Excess spread and overcollateralization provisions

Excess Cashflow

“Extra Principal Distribution Amount” **with respect to any distribution date is the lesser of (a) the excess, if any, of the Overcollateralization Target Amount for such distribution date, over the Overcollateralization Amount for such distribution date (after giving effect to distributions of principal on the certificates other than any Extra Principal Distribution Amount) and (b) the Excess Spread for such distribution date.**

“Overcollateralization Amount” **with respect to any distribution date is the excess, if any, of (a) the aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the related Due Period) over (b) the aggregate Certificate Principal Balance of the Class A and Class M Certificates on such distribution date (after taking into account the payment of principal other than any Extra Principal Distribution Amount on**

**such certificates).**

“Overcollateralization Release Amount” **with respect to any distribution date is the lesser of (x) the first five bullet points under the definition of Principal Funds for such distribution date and (y) the excess, if any, of (i) the Overcollateralization Amount for such distribution date (assuming that 100% of such Principal Funds is applied as a principal payment on such distribution date) over (ii) the Overcollateralization Target Amount for such distribution date (with the amount pursuant to clause (y) deemed to be $0 if the Overcollateralization Amount is less than or equal to the Overcollateralization**

**Target Amount on that distribution date).**

**“**Overcollateralization Target Amount” **with respect to any distribution date (a) prior to the**

**Stepdown Date, approximately 3.10% of the aggregate Stated Principal Balance of the mortgage loans as of the cut-off date, (b) on or after the Stepdown Date and if a Trigger Event is not in effect, the greater of (i) the lesser of (1) approximately 3.10% of the aggregate Stated Principal Balance of the mortgage loans as of the cut-off date and (2) approximately 6.20% of the then current aggregate Stated Principal Balance of the mortgage loans as of the last day of the related Due Period (after giving effect to scheduled**

**payments of principal due during the related Due Period, to the extent received or advanced, and unscheduled collections of principal received during the related Prepayment Period, and after reduction for Realized Losses incurred during the related Due Period) and (ii) approximately $3,967,158 or (c) on or after the Stepdown Date and if a Trigger Event is in effect, the Overcollateralization Target Amount for**

**the immediately preceding distribution date.**

Any Excess Spread to the extent necessary to meet a level of overcollateralization equal to the

Overcollateralization Target Amount will be the Extra Principal Distribution Amount and will be

included as part of the Principal Distribution Amount and distributed as described below under “—

whenever the Overcollateralization Amount is less than the Overcollateralization Target Amount. Any Remaining Excess Spread, together with any Overcollateralization Release Amount, will be distributed in the following manner and order of priority:

1. To the Class A Certificates, (a) first, any remaining Interest Carry Forward

Amount for such classes, pro rata in accordance with the Interest Carry Forward Amount due

with respect to each such class, to the extent not fully paid as described under “—Interest

Distributions” above and to the extent not covered by amounts paid to the trust pursuant to the

Interest Rate Swap Agreement, the Yield Maintenance Agreement and the Derivative

Administration Agreement as described in this prospectus supplement, and (b) second, any

Unpaid Realized Loss Amount for such classes for such distribution date, pro rata, in accordance

with the Applied Realized Loss Amount allocated to each such class;

2. From any remaining Excess Cashflow, sequentially to the Class M-1, Class M-2,

Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10

Certificates, in that order, an amount equal to any Interest Carry Forward Amount to the extent

not covered by amounts paid to the trust pursuant to the Interest Rate Swap Agreement, the Yield

Maintenance Agreement and the Derivative Administration Agreement as described in this

prospectus supplement;

3. From any remaining Excess Cashflow, to the Class A Certificates, any Basis Risk

Shortfall Carry Forward Amount for such classes for such distribution date, pro rata based on the

amount of such Basis Risk Shortfall Carry Forward Amount, if any, to the extent not covered by

amounts paid pursuant to the Interest Rate Swap Agreement, the Yield Maintenance Agreement

and the Derivative Administration Agreement as described in this prospectus supplement;

4. From any remaining Excess Cashflow, sequentially to the Class M-1, Class M-2,

Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class M-10

Certificates, in that order, any Basis Risk Shortfall Carry Forward Amount for such distribution

date to the extent not covered by amounts paid pursuant to the Interest Rate Swap Agreement, the

Yield Maintenance Agreement and the Derivative Administration Agreement as described in this

prospectus supplement;

5. From any remaining Excess Cashflow, to the Class A Certificates, on a pro rata

basis, based on the entitlement of each such class, and then sequentially to the Class M-1, Class

M-2, Class M-3, Class M-4, Class M-5, Class M-6, Class M-7, Class M-8, Class M-9 and Class

M-10 Certificates, in that order, the amount of shortfalls resulting from the application of the

Relief Act and any Prepayment Interest Shortfalls allocated to such classes of certificates, to the

extent not previously reimbursed;

6. From any remaining Excess Cashflow, to the Derivative Administrator for

payment to the Swap Provider, the amount of any Swap Termination Payment resulting from a

Swap Provider Trigger Event not previously paid (to the extent not paid by the Derivative

Administrator from any upfront payment received pursuant to any replacement interest rate swap

agreement that may be entered into by the Supplemental Interest Trust Trustee);

7. From any remaining Excess Cashflow, to the Class CE Certificates an amount specified in the Pooling and Servicing Agreement; and

**CE Certificates:**

Optional Termination

The majority holder of the Class CE Certificates will have the right to purchase all remaining

mortgage loans and REO properties and thereby effect early retirement of all the certificates, subject to

the Stated Principal Balance of the mortgage loans and REO properties at the time of repurchase being

less than or equal to 10% of the Stated Principal Balance of the mortgage loans as of the cut-off date. If

the majority holder of the Class CE Certificates does not exercise such right, EMC will have the right to

purchase all remaining mortgage loans and REO properties and thereby effect early retirement of all the

certificates, subject to the Stated Principal Balance of the mortgage loans and REO properties at the time

of repurchase being less than or equal to 5% of the Stated Principal Balance of the mortgage loans as of

the cut-off date. We refer to such date as the optional termination date. In the event that the majority

holder of the Class CE Certificates or the master servicer, as applicable, exercises such option, it will

effect such repurchase at a price equal to the sum of:

• 100% of the Stated Principal Balance of each mortgage loan, other than in respect of

REO property, plus accrued interest thereon at the applicable mortgage rate,

• the appraised value of any REO property, up to the Stated Principal Balance of the related

mortgage loan,

• any unreimbursed out-of-pocket costs and expenses of the trustee, any servicer or the

master servicer and the principal portion of any unreimbursed advances previously

incurred by the related servicer in the performance of its servicing obligations, and

• any Swap Termination Payment payable to the Swap Provider which remains unpaid or

which is due to the exercise of such option.

Proceeds from such purchase will be distributed to the certificateholders in the priority described

above in **“Description of the Certificates — Distributions on the Certificates.”** In the event that the

purchase price to be paid by the majority holder of the Class CE Certificates or EMC, as applicable, is

based in part on the appraised value of any REO property and such appraised value is less than the Stated

Principal Balance of the related mortgage loan, the proceeds may not be sufficient to distribute the full

amount to which each class of certificates is entitled. In such event, the amount of the difference between

the appraised value of such REO property and the Stated Principal Balance of the related mortgage loan

will constitute a Realized Loss which will be allocated to the offered certificates as described under

**“Description of the Certificates** — **Allocation of Losses”**. Any purchase of the mortgage loans and REO

properties will result in an early retirement of the certificates.

Transfer of

The level of Excess Spread available on any

distribution date to be applied in reduction of the Certificate Principal Balances of the Class A Certificates

and Class M Certificates will be influenced by, among other factors,

• the overcollateralization level of the assets at such time, i.e., the extent to which interest

on the mortgage loans is accruing on a higher Stated Principal Balance than the

Certificate Principal Balance of the Class A Certificates and Class M Certificates;

• the final Overcollateralization Target Amount, Stepdown Date and the final Trigger

Event;

• the delinquency and default experience of the mortgage loans; and

• the provisions of the Pooling and Servicing Agreement that permit principal collections

to be distributed to the Class CE Certificates and the Class R Certificates in each case as

provided in the Pooling and Servicing Agreement when required overcollateralization

levels have been met.

**“Overcollateralization Amount” = the aggregate Stated Principal Balance of the mortgage loans(t) - aggregate Certificate Principal Balance of the Class A Certificates (t) – aggregate Class M Certificates(t)**

**“Extra Principal Distribution Amount” = min{Overcollateralization Target Amount(t) - Overcollateralization Amount(t), Excess Spread(t)}**

**“Overcollateralization Release Amount”** = min{**first five bullet points under the definition of Principal Funds for such distribution date, the excess of Overcollateralization Amount(t) - Overcollateralization Target Amount(t)),**

* **where difference is $0 if the Overcollateralization Amount is less than or equal to the OvercollateralizationTarget Amount(t)**

**“Overcollateralization Target Amount” = max{ 3.10% of the aggregate Stated Principal Balance of the mortgage loans(t=0), min{3.10% of the aggregate Stated Principal Balance of the mortgage loans(t=0), 6.20% current aggregate Stated Principal Balance of the mortgage loans(t)}, $3,967,158}**

**“Principal Distribution Amount” with respect to each distribution date is equal to:**

• **Principal Funds for such distribution date, plus**

• **Extra Principal Distribution Amount for such distribution date, less**

• **any Overcollateralization Release Amount for such distribution date.**

**“Principal**

**“Principal Funds”**

• **the scheduled principal collected on the mortgage loans (t)**

• **prepayments in respect of the mortgage loans(t)**

• **Liquidation Proceeds and Subsequent(t)**

Loss protection is achieved by allocating any realized losses, first to reduce the amount of excess spread, second to reduce the overcollateralization amount, and third among the certificates, beginning with the class of subordinated certificates with the lowest payment priority, until the principal amount of that subordinated class has been reduced to zero.