Expense Reserve Balance" means proceeds from the offering of the Notes in an amount equal to $100,000.

"TILA" means the federal Truth in Lending Act, as amended.

"Transaction Documents" means, collectively, the Indenture, the Administration Agreement, each Asset Management Agreement, each Servicing Agreement, the Custodial Agreement, the Note Purchase Agreement, the Master Reallocation Agreement, the Risk Retention Agreement and the Trust Agreement.

"Transferable Record" means an Electronic Record under E-SIGN and UETA that (i) would be a note under the UCC if the Electronic Record were in writing, (ii) the issuer of the Electronic Record has expressly agreed is a "transferable record", and (iii) for purposes of E-SIGN, relates to a loan secured by real property.

"TRID Rules" means the CFPB's Know Before You Owe TILA – RESPA Integrated Disclosure rules.

"UCC" means the Uniform Commercial Code as in effect in the State of New York.

"Underwriting Guidelines" means the guidelines each Originator has developed to establish certain requirements and procedures with respect to underwriting of the mortgage loans that it originates.

"Undisbursed Rehabilitation Holdback Amounts" means, with regards to any Mortgage Loan, the Rehabilitation Holdback Amounts that have not been disbursed to the related Borrower as of the related Cut-off Date.

"Unfunded Draw Amounts" means, as of any date of determination with respect to any Construction Advance Mortgage Loan that was only partially funded at origination, but with an outstanding commitment to fund Construction Advances, an amount equal to such outstanding unfunded commitment to fund Construction Advances.

"Unpaid Principal Balance" means, with respect to (A) any Mortgage Loan and any date of determination, (1) with respect to any Mortgage Loan other than a Construction Advance Mortgage Loan, the principal balance of such Mortgage Loan, including all disbursed or undisbursed Rehabilitation Holdback Amounts through such date of determination (if any) or (2) with respect to any Construction Advance Mortgage Loan, the principal balance of such Mortgage Loan, including any Construction Advances made to the Borrower through such date of determination (if any), in either case, *as reduced by* (x) the sum of all collections and other amounts, which may include Undisbursed Rehabilitation Holdback Amounts cancelled by the related Asset Manager or Servicer, credited against the principal balance of such Mortgage Loan prior to such date of determination *plus* (y) any outstanding amounts, such as accrued and unpaid interest added to the Unpaid Principal Balance as part of a modification prior to such date of determination

(B) REO Property and any date of determination, the Unpaid Principal Balance of the related Mortgage Loan immediately prior to the date such REO Property was acquired *less* the sum of all collections and other amounts credited against such principal balance prior to such date of determination; and (C) Liquidated Loan, zero (0).

"Weighted Average Adjusted Pass-Through Rate" means for any Payment Date, a *per annum* rate, expressed as a percentage, equal to the average of the Pass-Through Rates of the Mortgage Loans, weighted on the basis of the Unpaid Principal Balance of the Mortgage Loans as of the first day of the related Collection Period.

ANNEX B

CERTAIN CHARACTERISTICS OF THE INITIAL MORTGAGE LOANS

Loan Type of the Initial Mortgage Loans

Loan Type	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Bridge Rehab	408	144,564,932.39	69.17	354,325.81	9.557	N/A	64.93	77.17	746	2
Bridge No Rehab	94	64,431,081.29	30.83	685,437.04	9.624	68.06	N/A	69.31	749	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Unpaid Principal Balance of the Initial Mortgage Loans[1]

Range of Unpaid Principal Balance ($)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
0.00 to 249,999.99	248	36,029,771.65	17.24	145,281.34	9.715	65.00	63.33	73.28	738	2
250,000.00 to 499,999.99	128	43,799,623.63	20.96	342,184.56	9.547	72.02	66.24	79.19	747	2
500,000.00 to 749,999.99	52	31,375,894.81	15.01	603,382.59	9.457	69.98	65.35	73.00	748	2
750,000.00 to 999,999.99	24	20,144,721.01	9.64	839,363.38	9.583	70.90	62.70	75.47	740	2
1,000,000.00 to 1,249,999.99	22	24,459,528.69	11.70	1,111,796.76	9.526	66.84	64.91	74.01	750	2
1,250,000.00 to 1,499,999.99	8	10,717,575.63	5.13	1,339,696.95	9.426	71.56	65.59	81.95	745	0
1,500,000.00 to 1,749,999.99	5	7,954,900.00	3.81	1,590,980.00	9.527	69.16	N/A	69.27	781	2
1,750,000.00 to 1,999,999.99	4	7,205,377.30	3.45	1,801,344.33	9.784	68.80	61.74	74.38	758	3
2,000,000.00 to 2,249,999.99	6	12,931,870.96	6.19	2,155,311.83	9.627	63.66	69.03	76.67	755	3
2,250,000.00 to 2,499,999.99	2	4,820,000.00	2.31	2,410,000.00	9.592	63.16	N/A	63.16	758	0
Greater than or equal to 2,500,000.00	3	9,556,750.00	4.57	3,185,583.33	9.699	64.24	66.11	65.44	735	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The average Unpaid Principal Balance of the Initial Mortgage Loans as of the Initial Cut-Off Date was approximately $416,326.72.

Pass-Through Rates of the Initial Mortgage Loans[(1)]

Range of Pass-Through Rates (%)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
8.500 to 8.999	3	1,263,500.00	0.60	421,166.67	8.990	N/A	74.46	86.85	752	1
9.000 to 9.499	192	86,921,222.02	41.59	452,714.70	9.266	68.73	65.34	78.42	751	2
9.500 to 9.999	223	89,028,522.41	42.60	399,231.04	9.657	67.89	65.09	72.58	744	2
10.000 to 10.499	65	26,870,280.22	12.86	413,388.93	10.132	67.00	63.67	71.27	741	2
10.500 to 10.999	13	4,098,397.45	1.96	315,261.34	10.610	75.00	58.53	64.27	757	2
11.000 to 11.499	4	584,639.58	0.28	146,159.90	11.295	70.00	47.33	54.61	762	1
11.500 to 11.999	1	116,052.00	0.06	116,052.00	11.990	N/A	54.58	71.40	721	0
12.500 to 12.999	1	113,400.00	0.05	113,400.00	12.990	N/A	59.06	80.00	721	1
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The weighted average Pass-Through Rate of the Initial Mortgage Loans as of the Initial Cut-Off Date was approximately 9.578%.

Origination Month & Year of the Initial Mortgage Loans

Origination Month & Year	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
June 2023	1	932,355.80	0.45	932,355.80	10.000	N/A	55.46	49.12	762	10
July 2023	1	1,839,377.30	0.88	1,839,377.30	9.750	N/A	74.86	81.74	736	9
August 2023	4	3,129,775.36	1.50	782,443.84	9.425	71.43	70.61	80.51	736	8
September 2023	12	3,771,922.00	1.80	314,326.83	9.591	61.62	66.14	73.00	729	7
October 2023	26	7,804,356.00	3.73	300,167.54	9.733	69.57	64.72	67.43	739	6
November 2023	27	5,291,844.31	2.53	195,994.23	9.714	61.01	62.83	67.07	749	5
December 2023	46	13,572,651.53	6.49	295,057.64	9.880	69.52	65.76	69.12	733	3
January 2024	116	51,817,644.92	24.79	446,703.84	9.653	65.70	62.60	73.48	758	3
February 2024	150	57,495,600.66	27.51	383,304.00	9.567	69.26	64.72	76.39	741	1
March 2024	119	63,340,485.80	30.31	532,272.99	9.426	70.07	66.23	76.85	747	0
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Original Term to Maturity of the Initial Mortgage Loans[1]

Original Term to Maturity (Months)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
6	1	3,099,900.00	1.48	3,099,900.00	9.250	65.79	N/A	65.79	765	3
9	39	6,844,854.00	3.28	175,509.08	9.418	N/A	68.10	78.34	748	2
12	367	162,274,019.71	77.64	442,163.54	9.595	68.35	65.13	75.69	748	2
15	1	600,000.00	0.29	600,000.00	9.375	42.98	N/A	42.98	798	1
18	64	21,495,506.02	10.29	335,867.28	9.543	66.19	63.18	71.15	746	3
24	30	14,681,733.95	7.02	489,391.13	9.595	69.61	59.35	70.52	729	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The weighted average original term to maturity of the Initial Mortgage Loans was approximately 13 months.

Original Maturity Month & Year of the Initial Mortgage Loans

Original Maturity Month & Year	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
August 2024	5	5,470,579.30	2.62	1,094,115.86	9.467	65.79	71.92	70.96	752	5
September 2024	8	3,045,186.36	1.46	380,648.30	9.465	N/A	69.49	81.74	740	7
October 2024	22	4,081,177.00	1.95	185,508.05	9.750	72.50	66.94	78.10	739	5
November 2024	27	7,681,244.00	3.68	284,490.52	9.704	69.57	64.95	68.20	738	6
December 2024	30	6,541,851.00	3.13	218,061.70	9.471	72.50	66.36	73.81	752	3
January 2025	32	14,303,269.89	6.84	446,977.18	9.952	65.80	65.26	68.77	741	3
February 2025	81	32,395,375.60	15.50	399,942.91	9.648	64.32	62.93	76.58	759	3
March 2025	105	40,893,633.38	19.57	389,463.18	9.650	69.80	64.65	75.32	742	1
April 2025	99	60,660,977.98	29.02	612,737.15	9.412	69.15	65.97	77.12	749	0
May 2025	1	277,835.00	0.13	277,835.00	9.750	N/A	65.37	85.00	776	0
June 2025	5	1,639,088.31	0.78	327,817.66	9.567	52.05	64.71	53.90	774	4
July 2025	10	1,793,557.44	0.86	179,355.74	9.875	N/A	60.50	34.06	726	3
August 2025	14	5,912,996.62	2.83	422,356.90	9.562	71.78	59.55	69.56	751	3
September 2025	19	6,048,918.40	2.89	318,364.13	9.480	70.19	65.53	80.57	740	1
October 2025	14	3,568,589.45	1.71	254,899.25	9.374	N/A	67.10	77.07	758	0
January 2026	1	334,640.00	0.16	334,640.00	10.128	N/A	69.99	71.97	727	3
February 2026	11	6,649,312.20	3.18	604,482.93	9.659	67.19	70.00	68.62	752	3
March 2026	9	4,160,781.75	1.99	462,309.08	9.529	74.53	56.04	72.83	719	1
April 2026	9	3,537,000.00	1.69	393,000.00	9.500	71.24	N/A	71.24	697	0
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Current Maturity Month & Year of the Initial Mortgage Loans

Current Maturity Month & Year	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
August 2024	5	5,470,579.30	2.62	1,094,115.86	9.467	65.79	71.92	70.96	752	5
September 2024	8	3,045,186.36	1.46	380,648.30	9.465	N/A	69.49	81.74	740	7
October 2024	22	4,081,177.00	1.95	185,508.05	9.750	72.50	66.94	78.10	739	5
November 2024	27	7,681,244.00	3.68	284,490.52	9.704	69.57	64.95	68.20	738	6
December 2024	30	6,541,851.00	3.13	218,061.70	9.471	72.50	66.36	73.81	752	3
January 2025	32	14,303,269.89	6.84	446,977.18	9.952	65.80	65.26	68.77	741	3
February 2025	81	32,395,375.60	15.50	399,942.91	9.648	64.32	62.93	76.58	759	3
March 2025	105	40,893,633.38	19.57	389,463.18	9.650	69.80	64.65	75.32	742	1
April 2025	99	60,660,977.98	29.02	612,737.15	9.412	69.15	65.97	77.12	749	0
May 2025	1	277,835.00	0.13	277,835.00	9.750	N/A	65.37	85.00	776	0
June 2025	5	1,639,088.31	0.78	327,817.66	9.567	52.05	64.71	53.90	774	4
July 2025	10	1,793,557.44	0.86	179,355.74	9.875	N/A	60.50	34.06	726	3
August 2025	14	5,912,996.62	2.83	422,356.90	9.562	71.78	59.55	69.56	751	3
September 2025	19	6,048,918.40	2.89	318,364.13	9.480	70.19	65.53	80.57	740	1
October 2025	14	3,568,589.45	1.71	254,899.25	9.374	N/A	67.10	77.07	758	0
January 2026	1	334,640.00	0.16	334,640.00	10.128	N/A	69.99	71.97	727	3
February 2026	11	6,649,312.20	3.18	604,482.93	9.659	67.19	70.00	68.62	752	3
March 2026	9	4,160,781.75	1.99	462,309.08	9.529	74.53	56.04	72.83	719	1
April 2026	9	3,537,000.00	1.69	393,000.00	9.500	71.24	N/A	71.24	697	0
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Loan Age of the Initial Mortgage Loans(1)

Loan Age (Months)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
0	126	67,120,592.43	32.12	532,703.11	9.416	70.07	66.05	77.27	747	0
1	145	53,907,839.53	25.79	371,778.20	9.594	69.26	64.76	75.82	741	1
3	160	65,197,950.95	31.20	407,487.19	9.697	66.04	63.49	72.64	752	3
5	27	5,291,844.31	2.53	195,994.23	9.714	61.01	62.83	67.07	749	5
6	26	7,804,356.00	3.73	300,167.54	9.733	69.57	64.72	67.43	739	6
7	12	3,771,922.00	1.80	314,326.83	9.591	61.62	66.14	73.00	729	7
8	4	3,129,775.36	1.50	782,443.84	9.425	71.43	70.61	80.51	736	8
9	1	1,839,377.30	0.88	1,839,377.30	9.750	N/A	74.86	81.74	736	9
10	1	932,355.80	0.45	932,355.80	10.000	N/A	55.46	49.12	762	10
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The weighted average loan age of the Initial Mortgage Loans as of the Initial Cut-Off Date was approximately 2 months.

Remaining Term to Maturity of the Initial Mortgage Loans[1]

Range of Remaining Term to Maturity (Months)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
1 to 3	5	5,470,579.30	2.62	1,094,115.86	9.467	65.79	71.92	70.96	752	5
4 to 6	57	14,807,607.36	7.09	259,782.59	9.668	70.06	66.48	73.71	739	6
7 to 9	143	53,240,496.49	25.47	372,311.16	9.708	64.93	64.03	74.14	753	3
10 to 12	205	101,832,446.36	48.72	496,743.64	9.509	69.39	65.42	76.42	746	1
13 to 15	29	9,345,642.37	4.47	322,263.53	9.623	62.65	60.06	63.87	748	3
16 to 18	33	9,617,507.85	4.60	291,439.63	9.441	70.19	66.14	79.26	746	1
19 to 21	12	6,983,952.20	3.34	581,996.02	9.682	67.19	70.00	68.78	751	3
22 to 24	18	7,697,781.75	3.68	427,654.54	9.516	72.39	56.04	72.10	708	1
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The weighted average remaining term to maturity of the Initial Mortgage Loans as of the Initial Cut-Off Date was approximately 11 months.

Original Credit Scores of the Initial Mortgage Loans(1)

Range of Original Credit Scores	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Not Available	7	5,933,086.29	2.84	847,583.76	9.441	63.82	69.98	71.82	N/A	7
626 to 650	3	609,835.00	0.29	203,278.33	9.375	N/A	58.44	81.75	643	2
651 to 675	9	3,502,402.99	1.68	389,155.89	9.426	75.00	68.32	78.12	670	1
676 to 700	74	27,378,575.98	13.10	369,980.76	9.669	68.47	65.32	72.42	687	1
701 to 725	88	30,391,882.03	14.54	345,362.30	9.622	71.76	65.65	78.78	716	2
726 to 750	101	37,258,591.86	17.83	368,896.95	9.499	71.23	67.54	79.17	739	2
751 to 775	120	57,706,338.91	27.61	480,886.16	9.619	66.33	63.64	69.61	763	2
776 to 800	76	33,823,120.98	16.18	445,041.07	9.585	65.07	62.54	75.31	790	2
801 to 825	24	12,392,179.64	5.93	516,340.82	9.413	72.86	62.94	79.01	808	1
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The non-zero weighted average original credit score of the Initial Mortgage Loans was approximately 747.

Original Loan to As-Is Value Ratio of the Initial Mortgage Loans[1]

Range of Original Loan to As-Is Value Ratios (%)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Not Available	408	144,564,932.39	69.17	354,325.81	9.557	N/A	64.93	77.17	746	2
20.01 to 25.00	1	170,000.00	0.08	170,000.00	9.688	23.28	N/A	23.28	N/A	5
30.01 to 35.00	1	150,000.00	0.07	150,000.00	9.500	34.48	N/A	34.48	690	0
35.01 to 40.00	1	600,000.00	0.29	600,000.00	9.375	37.50	N/A	37.50	768	3
40.01 to 45.00	1	600,000.00	0.29	600,000.00	9.375	42.98	N/A	42.98	798	1
50.01 to 55.00	3	3,967,250.00	1.90	1,322,416.67	9.574	53.46	N/A	59.81	771	1
55.01 to 60.00	9	5,134,104.00	2.46	570,456.00	9.876	58.11	N/A	65.66	744	2
60.01 to 65.00	9	6,851,117.00	3.28	761,235.22	9.796	62.50	N/A	63.08	754	3
65.01 to 70.00	20	18,271,189.29	8.74	913,559.46	9.646	68.79	N/A	68.93	733	2
70.01 to 75.00	35	22,596,342.00	10.81	645,609.77	9.536	73.32	N/A	73.65	757	1
75.01 to 80.00	14	6,091,079.00	2.91	435,077.07	9.566	78.04	N/A	78.52	744	1
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The non-zero weighted average original Loan to As-Is Value Ratio of the Initial Mortgage Loans was approximately 68.06%.

Original Loan to As-Repaired Value Ratio of the Initial Mortgage Loans[(1)]

Range of Original Loan to As-Repaired Value Ratios (%)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Not Available	94	64,431,081.29	30.83	685,437.04	9.624	68.06	N/A	69.31	749	2
30.01 to 35.00	2	201,748.00	0.10	100,874.00	10.742	N/A	32.54	27.11	742	2
35.01 to 40.00	3	1,308,100.00	0.63	436,033.33	9.250	N/A	37.76	77.92	777	3
40.01 to 45.00	10	1,880,520.53	0.90	188,052.05	9.530	N/A	42.39	71.38	757	2
45.01 to 50.00	14	2,249,492.10	1.08	160,678.01	9.606	N/A	48.79	72.07	743	3
50.01 to 55.00	29	10,555,251.18	5.05	363,974.18	9.831	N/A	53.13	70.03	756	2
55.01 to 60.00	51	16,437,603.71	7.87	322,305.96	9.539	N/A	57.81	70.93	757	2
60.01 to 65.00	86	30,630,931.06	14.66	356,173.62	9.581	N/A	62.73	76.23	752	2
65.01 to 70.00	137	50,812,966.79	24.31	370,897.57	9.586	N/A	68.03	77.52	739	2
70.01 to 75.00	66	28,285,304.02	13.53	428,565.21	9.380	N/A	73.55	84.34	742	2
75.01 to 80.00	10	2,203,015.00	1.05	220,301.50	9.692	N/A	77.78	81.93	721	4
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The non-zero weighted average original Loan to As-Repaired Value Ratio of the Initial Mortgage Loans was approximately 64.93%.

Original Loan-to-Cost Ratio of the Initial Mortgage Loans[(1)]

Range of Original Loan-to-Cost Ratios (%)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
0.00 to 5.00	9	1,531,603.38	0.73	170,178.15	9.771	N/A	57.36	N/A	728	3
5.01 to 10.00	4	477,380.15	0.23	119,345.04	9.569	N/A	61.88	8.11	731	2
10.01 to 15.00	1	212,500.00	0.10	212,500.00	9.250	N/A	47.95	12.46	764	3
15.01 to 20.00	2	676,710.00	0.32	338,355.00	10.046	N/A	50.28	18.76	764	5
20.01 to 25.00	1	170,000.00	0.08	170,000.00	9.688	23.28	N/A	23.28	N/A	5
25.01 to 30.00	2	312,768.88	0.15	156,384.44	10.192	N/A	62.20	27.53	734	2
30.01 to 35.00	6	827,963.67	0.40	137,993.95	10.054	34.48	65.29	33.09	713	2
35.01 to 40.00	4	956,706.32	0.46	239,176.58	9.568	37.50	56.69	37.05	751	3
40.01 to 45.00	5	2,334,680.68	1.12	466,936.14	9.588	42.98	59.65	42.01	778	4
45.01 to 50.00	5	2,193,986.94	1.05	438,797.39	10.223	N/A	59.63	49.12	755	6
50.01 to 55.00	14	8,104,684.98	3.88	578,906.07	9.606	53.42	62.89	53.62	761	1
55.01 to 60.00	24	6,793,887.55	3.25	283,078.65	9.809	58.42	60.74	57.70	740	3
60.01 to 65.00	20	9,783,216.00	4.68	489,160.80	9.767	62.31	56.35	62.46	751	3
65.01 to 70.00	46	30,250,651.35	14.47	657,622.86	9.687	68.67	63.40	68.55	733	2
70.01 to 75.00	88	37,804,436.49	18.09	429,595.87	9.625	71.13	62.50	73.92	757	2
75.01 to 80.00	95	35,063,695.84	16.78	369,091.54	9.488	77.97	63.36	78.97	749	1
80.01 to 85.00	125	45,075,189.36	21.57	360,601.51	9.559	75.30	66.73	83.95	741	2
85.01 to 90.00	51	26,425,952.09	12.64	518,155.92	9.299	N/A	69.36	88.72	748	1
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The non-zero weighted average original Loan-to-Cost Ratio of the Initial Mortgage Loans was approximately 74.73%.

Property Type of the Initial Mortgage Loans[(1)]

Property Type	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Single Family Residence	428	170,647,335.92	81.65	398,708.73	9.572	67.27	64.98	75.30	748	2
Condominium	29	25,277,981.07	12.09	871,654.52	9.672	69.79	65.84	70.35	739	1
Two-to-Four Family	40	12,252,732.69	5.86	306,318.32	9.461	75.08	63.81	75.98	745	3
Townhome	5	817,964.00	0.39	163,592.80	9.624	69.90	49.12	74.21	750	3
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The proportional majority of each mortgage property by As-Is Value is used to identify the property type for cross-collateralized loans.

Loan Purpose of the Initial Mortgage Loans

Loan Purpose	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Purchase	350	129,306,512.30	61.87	369,447.18	9.516	69.07	65.87	80.88	749	2
Refinance - Cashout	82	50,514,062.03	24.17	616,025.15	9.704	66.98	62.99	64.89	740	1
Refinance - Rate/Term	70	29,175,439.35	13.96	416,791.99	9.632	70.10	60.32	63.96	747	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Foreign National Flag of the Initial Mortgage Loans

Foreign National Flag	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
No	494	202,574,077.39	96.93	410,068.98	9.583	68.31	64.84	74.79	747	2
Yes	8	6,421,936.29	3.07	802,742.04	9.422	63.82	69.49	72.82	749	6
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Geographical Distribution of the Mortgaged Properties of the Initial Mortgage Loans (State)

Geographic Distribution of the Mortgaged Properties (State)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
California	63	56,482,778.85	27.03	896,552.05	9.388	68.77	65.21	79.49	754	2
Florida	119	41,975,073.63	20.08	352,731.71	9.571	67.97	63.86	73.10	738	2
Texas	46	20,008,153.31	9.57	434,959.85	9.786	66.64	67.01	74.47	757	2
Massachusetts	12	15,799,604.49	7.56	1,316,633.71	9.842	70.68	65.18	68.83	724	1
Georgia	49	15,625,935.07	7.48	318,896.63	9.583	70.23	68.99	78.21	750	2
New York	22	11,525,632.90	5.51	523,892.40	9.717	N/A	59.95	61.67	766	3
North Carolina	19	5,780,065.55	2.77	304,213.98	9.562	71.98	67.56	73.27	743	1
New Jersey	16	5,011,413.29	2.40	313,213.33	9.520	71.66	65.08	71.47	738	3
Hawaii	7	4,790,917.14	2.29	684,416.73	9.412	53.41	65.26	64.10	750	1
Colorado	10	4,697,520.00	2.25	469,752.00	9.387	58.10	72.92	78.19	754	2
Others	139	27,298,919.45	13.06	196,395.10	9.689	70.73	63.64	76.61	741	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Geographical Distribution of the Mortgaged Properties of the Initial Mortgage Loans (City)

Geographic Distribution of the Mortgaged Properties (City)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Multi Property	19	23,615,999.07	11.30	1,242,947.32	9.727	67.25	66.58	70.09	740	1
Miami	12	6,943,509.87	3.32	578,625.82	9.471	69.72	62.16	72.63	760	3
San Jose	5	5,275,855.41	2.52	1,055,171.08	9.360	N/A	68.09	79.32	729	1
Los Angeles	3	4,237,877.30	2.03	1,412,625.77	9.578	75.00	71.60	80.84	745	4
Sherman Oaks	2	4,185,060.25	2.00	2,092,530.13	9.374	N/A	69.93	89.04	766	1
West Palm Beach	5	4,148,131.40	1.98	829,626.28	9.335	66.00	70.21	70.34	756	3
Fremont	3	3,803,500.00	1.82	1,267,833.33	9.250	N/A	61.40	78.57	782	0
Atlanta	9	3,594,515.00	1.72	399,390.56	9.504	69.00	67.82	81.15	735	1
Marietta	12	3,386,327.00	1.62	282,193.92	9.669	N/A	71.67	82.98	726	5
Acworth	2	3,112,500.00	1.49	1,556,250.00	9.500	70.78	N/A	70.78	809	0
Others	430	146,692,738.38	70.19	341,145.90	9.589	67.82	64.18	74.59	746	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Borrower Tier of the Initial Mortgage Loans

Borrower Tier	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Experienced	482	203,695,081.78	97.46	422,603.90	9.563	67.80	65.02	74.71	747	2
New	20	5,300,931.90	2.54	265,046.60	10.137	73.59	59.70	75.58	749	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

Unfunded Draw Amounts of the Initial Mortgage Loans[(1)]

Range of Unfunded Draw Amounts ($)	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
Not Available	94	64,431,081.29	30.83	685,437.04	9.624	68.06	N/A	69.31	749	2
0.00	102	41,079,278.42	19.66	402,738.02	9.434	N/A	64.20	80.30	752	2
0.01 to 25,000.00	72	16,081,723.79	7.69	223,357.27	9.665	N/A	66.29	78.69	734	3
25,000.01 to 50,000.00	78	18,232,312.56	8.72	233,747.60	9.543	N/A	66.05	77.85	745	2
50,000.01 to 75,000.00	39	11,449,141.63	5.48	293,567.73	9.562	N/A	67.32	80.05	744	3
75,000.01 to 100,000.00	27	12,095,551.17	5.79	447,983.38	9.636	N/A	64.80	73.16	728	1
100,000.01 to 125,000.00	19	7,903,615.38	3.78	415,979.76	9.578	N/A	69.23	82.88	745	3
125,000.01 to 150,000.00	18	5,905,286.91	2.83	328,071.50	9.563	N/A	63.21	69.99	734	2
150,000.01 to 175,000.00	7	2,971,456.30	1.42	424,493.76	9.427	N/A	67.63	82.28	713	2
175,000.01 to 200,000.00	9	4,149,997.04	1.99	461,110.78	9.931	N/A	65.16	71.36	755	2
Greater than or equal to 200,000.01	37	24,696,569.19	11.82	667,474.84	9.606	N/A	62.06	71.42	759	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

(1) The non-zero average of the Unfunded Draw Amounts of the Initial Mortgage Loans as of the Initial Cut-Off Date was approximately $113,868.26.

Extension Flag of the Initial Mortgage Loans

Extension Flag	Number of Initial Mortgage Loans	Aggregate Unpaid Principal Balance ($)	Aggregate Unpaid Principal Balance (%)	Average Unpaid Principal Balance ($)	Weighted Average Pass-Through Rate (%)	Non-Zero Weighted Average Original Loan to As-Is Value Ratio (%)	Non-Zero Weighted Average Original Loan to As-Repaired Value Ratio (%)	Non-Zero Weighted Average Original Loan-to-Cost Ratio (%)	Non-Zero Weighted Average Original Credit Score	Weighted Average Loan Age (Months)
No	502	208,996,013.68	100.00	416,326.72	9.578	68.06	64.93	74.73	747	2
Total:	**502**	**208,996,013.68**	**100.00**	**416,326.72**	**9.578**	**68.06**	**64.93**	**74.73**	**747**	**2**

ANNEX C

FORM OF CLASS M NOTE TRANSFEREE CERTIFICATION

Issuer:	NYMT Loan Trust Series 2024-BPL2 c/o Wilmington Savings Fund Society, FSB 500 Delaware Avenue, 11th Floor Wilmington, Delaware 19801 Attn: NYMT Loan Trust Series 2024-BPL2 Email: Securitization@nymtrust.com
Indenture Trustee/Paying Agent/Note Registrar:	Computershare Trust Company, N.A. 1505 Energy Park Drive St. Paul, Minnesota, 55108 Attention: NYMT Loan Trust Series 2024-BPL2 Email: meet.kadiwar@computershare.com and !NACCTAccountServices@computershare.com.
Depositor:	NYMT Loan Financing, LLC 190 South LaSalle Street, Suite 2400 Chicago, Illinois 60603 Email: Securitization@nymtrust.com
Re:	$[__________] NYMT Loan Trust Series 2024-BPL2, Series 2024-BPL2, Class M Notes

Reference is hereby made to the Indenture, dated as of May 29, 2024 (as may be amended from time to time, the "Indenture"), between NYMT Loan Trust Series 2024-BPL2 (the "Issuer") a separate series of Residential Mortgage Aggregation Trust, a Delaware statutory trust organized in series, Computershare Trust Company, N.A., as paying agent (the "Paying Agent"), as indenture trustee (acting solely in such capacity and not individually, the "Indenture Trustee") and as note registrar (the "Note Registrar"). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

The undersigned (the "Transferee") intends to purchase a beneficial interest in a Class M Note representing $_____ principal balance of a Class M Note [from ____ the Transferor named in the Transfer Certificate to which this Transferee Certification is attached]. In connection with the transfer of such beneficial interest in a Class M Note (the "Transfer"), the Transferee does hereby certify that:

(i) either (a) it is not and will not become for U.S. federal income tax purposes a partnership, subchapter s corporation or grantor trust (each such entity a "flow-through entity") or (b) if it is or becomes a flow-through entity, then (i) none of the direct or indirect beneficial owners of any of the interests in such flow-through entity has or ever will have more than 50% of the value of their interest in such flow-through entity attributable to the beneficial interest of such flow-through entity in Class M Notes or any other equity interest in the Issuer and (ii) it is not and will not be a principal purpose of the arrangement involving the flow-through entity's beneficial interest in any Class M Note to permit any entity to satisfy the 100-partner limitation of section 1.7704-1(h)(1)(ii) of the Treasury Regulations necessary for such entity to not be classified as a publicly traded partnership for U.S. federal income tax purposes;

(ii) it (a) is not acquiring any beneficial interest in any Class M Note, (b) will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in any Class M Note, and (c) will not cause any beneficial interest in any Class M Note to be marketed, in each case, on or through an "established securities market" within the meaning of section 7704(b) of the code, which includes, without limitation, (a) a national securities exchange registered under section 6 of the securities exchange act of 1934, (b) a national securities exchange exempt from registration under section 6 of the securities exchange act of 1934 because of the limited volume of transactions, (c) a foreign securities exchange that, under the law of the jurisdiction where it is organized, satisfies regulatory requirements that are analogous to the regulatory requirements under the securities exchange act described in the foregoing clauses (a) and (b) (such as the London International Financial Futures Exchange, the Marche a Terme International de France, the international stock exchange of the United Kingdom and the Republic of Ireland, limited, the Frankfurt Stock Exchange and the Tokyo Stock Exchange), (d) a regional or local exchange, and (e) an interdealer quotation system that regularly disseminates firm buy or sell quotations by identified brokers or dealers by electronic means or otherwise;

(iii) its beneficial interest in the Class M Notes is not and will not be in an amount that is less than the minimum denomination for the Class M Notes set forth in the Indenture, and it does not and will not hold any beneficial interest in the Class M Note on behalf of any person whose beneficial interest in the Class M Notes is in an amount that is less than the minimum denomination for the Class M Notes set forth in the Indenture. It will not sell, transfer, assign, participate, or otherwise dispose of any beneficial interest in the Class M Notes or enter into any financial instrument or contract the value of which is determined by reference in whole or in part to any Class M Note, in each case if the effect of doing so would be that the beneficial interest of any person in a Class M Note would be in an amount that is less than the minimum denomination for the Class M Notes set forth in the Indenture;

(iv) it will not transfer any beneficial interest in the Class M Note (directly, through a participation thereof, or otherwise) unless, prior to the transfer, the transferee shall have executed and delivered to the Depositor, the Issuer, the Indenture Trustee, the Note Registrar, the Paying Agent, the Sponsor, the Owner Trustee and any of their respective successors or assigns, a transferee certification substantially in the form of Annex C attached to this Offering Memorandum;

(v) it will not use any Class M Note as collateral for the issuance of any securities or financing that could cause the Issuer (or any portion thereof) to be classified as a "taxable mortgage pool", a "publicly traded partnership" taxable as a corporation or an association taxable as a corporation, each for U.S. federal income tax purposes, provided that it may engage in any repurchase transaction (repo), the subject matter of which is a Class M Note, provided the terms of such repurchase transaction are generally consistent with prevailing market practice;

(vi) it will not take any action that could cause, and will not omit to take any action which omission could cause, the Issuer (or any portion thereof) to be classified as a "taxable mortgage pool", a "publicly traded partnership" taxable as a corporation or an association taxable as a corporation, each for U.S. federal income tax purposes;

(vii) the transferee understands that tax counsel to the Issuer has provided an opinion substantially to the effect that the Issuer (or any portion thereof) will not be classified as a "taxable mortgage pool", a "publicly traded partnership" taxable as a corporation or an association taxable as a corporation, each for U.S. federal income tax purposes, and that the validity of such opinion is dependent in part on the accuracy of the representations herein;

(viii) in connection with the transfer, such transferee is providing the requisite identifying information necessary for the Issuer to provide to such transferee statements of a partnership as described in Code Sections 6221(b) and 6226(a)(2). It will also provide any reasonably requested information, documentation or material to enable the Issuer to make any of the elections described in Code Section 6221(b) and 6226(a)(2) or to otherwise comply with sections 6221 and 6241 of the Code;

(ix) this transferee certification has been duly executed and delivered and constitutes the legal, valid and binding obligation of the transferee, enforceable against the transferee in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles affecting the enforcement of creditors' rights generally and general principles of equity, and indemnification sought in respect of securities laws violations may be limited by public policy;

(x) the transferee acknowledges and agrees that beneficial ownership of the Class M Notes may be transferred only to a person that is a "United States person" as defined in section 7701(a)(30) of the Code (an "Eligible U.S. Person"); and

(xi) it acknowledges that the Depositor, the Issuer, the Indenture Trustee, the Note Registrar, the Paying Agent, the Sponsor, the Owner Trustee and others will rely on the truth and accuracy of the foregoing representations and warranties, and agrees that if it becomes aware that any of the foregoing made by it or deemed to have been made by it are no longer accurate, it shall promptly notify the Issuer.

Each purchaser and transferee of a beneficial interest in a Class M Note shall provide the Depositor, the Issuer, the Note Register, the Indenture Trustee and the Paying Agent with a timely and properly completed Internal Revenue Service form W-9.

THE UNDERSIGNED HEREBY ACKNOWLEDGES THAT ANY TRANSFER TO OR BY THE UNDERSIGNED IN VIOLATION OF ANY OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID *AB INITIO*, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO OR BY THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE INDENTURE TRUSTEE, THE PAYING AGENT, THE NOTE REGISTRAR OR ANY OTHER PERSON.

[TRANSFEREE]

By: ______________________________
Name ____________________________
Title ____________________________