Article Title: ARCHIVE | Legal Criteria: Standard & Poor's Implements Credit Enhancement Criteria and Revises Representation and Warranty Criteria for Including Anti-Predatory Lending Law Loans in U.S. Rated Structured Finance Transactions Data: (Editor's Note: This criteria article is no longer current. It has been superseded by the article titled, "Standard & Poor's Criteria For Analyzing Loans Governed By Anti-Predatory Lending Laws," published Nov. 5, 2008. This article supersedes "Standard & Poor’s Will Admit Georgia Mortgage Loans Into Rated Structured Finance Transactions," published March 11, 2003; "Standard & Poor’s Clarifies Position on Proposed Amendments to Georgia Fair Lending Act," published Feb. 7, 2003; "Standard & Poor’s Comments on its Announcement Concerning Georgia Fair Lending Act," published Jan. 24, 2003; and "Standard & Poor’s to Disallow Georgia Fair Lending Act Loans," published Jan. 16, 2003.) Effective today, Standard & Poor's Ratings Services will require additional credit support for certain loans governed by anti-predatory lending laws that are included in its rated transactions. As discussed in this commentary, the additional credit enhancement may be waived if a seller into a securitization meets certain financial capacity requirements. Over the past year, Standard & Poor's has reviewed anti-predatory lending laws and has published criteria updates on laws that impose liability on purchasers of these loans (assignee liability).(1) Standard & Poor's believes that when the risk associated with violating an anti-predatory lending law is quantifiable, Standard & Poor's will allow loans governed by that law in its rated transactions. To date, Standard & Poor's has relied on seller representations and warranties to cover the exposure of rated pools to the penalties associated with violating the various anti-predatory lending laws. Because of the proliferation of these laws, Standard & Poor's anticipates that an increased number of loans governed by these laws are likely to be included in rated transactions. For some of these loans, the potential assignee liability may exceed the original principal balance of the loan. This assignee liability has to be appropriately factored into the rated transactions. The risk increases for laws that have subjective standards, such as net tangible benefit or vague repayment ability tests, to determine whether a loan is "predatory." Consequently, Standard & Poor's has determined that it is necessary to take additional measures to address the effect of the potential damages associated with these loans. In so doing, Standard & Poor's is implementing the credit enhancement concepts discussed in its general criteria publication on predatory lending, in which Standard & Poor's first suggested that it may require credit enhancement (see "Evaluating Predatory Lending Laws: Standard & Poor's Explains Its Approach," published April 15, 2003 on RatingsDirect, Standard & Poor's Web-based credit analysis system at www.ratingsdirect.com, and on Standard & Poor's Web site at www.standardandpoors.com). Standard & Poor's is issuing this commentary to set forth its expanded credit enhancement criteria, as well as its revised representation and warranty requirements, with respect to all of the anti-predatory lending laws that Standard & Poor's has reviewed and has concluded impose assignee liability (Assignee Liability Laws). The commentary is divided into four parts. Part I sets forth Standard & Poor's criteria for loans governed by the Assignee Liability Laws. Part II sets forth Standard & Poor's criteria for loans originated by national banks, federal thrifts, and state-chartered banks and thrifts under the Assignee Liability Laws. Part III lists Standard & Poor's publications regarding the Assignee Liability Laws. Finally, Part IV lists the anti-predatory lending laws that Standard & Poor's has reviewed and has concluded impose no assignee liability. Part I: Standard & Poor's Criteria Standard & Poor's will apply the following criteria for rated structured finance transactions that include loans governed by the Assignee Liability Laws. First, Standard & Poor's will continue to require a representation and warranty from a seller into a securitization stating that "all loans were originated in compliance with all applicable laws, including, but not limited to, all applicable anti-predatory and abusive lending laws." (Compliance Representation). Second, Standard & Poor's will now require a representation and warranty from sellers stating that "no loan is a High Cost Loan or Covered Loan, as applicable (as such terms are defined in the then-current version of Standard & Poor's LEVELS® Glossary, which is now Version 5.6 Revised, Appendix E), and no loan originated on or after Oct. 1, 2002, through March 6, 2003, is governed by the Georgia Fair Lending Act" (the Exclusion Representation). The Glossary is available on the Standard & Poor's Web site and on RatingsDirect. If an issuer chooses to include any loans governed by an Assignee Liability Law in a rated transaction, exceptions to the Exclusion Representation should be identified. If any loan included in a rated pool is in breach of the Compliance Representation or the Exclusion Representation, Standard & Poor's will continue to require the seller to repurchase any such loan(s) at a purchase price that would make the securitization issuer whole, including any costs and damages incurred by the issuer in connection with such loan. In addition, it should be noted that Standard & Poor's is continuing to exclude the following loans from its rated pools: (i) High-Cost Home Loans, as defined in the New Jersey anti-predatory lending law (N.J. High-Cost Home Loans) and (ii) loans governed by the Georgia Fair Lending Act prior to its amendment on March 7, 2003 (GA Pre-Amendment Loans). (If and when the Los Angeles, Calif., and Oakland, Calif., anti-predatory lending laws become effective, Standard & Poor's will also require the exclusion from its rated transactions of loans governed by either of these ordinances, as set forth in the applicable releases cited below). Third, Standard & Poor's will continue to require sellers into a securitization structure to demonstrate that their existing compliance procedures are effective to identify which loans fall into the various loan categories set forth in the applicable Assignee Liability Law and, if a seller chooses to include in any rated pool loans governed by any of the Assignee Liability Laws, to determine that all such loans do not violate the applicable law. Fourth, Standard & Poor's will require sellers to identify on the loan level file submitted to Standard & Poor's for review in connection with a securitization transaction whether each loan to be included in a rated pool is a Home Loan in addition to the already required disclosure of any Covered Loan and High Cost Loan, as applicable (as such terms are defined in the Glossary). Fifth, Standard & Poor's requires that a seller into a securitization structure of loans governed by any Assignee Liability Law satisfies Standard & Poor's credit enhancement criteria, as more fully described below. This requirement may be waived if a seller has an outstanding long-term debt rating from Standard & Poor's equal to or higher than the highest rated security to be issued in the applicable transaction or the payment of principal of and interest on the rated securities is guaranteed (pursuant to a guaranty agreement, LOC, or similar agreement) by an entity with such a rating. Credit Enhancement Criteria Standard & Poor's will continue to rely on representations and warranties that a loan complies with an applicable anti-predatory lending law, if Standard & Poor's concludes that the law has clear and objective standards. If, on the other hand, in Standard & Poor's opinion, an anti-predatory lending law does not contain clear and objective standards(2), there is an increased risk that originators or sellers may inadvertently breach a compliance representation or warranty made in good faith. For the loans covered by these subjective laws, Standard & Poor's will require additional credit enhancement as described below. Based on a study of over 40 federal, state and municipal anti-predatory lending laws, Standard &Poor;'s will be requiring credit enhancement for loans governed by the laws in the following jurisdictions: Arkansas (High-Cost Home Loans); Cleveland Heights, Ohio (Covered Loans); Colorado (Covered Loans); District of Columbia (Section 7(A) Covered Loans); District of Columbia (Section 7(B) Covered Loans); Florida (High-Cost Home Loans); Georgia (amended law) (High-Cost Home Loans); Home Ownership Equity Protection Act (Section 32 Loans); Illinois (High-Risk Home Loans); Maine (High-Rate, High-Fee Loans); Massachusetts (High Cost Home Loans); New Jersey (Covered Home Loans- Refinancings only); New Mexico (High-Cost Home Loans); New York State (High-Cost Home Loans); Ohio (Covered Loans); Oklahoma (Subsection 10 Mortgage Loans); and Toledo, Ohio (Home Loans). Standard & Poor's will base its credit enhancement on an assessment of potential losses to the securitization transaction. This calculation involves an evaluation of several factors, including the number of successful lawsuits likely to be asserted against the issuer based on the jurisdictions involved, statutory borrower rights, the maximum potential damages that could be awarded, and an assessment of the likely amount of damages to be awarded. Standard & Poor's will separately identify the credit enhancement for affected loans as a percentage of a rated pool. The loss severity on each affected loan will be calculated based on the jurisdiction, taking into account the principal balance of each loan, the interest rate, and the term of the loan. After calculating this loss severity, Standard & Poor's will determine the number of defensive claims (claims raised by the borrower in a foreclosure action) by using the appropriate foreclosure frequency. It will then determine the frequency of affirmative claims (claims made against the lender prior to default of the loans) by assuming that a percentage of the nondefaulted loans are likely to be subject to affirmative claims. The total credit enhancement for affected loans is then calculated based on the percentage of losses on affirmative and defensive claims. Therefore, the total credit enhancement will depend on the number loans in each pool, foreclosure frequencies, and the jurisdictional distribution of the loans. Alternatively, a seller that has an outstanding long-term debt rating from Standard & Poor's as high as the highest rating of the transaction may provide credit support by agreeing to buy back the affected loans. Market participants may also want to consider other established means of providing credit support, such as LOCs, guarantees, or surety bonds issued by appropriately rated entities that meet Standard & Poor's criteria. In the interest of market transparency, Standard & Poor's is publishing its findings regarding the maximum damages that may be imposed on assignees for violations of the anti-predatory lending laws listed on the attached table, "Anti-Predatory Lending Law Update." Standard & Poor's is publishing its findings to increase investor awareness of potential damages for a given loan, as well as market awareness of the issue of assignee liability overall. Standard & Poor's recognizes that its credit enhancement requirements may affect the economics of securitizing loans subject to this additional credit enhancement. However, market participants should note that the additional credit enhancement requirement will be applied primarily to high cost loans that have historically not been a large component of Standard & Poor's rated transactions. As performance and loss information for the loans subject to additional credit enhancement develops, Standard & Poor's will adjust its criteria as appropriate. Part II: Standard & Poor's Criteria for Loans Originated by National Banks, Federal Thrifts, and State-Chartered Banks and Thrifts under Assignee Liability Laws National Banks In evaluating rated structured transactions that include loans originated by national banks or their operating subsidiaries (National Banks) under the Assignee Liability Laws, Standard & Poor's will follow the criteria outlined below. (For purposes of the following section, all of the Assignee Liability Laws, other than the Assignee Liability Laws of Arkansas (ARK Assignee Liability Law), Los Angeles, Calif. (LA Assignee Liability Law), Colorado (CO Assignee Liability Law), and Toledo, Ohio (Toledo Assignee Liability Law) are collectively referred to as the Covered Laws; the ARK Assignee Liability Law, the LA Assignee Liability Law, the CO Assignee Liability Law, and the Toledo Assignee Liability Law are collectively referred to as Excluded Laws.) Covered Laws Standard & Poor's will permit into its rated structured transactions loans originated by National Banks that are subject to each of the Covered Laws (other than the LA Assignee Liability Law, if and when this law becomes effective). For Standard & Poor's to rate transactions that include loans originated by National Banks that would otherwise be governed by any of the Covered Laws, Standard & Poor's will continue to rely on the Compliance Representation, as discussed above. In addition, Standard & Poor's will require legal comfort in the form of an officer's certificate from the originator to the effect that the originator of the loans is a national bank or an operating subsidiary of a national bank, as defined in 12 C.F.R. Sec 5.3(j) and 12 C.F.R. Sec 5.34, respectively. Standard & Poor's will permit all loans originated by national banks (but not operating subsidiaries of national banks) that otherwise would be subject to the LA Assignee Liability Law into its rated structured finance transactions, in connection with which it will continue to rely on the Compliance Representation. In addition, it will require an officer's certificate from the originator certifying that the originator is a national bank, as defined in 12 C.F.R. Sec 5.3(j). Excluded Laws For Standard & Poor's to rate transactions that include loans originated by National Banks that would otherwise be governed by any of the Excluded Laws, Standard & Poor's will apply its expanded and revised general criteria set forth above in Part I. Federal Thrifts For purposes of this section federal savings associations and federal savings banks are referred to as Federal Thrifts. Standard & Poor's will permit into its rated structured transactions loans originated by Federal Thrifts and their operating subsidiaries that are subject to each of the Assignee Liability Laws (other than the LA Assignee Liability Law and the Oakland, CA Assignee Liability Law, if and when such laws become effective). For Standard & Poor's to rate transactions that include loans originated by Federal Thrifts and their operating subsidiaries that would otherwise be governed by the Georgia Assignee Liability Law (both before or after March 7, 2003), the New Jersey Assignee Liability Law, the New Mexico Assignee Liability Law, and the New York Assignee Liability Law, Standard & Poor's will continue to rely on the Compliance Representation, as discussed above. In addition, Standard & Poor's will require legal comfort in the form of an officer's certificate from the originator to the effect that the originator of the loans is a federal thrift or an operating subsidiary of a federal thrift, as defined in 12 C.F.R. Sec 541.11 and Sec 559.2, respectively. For Standard & Poor's to rate transactions that include loans originated by Federal Thrifts and their subsidiaries that are governed by any of the Assignee Liability Laws (other than the Assignee Liability Laws enumerated in the preceding paragraph), Standard & Poor's will apply its expanded and revised general criteria set forth above in Part I. Loans Originated By State-Chartered

Banks and Thrifts and their Operating Subsidiaries For loans originated by state-chartered banks, state-chartered thrifts, and their subsidiaries under the Assignee Liability Laws (other than loans originated by state chartered thrifts and their operating subsidiaries under the Georgia Assignee Liability Law), Standard & Poor's will apply its expanded and revised general criteria set forth above in Part I. For loans originated by state chartered thrifts and their operating subsidiaries under the Georgia Assignee Liability Law, Standard & Poor's will continue to rely on the Compliance Representation, as discussed above. In addition, Standard & Poor's will require legal comfort in the form of an officer's certificate from the originator to the effect that the originator of the loans is a Georgia state-chartered thrift or an operating subsidiary of a Georgia state chartered thrift, as defined in Section 7-6A-12. (For a fuller discussion of Standard & Poor's criteria regarding inclusion in its rated pools of loans governed by any of the Assignee Liability Laws and originated by National Banks, Federal Thrifts, as well as state-chartered banks and thrifts and their subsidiaries, see the following publications: "Standard & Poor's Addresses Various Anti-Predatory Lending Laws Enacted Prior to January 2003," published today. "S&P; Releases Criteria Regarding OCC Rule on Preemption of State Anti-Predatory Lending Laws," published March 3, 2004; "Standard & Poor's Addresses OCC Rule Regarding Preemption of State Anti-Predatory Lending Laws," published March 3, 2004; "Standard & Poor's Announces Position on OTS Preemption Pronouncements," published Nov. 25, 2003; and "Standard & Poor's Announces Position on OCC's Preemption Order for the GFLA," published Oct. 3, 2003. Part III: Standard & Poor's Publications Regarding the Assignee Liability Laws For a discussion of Standard & Poor's criteria in connection with the Assignee Liability Laws, see the following Standard & Poor's publications: "Standard & Poor's Addresses Various Anti-Predatory Lending Laws Enacted Prior to January 2003," published today; "Standard & Poor's Addresses Arkansas Home Loan Protection Law," published July 11, 2003; "Standard & Poor's Addresses Los Angeles, CA Anti-Predatory Lending Ordinance," published Nov. 10, 2003; "Standard & Poor's Addresses Oakland, CA Anti-Predatory Lending Ordinance," published Nov. 10, 2003; "Standard & Poor's Will Admit Georgia Mortgage Loans Into Rated Structured Finance Transactions," published March 11, 2003; "Repeal Provision of the Amended Georgia Fair Lending Act Reviewed by Standard & Poor's," published March 18, 2003; "Standard & Poor's Addresses Illinois High Risk Home Loan Act," published Nov. 17, 2003; "Standard & Poor's Addresses Kentucky High-Cost Law," published June 20, 2003; "Standard & Poor's Addresses Amendment to Maine Truth in Lending Act," published Sept. 12, 2003; "Standard & Poor's Addresses Nevada Anti-Predatory Lending Law," published Sept. 26, 2003; "Standard & Poor's Permits Additional New Jersey Mortgage Loans Into Rated SF Transactions," published Nov. 25, 2003; "S&P; Revises Criteria to Address Repeal of Provision Under New Mexico Home Loan Protection Act," published March 3, 2004; "Standard & Poor's Addresses New York State High-Cost Law," published March 27, 2003; "Standard & Poor's Addresses North Carolina Anti-Predatory Lending Law," published Feb. 12, 2004; "Standard & Poor's Addresses Cleveland Anti-Predatory Lending Law," published Feb. 26, 2004; "Standard & Poor's Addresses Amendment to Oklahoma Consumer Credit Code," published Nov. 17, 2003; and "Standard & Poor's Addresses South Carolina High-Cost and Consumer Home Loans Act," published Dec. 23, 2003. All of the above publications are available on RatingsDirect and on the Standard & Poor's Web site. Part IV: Laws Without Assignee Liability The following lists the anti-predatory lending laws that Standard & Poor's has reviewed to date and has concluded impose no assignee liability. In accordance with its general policy, Standard & Poor's does not impose special criteria for including in its rated transactions any loans that are governed by these laws. Therefore, with the exception of the anti-predatory lending law of Cleveland, Ohio, regarding which Standard & Poor's received numerous inquiries, Standard & Poor's has not published criteria for including within its rated transactions any loans governed by these laws. California Chicago, Ill. Cleveland, Ohio Cook County, Ill. Idaho Maryland Michigan Minnesota Mississippi Nebraska New York (Part 41) Pennsylvania Texas Utah Vermont Virginia Washington Wisconsin Standard & Poor's regularly reviews its criteria to keep current with changes in the law in the area of predatory lending. These criteria are not stagnant, but evolve over time. Standard & Poor's will continue to publish its criteria to keep market participants informed of any new approaches in this area. Standard & Poor's, a division of The McGraw-Hill Companies, provides widely recognized financial data, analytical research and investment, and credit opinions to the global capital markets. With more than 5,000 employees located in 20 countries, Standard & Poor's is an integral part of the global financial infrastructure. Additional information is available at www.standardandpoors.com. Notes (1)For a list of anti-predatory lending laws that Standard & Poor's has reviewed and has concluded that assignee liability exists, see the citations to the publications listed below. For a list of anti-predatory lending laws that Standard & Poor's has reviewed and has concluded that no assignee liability exists, see Part IV of this commentary. (2)In evaluating the clarity of an anti-predatory lending law, Standard & Poor's will look to see how clearly a law sets forth what constitutes prohibited actions and/or omissions for a given loan category. Standard & Poor's looks for clear language that would enable an originator or seller to comply with the law. Notwithstanding a law's lack of clarity, however, Standard & Poor's will consider mitigating factors in deciding whether to require additional credit enhancement. These mitigating factors include the following: (i) whether damages are imposed under the law only if there is a "pattern or practice" of violating the law; (ii) if the law requires the borrower to prove that a violation was committed "knowingly and intentionally"; (iii) if a law provides objective standards for satisfying a repayment ability test or a net tangible benefits test; (iv) the litigation history of the law; (v) procedural factors contained in a law, such as statutes of limitation, cure periods, rebuttable presumptions, restrictions on affirmative and defensive claims against assignees; and (v) and any other factor that Standard & Poor's deems relevant. Anti-Predatory Lending Law Update JURISDICTIONS WITH ASSIGNEE LIABILITY JURISDICTION AND EFFECTIVE DATE LOAN CATEGORIES SERVICER VIOLATION SUBJECTIVE STANDARDS MITIGATING FACTORS* MAXIMUM SECURITIZATION TRUST EXPOSURE INDICATIVE LOSS SEVERITY¶ (%) ADDITIONAL ENHANCEMENT REQUIRED FEDERAL/HOEPA Oct. 1, 1995 High Cost Loans (Section 32) N Y N Remaining balance of the loan, plus principal paid by the borrower, plus interest paid to date, plus attorneys’ fees and costs. 119 Y ARKANSAS July 16, 2003 High Cost Home Loans Y Y N Amount of all remaining indebtedness of the borrower, plus total amount paid by borrower in connection with the transaction, plus attorneys’ fees and costs. 196 Y CLEVELAND HEIGHTS, OHIO June 2, 2003 Covered Loans Y Y N Rescission of the loan, plus attorneys' fees and costs. 37 Y COLORADO June 7, 2002 Covered Loans Y Y N Remaining balance of the loan, plus principal paid by the borrower, plus interest paid to date, plus attorneys’ fees and costs. 119 Y Connecticut Oct. 1, 2001 High Cost Home Loans Y Y N Refund of excessive prepaid finance charges, prepayment fees, and default charges. N.A.§ N.A. DISTRICT OF COLUMBIA Jan. 28, 2003 Covered Loans Y Y N Amount of all remaining indebtedness of the borrower, the total amount paid by the borrower in connection with the transaction, plus attorneys' fees and costs. 137 Y FLORIDA Oct. 2, 2002 High Cost Home Loans Y Y N Remaining balance of the loan, plus principal paid by the borrower, plus interest paid to date, plus attorneys’ fees and costs. 119 Y GEORGIA PRE AMENDMENT Oct. 1, 2002 Home Loans Y N N Unquantifiable. Loans Excluded N.A. Covered Home Loans N Y N Unquantifiable. Loans Excluded N.A. High Cost Home Loans Y Y N Unquantifiable. Loans Excluded N.A. GEORGIA POST AMENDMENT March 7, 2003 High Cost Home Loans Y Y N Amount of all remaining indebtedness of the borrower, plus attorneys’ fees and costs. 110 Y ILLINOIS Jan. 1, 2004 High Risk Home Loans Y Y N Amount required to extinguish borrower's liability on the loan (UPB) plus attorneys’ fees and costs. 110 Y KANSAS April 14, 1999 High Loan-to-Value Consumer Loan N N N.A. Amount required to extinguish the borrower’s liability under the loan (UPB) plus attorneys' fees and costs. 196 N High APR Consumer Loan N N N.A. Amount required to extinguish the borrower’s liability under the loan (UPB) plus attorneys' fees and costs. 196 N KENTUCKY June 24, 2003 High Cost Home Loans Y Y Y Forfeiture of interest charges, plus twice the interest paid, plus attorneys’ fees and costs. 275 N LOS ANGELES, CALIF. Pending High Cost Refinance Home Loans Y Y N Unquantifiable. Loans Excluded¶¶ N.A. MAINE Sept. 13, 2003 High Rate, High Fee Loans Y Y N Remaining balance of the loan, plus principal paid by the borrower, plus interest paid to date, plus attorneys’ fees and costs. 119 Y MASSACHUSETTS March 22, 2001 High Cost Home Loans Y Y N Three times actual damages, plus attorneys’ fees and costs. 116 Y NEVADA Oct. 1, 2003 Home Loans N Y Y Three times actual damages, plus attorneys’ fees and costs. 268 N NEW JERSEY Nov. 27, 2003 Home Loan (MH, HI, cashout refinancings, and junior liens (not simultaneous seconds)) Y N** Y Home Loan: Amount required to extinguish borrower's liability under loan (UPB), plus total amount paid by borrower in connection with the transaction, plus attorneys’ fees and costs. 196 N Covered Home Loan (MH and junior liens (not simultaneous seconds)) N Y Y Covered Home Loan: Amount required to extinguish borrower's liability under loan (UPB), plus attorneys' fees and costs. 196 N Covered Home Loan (Refinancings only) N Y N Covered Home Loan: Amount required to extinguish borrower's liability under loan (UPB), plus attorneys' fees and costs. 110 Y High Cost Home Loan Y Y N High Cost Home Loan: Unquantifiable. Loans Excluded N.A. NEW MEXICO Jan. 1, 2004 Home Loans (Refinancings only) N Y Y Refinance Home Loans: Amount required to reduce or extinguish borrower's liability, plus attorneys' fees and costs. 108 N High Cost Home Loans Y Y N High Cost Home Loans: Amount required to reduce or extinguish borrow liability, plus attorneys' fees and costs. 110 Y NEW YORK STATE April 1, 2003 High Cost Home Loans Y Y N Loan rendered void, plus attorneys' fees and costs. 163 Y NORTH CAROLINA Oct. 1, 1999 Consumer Home Loans (Refinancings only) N Y Y Forfeiture of interest charges, plus twice the interest paid, plus attorneys' fees and costs. 275 N High Cost Home Loans Y Y Y Forfeiture of interest charges, plus twice the interest paid, plus attorneys' fees and costs. 275 N Oakland, Calif. Home Loans Y N N Unquantifiable. Loans Excluded¶¶ N.A. Pending High Cost Loans Y Y N Unquantifiable. Loans Excluded¶¶ N.A. OHIO May 24, 2002 Covered Loans Y Y N Rescission of the loan, plus attorneys' fees and costs. 37 Y OKLAHOMA Jan. 1, 2004 Subsection 10 Mortgage (Refinancings only) Y Y N Remaining balance of the loan, plus principal paid by the borrower, plus interest paid to date, plus attorneys' fees and costs. 119 Y South Carolina Consumer Home Loans (Refinancings only) N Y Y Loan rendered void, plus attorneys' fees and costs. 196 N Jan. 1, 2004 High Cost Home Loans N Y Y Loan rendered void, plus attorneys' fees and costs. 196 N TOLEDO, OHIO Pending Home Loans N Y N Actual damages, plus attorneys' fees and costs. 95 Y West Virginia Primary Mortgage Loans Y Y Y Loan rendered void, plus attorneys' fees and costs. 196 N June 4, 2002 Subordinate Mortgage Loans Y Y Y Loan rendered void, plus attorneys' fees and costs. 196 N *A "Y" means that in Standard & Poor's opinion there are mitigating factors that successfully negate the subjectivity of the law. An "N" means either (i) there are no mitigating factors or (ii) there are mitigating factors, but Standard & Poor's does not believe the factors successfully negate the subjective standards. Some examples of mitigating factors are (i) whether damages are imposed under the law, only if there is a "pattern or practice" of violating the law; (ii) if the law requires the borrower to prove that a violation was committed "knowingly and intentionally"; (iii) if a law provides objective standards for satisfying a repayment ability test or a net tangible benefits test; (iv) the litigation history of the law; (v) procedural factors contained in a law, such as statutes of limitation, cure periods, rebuttable presumptions, restrictions on affirmative and defensive claims against assignees; and (vi) any other factor that Standard & Poor's deems relevant. ¶See Appendix. §Sellers who wish to include Connecticut High Cost Home Loans will be required to agree not to charge default fees in the Pooling and Servicing Agreement or other relevant document. **Although the New Jersey Home Ownership Security Act (the Act) does not contain any subjective prohibited practices applicable to home loans, assignees of home loans that are MH or HI loans are liable under the Act in certain circumstances for all affirmative claims and defenses that the borrower could assert against the seller of the MH or HI goods and services. This liability could include breach of contract, tort or statutory claims, and is not limited to those arising under the Act. ¶¶As of the date of this publication the ordinances are pending.The loans will only be excluded if or when the ordinances become effective. N.A.—Not applicable. UBP—Unpaid balance. MH—Manufactured housing. HI—Home improvement. Note: The following jurisdictions' anti-predatory lending laws were also reviewed by Standard & Poor's, but in Standard & Poor's opinion, the laws in these jurisdictions do not have assignee liability: California (7/1/02); Chicago, Ill. (11/13/00); Cleveland, Ohio (7/27/02; amended (1/15/03); Cook County, Ill. (6/16/01); Idaho (7/1/03); Maryland (10/1/02); Michigan (12/23/02); Minnesota (1/1/03); Mississippi (7/1/02); Nebraska (9/3/03); New York (Part 41) (10/1/00; with subsequent amendments); New York City, N.Y. (not effective); Pennsylvania (7/25/02); Texas (9/1/01; amended 9/29/03); Utah (5/3/04); Vermont (9/16/98); Virginia (3/22/01; amended 3/16/03); Washington (7/27/03); and Wisconsin (2/1/05). Appendix: Standard & Poor's Assumptions In calculating the loss severities set forth in the Anti-Predatory Lending Law Update table above, Standard & Poor's made the following assumptions (in practice, if an issuer desires to include loans governed by an anti-predatory lending law in a Standard & Poor's rated transaction, Standard & Poor's will calculate the required credit enhancement at the loan level based on the specific attributes of the loan): The loan amount is $100,000; The loan term is 360 months; The coupon on the loan is 9.0%; and The loan does not require the payment of points or fees. In calculating the loss severities, Standard & Poor's made the following additional assumptions: If a law provides for a statute of limitations and the statue of limitations is shorter than the timeframe set forth in the assumptions set forth below, the statute of limitations in the law controls. Otherwise, the timeframes in the assumptions set forth below govern; If a law provides for the remedy of rescission, Standard & Poor's assumed the loan has been outstanding for 120 months (10 years) at the point the borrower seeks rescission. The securitization issuer then must return to the borrower all interest and costs paid to date by the borrower on the loan, and the borrower must pay the securitization issuer any unpaid principal balance on the loan; If a law provides that a loan may be rendered void, or words to like effect, Standard & Poor's assumed the loan has been outstanding for 120 months (10 years) at the point the loan is rendered void. The securitization issuer then must return to the borrower all payments received in connection with the loan (including principal and interest), and the securitization issuer has no right to collect or receive any additional principal or interest payments on the loan; If a law provides for "extinguishment of the borrower's liability," or words to like effect, Standard & Poor's assumed the loan has been newly originated and has been outstanding for less than one month; If a law provides for actual damages, Standard & Poor's assumed the loan has been outstanding for 120 months (10 years) and damages are equal to all of the interest paid to date; Attorneys' fees and costs are set at 10% of the unpaid principal balance of a loan; Any requirements for complying with safe harbors set forth in a law have not been satisfied; The securitization issuer has not personally participated in the making of any loan included in a rated pool; There is no recourse against prior sellers of the loan; and Class action damages are multiples of the individual loan credit enhancement requirements. Where alternative remedies or above listed assumptions could apply, Standard & Poor's defaults to the remedy that reflects the worst-case scenario.