IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS MEETING THE QUALIFICATIONS DESCRIBED IN THE ATTACHED OFFERING MEMORANDUM (THE "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 OFFERED CERTIFICATES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION AND THE OFFERED CERTIFICATES 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 OF 1933, AS AMENDED, AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE ACQUISITION AND TRANSFER OF THE OFFERED CERTIFICATES 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 OF 1933, AS AMENDED, OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Offering Memorandum, investors must be (i) a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act of 1933, as amended) or (ii) a non-"U.S. Person" (as defined in Regulation S under the Securities Act of 1933, as amended). This Offering Memorandum is being sent at your request and by accepting this e-mail and accessing this Offering Memorandum, you will be deemed to have represented to us that you are a qualified institutional buyer (within the meaning of Rule 144A under the Securities Act of 1933, as amended) or are not a "U.S. Person" (as defined in Regulation S under the Securities Act of 1933, as amended) and that you consent to delivery of this Offering Memorandum by electronic transmission.

You are reminded that this Offering Memorandum has been delivered to you on the basis that you are a person into whose possession this 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 this Offering Memorandum to any other person.

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 Barclays Capital Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC or any person who controls Barclays Capital Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC or any director, officer, employee or agent of such person or affiliate of such person 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 Barclays Capital Inc., Deutsche Bank Securities Inc., Goldman Sachs & Co. LLC or Morgan Stanley & Co. LLC.

Angel Oak Mortgage Operating Partnership, LP
Sponsor
Angel Oak Home Loans LLC
Representation Provider
AO Servicing Manager, LLC
Servicing Administrator
AOMT II, LLC
Depositor
Select Portfolio Servicing, Inc.
Servicer
Wells Fargo Bank, N.A.
Master Servicer
Computershare Trust Company, N.A.
Paying Agent

$184,749,934

(Approximate)

Angel Oak Mortgage Trust 2022-4, Mortgage-Backed Certificates, Series 2022-4

Principal and interest distributable monthly, commencing in July 2022

You should carefully consider the risk factors beginning on page 24 of this Offering Memorandum.

Neither the Certificates nor the Mortgage Loans are insured or guaranteed by any governmental agency or instrumentality.

The Certificates represent interests in the assets of the Issuing Entity only and do not represent an interest in or obligation of any other entity.

The Issuing Entity Will Issue—

- Three classes of senior mortgage-backed certificates (the "**Class A-1 Certificates**," the "**Class A-2 Certificates**" and the "**Class A-3 Certificates**" and, collectively, the "**Class A Certificates**");
- One class of mezzanine mortgage-backed certificates (the "**Class M-1 Certificates**" or the "**Class M Certificates**");
- Three classes of subordinate mortgage-backed certificates (the "**Class B-1 Certificates**," the "**Class B-2 Certificates**" and the "**Class B-3 Certificates**" and, collectively, the "**Class B Certificates**");
- One class of excess cashflow certificates (the "**Class XS Certificates**");
- One class of excess servicing interest-only certificates (the "**Class A-IO-S Certificates**"); and
- One class of REMIC residual certificates (the "**Class R Certificates**").

Only the classes of Certificates identified as "Offered Certificates" in the tables set forth on pages 1 and 2 of this Offering Memorandum (together, the "**Certificates Tables**") are offered by this Offering Memorandum. The size and basic payment characteristics of the Certificates are described in the Certificates Tables.

The Assets of the Issuing Entity Will Consist Primarily of—

- A pool of newly-originated and seasoned, fixed and adjustable rate residential mortgage loans secured by first liens on one-to-four family residential properties, planned unit developments, condominiums, townhouses, mixed-use properties and the related servicing rights as described herein (the "**Mortgage Loans**"). A substantial majority of the Mortgage Loans were underwritten to satisfy the "Ability to Repay" rules promulgated pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "**Dodd-Frank Act**"). A substantial majority of the Mortgage Loans are not "Qualified Mortgages" under the "Ability to Repay" rules.

Credit Enhancement Will Primarily Consist of—

- Subordination of certain classes of Certificates to other classes of Certificates higher in order of priority for distributions of interest and principal and the allocation of realized losses to the most subordinate classes of Certificates prior to the allocation of realized losses to the other classes of Certificates.
- Excess interest used to (i) absorb Realized Losses on the Mortgage Loans, (ii) make distributions to reduce the certificate principal balances of certain classes of Certificates, (iii) reimburse certain classes of Certificates for Applied Realized Loss Amounts and (iv) cover Cap Carryover Amounts on certain classes of Certificates.

THE OFFERED CERTIFICATES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND ARE BEING OFFERED ONLY (I) IN THE UNITED STATES TO "QUALIFIED INSTITUTIONAL BUYERS" IN RELIANCE ON RULE 144A ("RULE 144A") OF THE SECURITIES ACT OR (II) IN OFFSHORE TRANSACTIONS TO PERSONS WHO ARE NOT "U.S. PERSONS" (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT) IN RELIANCE ON REGULATION S.

Barclays Capital Inc. ("**Barclays**"), Deutsche Bank Securities Inc. ("**Deutsche Bank Securities**"), Goldman Sachs & Co. LLC ("**Goldman Sachs**") and Morgan Stanley & Co. LLC ("**Morgan Stanley**" and, together with Barclays, Deutsche Bank Securities and Goldman Sachs, the "**Initial Purchasers**") will agree to purchase the Class A and Class M Certificates and, to the extent investors are identified, all or portion of the Class B-1 Certificates (the "**Purchased Certificates**") from the Depositor and have advised the Depositor that they may place the Purchased Certificates 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 an investor for a portion of any given class of Purchased Certificates may be higher or lower than the price paid by a different investor in the same class of Purchased Certificates sold in this offering. The Sponsor or a majority-owned affiliate of the Sponsor will retain a portion of the Class B-2 Certificates and all of the Class B-3 and Class XS Certificates to comply with the U.S. Risk Retention Rules. Transfer of the Offered Certificates will be subject to certain restrictions as described herein. It is expected that delivery of the Offered Certificates will be made on or about July 13, 2022 (the "**Closing Date**") in book-entry form.

The date of this offering memorandum is July 12, 2022.

Barclays	**Deutsche Bank Securities**	**Goldman Sachs**	**Morgan Stanley**
(Bookrunner and Structuring Lead)	*(Bookrunner)*	*(Bookrunner)*	*(Bookrunner)*

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This Offering Memorandum contains substantial information concerning the Issuing Entity, the Sponsor, the Seller, the Representation Provider, the Originators, the Depositor, the Servicing Administrator, the Servicer, the Master Servicer, the Offered Certificates, the Mortgage Loans and the obligations of the Sponsor, the Seller, the Representation Provider, the Servicing Administrator, the Servicer, the Master Servicer, the Trustee, the Paying Agent, the Certificate Registrar and others with respect to them. 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, THE SELLER, THE DEPOSITOR, THE ORIGINATORS, THE ISSUING ENTITY, THE SERVICING ADMINISTRATOR, THE SERVICER, THE MASTER SERVICER, THE INITIAL PURCHASERS, THE TRUSTEE, THE PAYING AGENT, THE CERTIFICATE REGISTRAR OR ANY OF THEIR OFFICERS, EMPLOYEES OR AGENTS AS INVESTMENT, LEGAL, ACCOUNTING OR TAX ADVICE. PRIOR TO INVESTING IN THE OFFERED CERTIFICATES, 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 OFFERED CERTIFICATES AND ARRIVE AT AN INDEPENDENT EVALUATION OF SUCH INVESTMENT.

THE OFFERED CERTIFICATES HAVE NOT BEEN REGISTERED OR QUALIFIED UNDER THE SECURITIES ACT OR UNDER THE SECURITIES LAWS OF ANY OTHER JURISDICTION AND THE ISSUING ENTITY IS NOT AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THE RESALE OR TRANSFER OF THE OFFERED CERTIFICATES IS RESTRICTED BY THE TERMS THEREOF AND BY THE TERMS OF THE POOLING AND SERVICING AGREEMENT. SEE "NOTICE TO INVESTORS." INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THEIR INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

THE OFFERED CERTIFICATES WILL BE OFFERED (1) IN THE UNITED STATES TO QUALIFIED INSTITUTIONAL BUYERS IN RELIANCE ON RULE 144A OF THE SECURITIES ACT AND (2) OUTSIDE THE UNITED STATES TO ENTITIES WHICH ARE NOT "U.S. PERSONS" IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, EACH TO WHOM THIS OFFERING MEMORANDUM HAS BEEN FURNISHED. THE OFFERED CERTIFICATES 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 OFFERED CERTIFICATES IS SUBJECT TO CERTAIN ADDITIONAL RESTRICTIONS AND CONDITIONS. SEE "NOTICE TO INVESTORS." THERE IS NO MARKET FOR THE OFFERED CERTIFICATES AND THERE IS NO ASSURANCE THAT ONE WILL DEVELOP. RESALES OF THE OFFERED CERTIFICATES MAY BE MADE ONLY (I) PURSUANT TO RULE 144A OR PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, (II) PURSUANT TO THE REQUIREMENTS OF, OR AN EXEMPTION UNDER, APPLICABLE STATE SECURITIES LAWS AND (III) IN ACCORDANCE WITH THE OTHER RESTRICTIONS ON TRANSFER SET FORTH IN THE POOLING AND SERVICING AGREEMENT AND DESCRIBED HEREIN.

THE OFFERED CERTIFICATES 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 OFFERED CERTIFICATES REPRESENT INTERESTS IN THE ASSETS OF THE ISSUING ENTITY. NEITHER THE OFFERED CERTIFICATES NOR THE MORTGAGE LOANS WILL REPRESENT INTERESTS IN OR OBLIGATIONS OF THE ORIGINATORS, THE SPONSOR, THE SELLER, THE REPRESENTATION PROVIDER, THE DEPOSITOR, THE SERVICING ADMINISTRATOR, THE SERVICER, THE MASTER SERVICER, THE INITIAL PURCHASERS, THE TRUSTEE, THE PAYING

AGENT, THE CERTIFICATE REGISTRAR OR ANY OF THEIR AFFILIATES. NEITHER THE OFFERED CERTIFICATES 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 DISTRIBUTIONS ON THE OFFERED CERTIFICATES, AND THERE WILL BE NO RECOURSE TO THE ORIGINATORS, THE SPONSOR, THE SELLER, THE REPRESENTATION PROVIDER, THE DEPOSITOR, THE SERVICING ADMINISTRATOR, THE SERVICER, THE MASTER SERVICER, THE INITIAL PURCHASERS, THE TRUSTEE, THE PAYING AGENT, THE CERTIFICATE REGISTRAR 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 DISTRIBUTIONS PROVIDED FOR UNDER THE OFFERED CERTIFICATES.

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 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 OFFERED CERTIFICATES. 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 OFFERED CERTIFICATES, 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 EACH RESERVE THE RIGHT TO REJECT ANY OFFER TO PURCHASE THE OFFERED CERTIFICATES, IN EACH CASE IN WHOLE OR IN PART, FOR ANY REASON, OR TO SELL LESS THAN THE FULL CERTIFICATE PRINCIPAL BALANCE OF SUCH CERTIFICATES OFFERED HEREBY.

THE ACQUISITION AND HOLDING OF ANY OFFERED CERTIFICATE OR ANY INTEREST THEREIN ELIGIBLE TO BE ACQUIRED BY (I) 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, A PLAN (AS DEFINED IN SECTION 4975(e)(1) OF SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**")) THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR ANY ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE PLAN ASSETS BY VIRTUE OF SUCH EMPLOYEE BENEFIT PLAN'S OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "**PLAN**") OR (II) ANY GOVERNMENTAL PLAN, CHURCH PLAN OR NON-U.S. PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL OR OTHER LAW SUBSTANTIALLY SIMILAR TO TITLE I OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**") OR A PERSON ACTING ON BEHALF OF OR USING ASSETS OF ANY SUCH PLAN OR PLAN SUBJECT TO SIMILAR LAW COULD RESULT IN "PROHIBITED TRANSACTIONS" WITHIN THE MEANING OF ERISA AND THE CODE OR VIOLATION OF SIMILAR LAW. ACCORDINGLY, A FIDUCIARY OF A PLAN OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO SIMILAR LAW OR ANY PERSON ACTING ON BEHALF OF OR USING ASSETS OF A PLAN OR A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN SUBJECT TO SIMILAR LAW SHOULD CAREFULLY REVIEW WITH ITS LEGAL ADVISORS WHETHER THE ACQUISITION OR HOLDING OF ANY OFFERED CERTIFICATES COULD GIVE RISE TO A TRANSACTION PROHIBITED OR NOT OTHERWISE PERMISSIBLE UNDER ERISA, SECTION 4975 OF THE CODE OR SIMILAR LAW. SEE "ERISA CONSIDERATIONS" IN THIS OFFERING MEMORANDUM.

THE OFFERED CERTIFICATES MAY NOT BE SOLD IN THIS INITIAL OFFERING WITHOUT DELIVERY OF THIS FINAL OFFERING MEMORANDUM.

THE OFFERED CERTIFICATES REFERRED TO IN THIS OFFERING MEMORANDUM ARE SUBJECT TO MODIFICATION OR REVISION (INCLUDING THE POSSIBILITY THAT ONE OR MORE CLASSES OF OFFERED CERTIFICATES MAY BE SPLIT, COMBINED OR ELIMINATED AT ANY TIME PRIOR TO ISSUANCE OR AVAILABILITY OF A FINAL OFFERING MEMORANDUM) AND ARE OFFERED ON A "WHEN, AS AND IF ISSUED" BASIS.

THE OBLIGATION OF THE INITIAL PURCHASERS TO SELL OFFERED CERTIFICATES TO ANY PROSPECTIVE INVESTOR IS CONDITIONED ON THE OFFERED CERTIFICATES AND THE

TRANSACTION HAVING THE CHARACTERISTICS DESCRIBED HEREIN. IF THE INITIAL PURCHASERS DETERMINE THAT ONE OR MORE CONDITIONS ARE NOT SATISFIED IN ANY MATERIAL RESPECT, SUCH PROSPECTIVE INVESTOR WILL BE NOTIFIED, AND NEITHER THE DEPOSITOR NOR THE INITIAL PURCHASERS WILL HAVE ANY OBLIGATION TO SUCH PROSPECTIVE INVESTOR TO DELIVER ANY PORTION OF THE OFFERED CERTIFICATES WHICH SUCH PROSPECTIVE INVESTOR HAS COMMITTED TO PURCHASE, AND THERE WILL BE NO LIABILITY BETWEEN THE INITIAL PURCHASERS, THE DEPOSITOR OR ANY OF THEIR RESPECTIVE AGENTS OR AFFILIATES, ON THE ONE HAND, AND SUCH PROSPECTIVE INVESTOR, ON THE OTHER HAND, AS A CONSEQUENCE OF THE NON-DELIVERY.

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 OFFERED CERTIFICATES. 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 DEPOSITOR 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 OFFERED CERTIFICATES 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.

THIS OFFERING MEMORANDUM HAS BEEN PREPARED BY THE DEPOSITOR SOLELY FOR USE IN CONNECTION WITH THE SALE OF THE OFFERED CERTIFICATES. NONE OF THE SPONSOR, THE SELLER, THE DEPOSITOR, THE SERVICING ADMINISTRATOR, THE SERVICER, THE MASTER SERVICER, THE TRUSTEE, THE PAYING AGENT, THE CERTIFICATE REGISTRAR, THE CUSTODIAN 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 OFFERED CERTIFICATES. 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 OFFERED CERTIFICATES UNDER VARIOUS LEGAL INVESTMENT RESTRICTIONS, AND THUS THE ABILITY OF INVESTORS SUBJECT TO THESE RESTRICTIONS TO PURCHASE SUCH OFFERED CERTIFICATES, 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 OFFERED CERTIFICATES 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 Offered Certificates, the Certificate Registrar will be required to furnish, upon the request of any holder of the Offered Certificates, 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.

CREDIT RISK RETENTION

Pursuant to the credit risk retention requirements promulgated under the Dodd-Frank Act (as defined herein), the Sponsor, either directly or through a Majority-Owned Affiliate (as defined herein), will retain an eligible horizontal residual interest in an amount that has a fair value that is equal to not less than 5% of the fair value of the Certificates (other than the Class R Certificates) as determined using the fair value measurement framework under generally accepted accounting principles. See "*U.S. Risk Retention*" in this Offering Memorandum.

Prospective investors should note that none of the parties to the transaction has committed to retain, on an ongoing basis, a material net economic interest in this transaction in order to comply with the EU/UK Securitization Regulations (as defined herein) as described in more detail under "*Risk Factors—The Offered Certificates May Not Be Suitable for Investment by Certain EU and United Kingdom Regulated Investors and Affiliates*." As a result, an EU/UK Institutional Investor (as defined herein) seeking to invest in the Offered Certificates (either on the Closing Date or thereafter) will be unable to satisfy the EU/UK Securitization Rules in respect of such investment. Failure by an EU/UK Institutional Investor to comply with one or more of the applicable EU/UK Securitization Rules may result in the imposition of a penalty regulatory capital charge on any Offered Certificates acquired by any such EU/UK Institutional Investor or the imposition of other regulatory sanctions.

NOTICE TO INVESTORS

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

Each prospective purchaser of Offered Certificates, 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 Offered Certificates other than pursuant to Rule 144A or 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 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 Offered Certificates, is prohibited.

(ii) The Offered Certificates are being offered only (i) in the United States to persons that are Qualified Institutional Buyers, purchasing for their own account or one or more accounts with respect to which they exercise sole investment discretion, each of which is a Qualified Institutional Buyer, in transactions exempt from the registration requirements of the Securities Act or (ii) outside the United States to "non-U.S. Persons" in compliance with Regulation S. The Offered Certificates are subject to restrictions on transferability and resale and may not be transferred or resold except (i) as permitted under the Securities Act in accordance with Rule 144A or Regulation S, (ii) pursuant to the requirements of, or an exemption under, applicable state securities laws and (iii) in accordance with the other restrictions on transfer set forth in the Pooling and Servicing Agreement and described below. The Pooling and Servicing Agreement will provide that no transfer of any Offered Certificate will be registered by the Certificate Registrar unless certain required certifications are provided to the Certificate Registrar, at the expense of the transferor and transferee, with respect to their compliance with the foregoing restrictions. Investors transferring interests in the Offered Certificates will be deemed to have made such certifications. The Pooling and Servicing Agreement provides that transfers to any investor that does not meet the foregoing requirements will be void ab initio.

(iii) Pursuant to the Pooling and Servicing Agreement, no sale, pledge or other transfer of any Offered Certificate or any beneficial interest therein may be made by any person unless such sale, pledge or other transfer complies with the requirements of the Pooling and Servicing Agreement. Any holder of an Offered Certificate desiring to effect a transfer of such Certificate or any beneficial interest therein will, by acceptance thereof, be deemed to have agreed to indemnify the Sponsor, the Seller, the Representation Provider, the Originators, the Servicing Administrator, the Depositor, the Issuing Entity, the Trustee, the Paying Agent, the Certificate Registrar, the Servicer, the Master Servicer 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 Pooling and Servicing Agreement. None of the Sponsor, the Seller, the Representation Provider, the Originators, the Servicing Administrator, the Master Servicer, the Depositor, the Issuing Entity, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicer, the Initial Purchasers or any of their affiliates will be required to register the Offered Certificates under the Securities Act, qualify the Offered Certificates under the securities laws of any state, or provide registration rights to any purchaser.

(iv) The acquisition and holding of any Offered Certificate or any interest therein eligible to be acquired by, on behalf of, or using assets of (i) employee benefit plans as defined in Section 3(3) of ERISA that are subject to Title I of ERISA, plans as defined in Section 4975(e)(1) of the Code that are subject to Section 4975 of the Code or any entity whose underlying assets include plan assets by reason of such employee benefit plan's or plan's investment in such entity (each a "**Plan**"); or (ii) any governmental plan, church plan or non-U.S. 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**") could result in a prohibited transaction or violation under ERISA, the Code or Similar Law and the imposition of excise taxes pursuant to Section 4975 of the Code. Accordingly, a fiduciary of any such Plan or plan subject to Similar Law or any other person investing plan assets of any such Plan or governmental plan, church plan or non-U.S. plan subject to Similar Law should carefully review with its legal advisors whether the acquisition or holding of Offered Certificates could give rise to a transaction prohibited or not otherwise permissible under ERISA, Section 4975 of the Code or Similar Law. See "*ERISA Considerations*" in this Offering Memorandum.

NOTICE TO RESIDENTS OF THE EUROPEAN ECONOMIC AREA

THIS OFFERING MEMORANDUM IS NOT A PROSPECTUS FOR THE PURPOSES OF REGULATION (EU) 2017/1129 (THE "**EU PROSPECTUS REGULATION**").

THE OFFERED CERTIFICATES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY EU RETAIL INVESTOR IN THE EUROPEAN ECONOMIC AREA ("**EEA**"). FOR THESE PURPOSES, AN "EU RETAIL INVESTOR" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (11) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU AS AMENDED ("**EU MiFID II**"); OR (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 EU MiFID II; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN 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 OFFERED CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO EU RETAIL INVESTORS

IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE OFFERED CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO ANY EU RETAIL INVESTOR IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

EU MIFID II PRODUCT GOVERNANCE

SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE OFFERED CERTIFICATES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE OFFERED CERTIFICATES IS ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ONLY, EACH AS DEFINED IN EU MiFID II; AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE OFFERED CERTIFICATES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY PERSON SUBSEQUENTLY OFFERING, SELLING OR RECOMMENDING THE OFFERED CERTIFICATES (A "**DISTRIBUTOR**") SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO EU MiFID II IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE OFFERED CERTIFICATES (BY EITHER ADOPTING OR REFINING THE MANUFACTURER'S TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

NOTICE TO RESIDENTS OF THE UNITED KINGDOM

IN THE UNITED KINGDOM, THIS OFFERING MEMORANDUM IS BEING DISTRIBUTED TO AND DIRECTED ONLY AT PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE INVESTMENT PROFESSIONALS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED) (THE "**FINANCIAL PROMOTIONS ORDER**"), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC") OF THE FINANCIAL PROMOTIONS ORDER OR (III) ARE PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE DISTRIBUTED OR DIRECTED UNDER THE FINANCIAL PROMOTIONS ORDER (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**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 WITH RESPECT TO THE OFFERED CERTIFICATES, IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THIS OFFERING MEMORANDUM IS NOT A PROSPECTUS FOR THE PURPOSES OF THE UK PROSPECTUS REGULATION (AS DEFINED BELOW).

THE OFFERED CERTIFICATES 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. FOR THESE PURPOSES, A "**UK RETAIL INVESTOR**" MEANS A PERSON WHO IS ONE (OR MORE) OF: (I) A RETAIL CLIENT AS DEFINED IN POINT (8) OF ARTICLE 2 OF REGULATION (EU) 2017/565 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 (AS AMENDED, THE "**EUWA**"); (II) A CUSTOMER WITHIN THE MEANING OF THE PROVISIONS OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (THE "**FSMA**") AND ANY RULES OR REGULATIONS MADE UNDER THE FSMA TO IMPLEMENT DIRECTIVE (EU) 2016/97, 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 UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN ARTICLE 2 OF REGULATION (EU) 2017/1129 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "**UK PROSPECTUS REGULATION**").

CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO 1286/2014, AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA (THE "**UK PRIIPS REGULATION**") FOR OFFERING OR SELLING THE OFFERED CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO UK RETAIL INVESTORS IN THE UNITED KINGDOM HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE OFFERED CERTIFICATES OR OTHERWISE MAKING THEM AVAILABLE TO ANY UK RETAIL INVESTOR IN THE UNITED KINGDOM MAY BE UNLAWFUL UNDER THE UK PRIIPS REGULATION.

POTENTIAL INVESTORS IN THE UNITED KINGDOM ARE ADVISED THAT ALL, OR MOST, OF THE PROTECTIONS AFFORDED BY THE UNITED KINGDOM REGULATORY SYSTEM WILL NOT APPLY TO AN INVESTMENT IN THE OFFERED CERTIFICATES AND THAT COMPENSATION WILL NOT BE AVAILABLE UNDER THE UNITED KINGDOM FINANCIAL SERVICES COMPENSATION SCHEME.

UK MIFIR PRODUCT GOVERNANCE

SOLELY FOR THE PURPOSES OF THE MANUFACTURER'S PRODUCT APPROVAL PROCESS, THE TARGET MARKET ASSESSMENT IN RESPECT OF THE OFFERED CERTIFICATES HAS LED TO THE CONCLUSION THAT: (I) THE TARGET MARKET FOR THE OFFERED CERTIFICATES IS ONLY ELIGIBLE COUNTERPARTIES, AS DEFINED IN THE FCA HANDBOOK CONDUCT OF BUSINESS SOURCEBOOK ("**COBS**"), AND PROFESSIONAL CLIENTS, AS DEFINED IN REGULATION (EU) NO 600/2014 AS IT FORMS PART OF UNITED KINGDOM DOMESTIC LAW BY VIRTUE OF THE EUWA ("**UK MIFIR**"); AND (II) ALL CHANNELS FOR DISTRIBUTION OF THE OFFERED CERTIFICATES TO ELIGIBLE COUNTERPARTIES AND PROFESSIONAL CLIENTS ARE APPROPRIATE. ANY DISTRIBUTOR SHOULD TAKE INTO CONSIDERATION THE MANUFACTURER'S TARGET MARKET ASSESSMENT; HOWEVER, A DISTRIBUTOR SUBJECT TO THE FCA HANDBOOK PRODUCT INTERVENTION AND PRODUCT GOVERNANCE SOURCEBOOK (THE "**UK MIFIR PRODUCT GOVERNANCE RULES**") IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE OFFERED CERTIFICATES (BY EITHER ADOPTING OR REFINING THE MANUFACTURERS' TARGET MARKET ASSESSMENT) AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

ANGEL OAK MORTGAGE TRUST 2022-4,
MORTGAGE-BACKED CERTIFICATES, SERIES 2022-4
CERTIFICATES TABLES

Class	Initial Certificate Principal Balance or Initial Class Notional Amount [(1)]	Certificate Type	Approximate Initial Certificate Rate
OFFERED CERTIFICATES			
A-1	$127,107,000	Senior/Pro Rata/Fixed Rate	4.650%[(2)]
A-2	$15,889,000	Senior/Pro Rata/Fixed Rate	4.650%[(2)]
A-3	$16,073,000	Senior/Pro Rata/Fixed Rate	4.650%[(2)]
M-1	$10,254,000	Mezzanine/Sequential/Net WAC Rate	(3)
B-1	$3,325,000	Subordinate/Sequential/Net WAC Rate	(3)
B-2	$5,081,000	Subordinate/Sequential/Net WAC Rate	(4)
B-3	$7,020,934	Subordinate/Sequential/Net WAC Rate	(3)
A-IO-S	$184,749,934[(5)]	Excess Servicing	(6)
XS	$184,749,934[(5)]	Subordinate/Monthly Excess Cashflow	(7)
NON-OFFERED CERTIFICATES			
R	N/A	REMIC Residual	N/A

(1) Approximate. The Initial Certificate Principal Balance or Initial Class Notional Amount for each class of Certificates is subject to adjustment up to plus or minus 5% as described in this Offering Memorandum.

(2) On any Distribution Date up to and including the Distribution Date in June 2026, the Certificate Rate for each of the Class A Certificates will be a per annum rate equal to the lesser of (i) the Class A Fixed Rate (as defined below) and (ii) the Net WAC Rate with respect to such Distribution Date. On any Distribution Date from and including the Distribution Date in July 2026 and thereafter, the Certificate Rate for the Class A Certificates will be a per annum rate equal to the lesser of (i) the Step-up Certificate Rate (as defined below) and (ii) the Net WAC Rate for such Distribution Date. The "**Class A Fixed Rate**" for any Distribution Date will equal 4.650% per annum. The "**Step-up Certificate Rate**" is a per annum rate equal to the sum of the Class A Fixed Rate and 1.000%.

(3) On any Distribution Date, the Certificate Rate for the Class M-1, Class B-1 and Class B-3 Certificates will be a per annum rate equal to the Net WAC Rate with respect to such Distribution Date.

(4) On any Distribution Date up to and including the Distribution Date in June 2026, the Certificate Rate for the Class B-2 Certificates will be a per annum rate equal to the Net WAC Rate with respect to such Distribution Date. On each Distribution Date on and after the Distribution Date in July 2026, the Certificate Rate for the Class B-2 Certificates will be a per annum rate equal to 0.000%.

(5) With respect to each Distribution Date, the Class A-IO-S and Class XS Certificates will each have a Class Notional Amount equal to the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period and will not be entitled to distributions of principal.

(6) On each Distribution Date, the Class A-IO-S Certificates will be entitled to receive, from interest collections in respect of the Mortgage Loans, before distributions are made with respect to the other Certificates, an amount equal to the greater of (1) zero, and (2)(a) the Aggregate Net Excess Servicing Strip for such Distribution Date, plus (b) any Net Prepayment Interest Excess, in an aggregate amount not to exceed the Excess Servicing Strip Reimbursement Amount for such Distribution Date as described in "*Description of the Certificates—Priority of Distributions*."

(7) With respect to each Distribution Date, the Class XS Certificates will be entitled to the Class XS Distribution Amount, which equals the sum of (i) the positive excess, if any, of (a) interest accrued on the Class Notional Amount for the Class XS Certificates at a per annum rate equal to the Net WAC Rate for such Distribution Date over (b) the aggregate amount of interest accrued on the P&I Certificates at their respective Certificate Rates for such Distribution Date plus (ii) any amount under clause (i) remaining unpaid from any previous Distribution Dates other than those amounts deemed paid to the Cap Carryover Reserve Account pursuant to priority *third* under "*Description of the Certificates—Priority of Distributions—Monthly Excess Cashflow*." On each Distribution Date, the Class XS Certificates will also be entitled to receive any Prepayment Premiums collected from the mortgagors during the related Prepayment Period.

The Certificates will also have the following characteristics:

Class	Record Date	Payment Delay/ Accrual Period[2]	Interest Accrual Convention	Final Scheduled Distribution Date[3]	Expected Final Distribution Date[4]	Minimum Denomination	Incremental Denomination	Rule 144A CUSIP Number	Reg S CUSIP Number	Rating (Fitch)[5]
A-1	(1)	24 day	30/360	May 2067	June 2026	$50,000	$1	03465K AA5	U0033K AA1	AAAsf
A-2	(1)	24 day	30/360	May 2067	June 2026	$50,000	$1	03465K AB3	U0033K AB9	AAsf
A-3	(1)	24 day	30/360	May 2067	June 2026	$50,000	$1	03465K AC1	U0033K AC7	Asf
M-1	(1)	24 day	30/360	May 2067	June 2026	$50,000	$1	03465K AD9	U0033K AD5	BBB-sf
B-1	(1)	24 day	30/360	May 2067	June 2026	$50,000	$1	03465K AE7	U0033K AE3	BBsf
B-2	(1)	24 day	30/360	May 2067	June 2026	$50,000	$1	03465K AF4	U0033K AF0	Bsf
B-3	(1)	24 day	30/360	May 2067	June 2026	$50,000	$1	03465K AG2	U0033K AG8	NR
A-IO-S	(1)	N/A	N/A	May 2067	June 2026	$50,000	$1	03465K AH0	U0033K AH6	NR
XS	(1)	N/A	N/A	May 2067	June 2026	$50,000	$1	03465K AJ6	U0033K AJ2	NR
R	(1)	N/A	N/A	May 2067	N/A	N/A	N/A	03465K AK3	N/A	NR

(1) For any Distribution Date other than the first Distribution Date, the close of business on the last business day of the calendar month preceding the month of the related Distribution Date; for the first Distribution Date, the Closing Date.

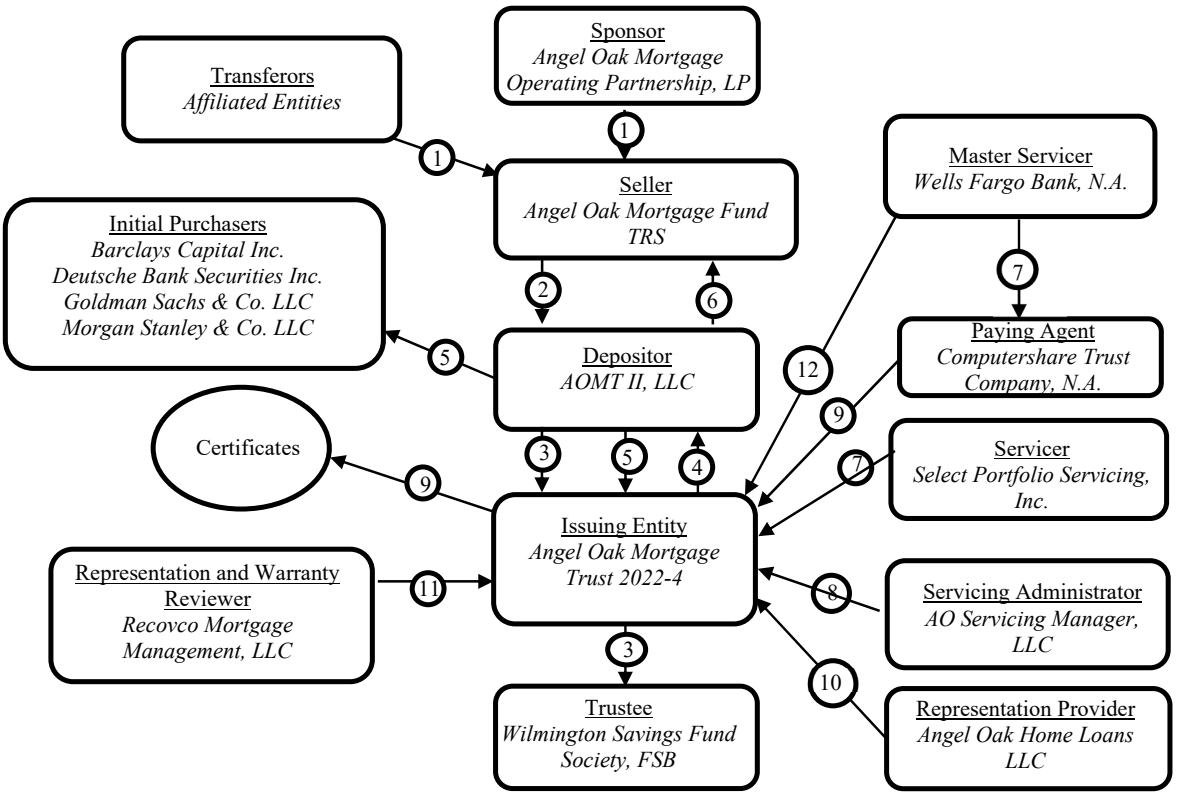
(2) For any Distribution Date for each class of P&I Certificates, the Accrual Period will be the calendar month immediately preceding the calendar month in which such Distribution Date occurs.

(3) Determined by adding 61 months to the month of scheduled maturity of the latest maturing Mortgage Loan in the Mortgage Pool. The actual final Distribution Date for each class of Offered Certificates may be earlier or later, and could be substantially earlier or later, than the applicable Final Scheduled Distribution Date listed above.

(4) The "Expected Final Distribution Date" for each class of Offered Certificates is based upon the assumptions used in this Offering Memorandum, as described under "Prepayment and Yield Considerations—Structuring Assumptions," assuming that the Mortgage Loans prepay at 25% CPR as described under "Prepayment and Yield Considerations —Structuring Assumptions" and further assuming that an Optional Redemption occurs on the earlier of (i) the Distribution Date in June 2026 and (ii) the first Distribution Date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than or equal to 30% of the aggregate Scheduled Principal Balance as of the Cut-off Date. The actual final Distribution Date for each class of Offered Certificates may be earlier or later, and could be substantially earlier or later, than the applicable Expected Final Distribution Date listed above.

(5) The Offered Certificates will not be issued unless they receive at least the ratings set forth in this table. See "Ratings" in this Offering Memorandum.

The transaction structure is illustrated below:



1. The Seller acquired or will acquire the Mortgage Loans at the direction of the Sponsor from affiliated entities on and prior to the Closing Date.
2. On the Closing Date, the Seller will sell the Mortgage Loans to the Depositor.
3. On the Closing Date, the Depositor will form the Issuing Entity as a New York common law trust pursuant to the Pooling and Servicing Agreement and transfer the Mortgage Loans to the Trustee for the benefit of Certificateholders.
4. On the Closing Date, the Issuing Entity will issue the Certificates and transfer them to the Depositor as consideration for the purchase of the Mortgage Loans.
5. On the Closing Date, the Depositor will sell the Purchased Certificates to the Initial Purchasers in return for cash.
6. On the Closing Date, the Depositor will transfer to the Seller (i) the cash from the sale of the Purchased Certificates and (ii) the Certificates other than the Purchased Certificates as consideration for the Mortgage Loans.
7. The Servicer will service the Mortgage Loans, deposit principal and interest collections on the Mortgage Loans to the Collection Account and remit required amounts to the Master Servicer on each Servicer Remittance Date and the Master Servicer will remit (or deemed to remit) required amounts to the Paying Agent on each Master Servicer Remittance Date as described under "*Pooling and Servicing Agreement—Accounts*." The Servicer will fund P&I Advances and Servicing Advances with respect to the Mortgage Loans as described under "*Description of the Certificates — Advances*."
8. The Servicing Administrator will act as servicing administrator for the Mortgage Loans.
9. On each Distribution Date, the Paying Agent will use the remittances on the Mortgage Loans from the Master Servicer (including amounts advanced) to make distributions on the Certificates pursuant to the priorities described under "*Description of the Certificates—Priority of Distributions*."
10. The Representation Provider will make certain representations and warranties about the Mortgage Loans as described under "*Mortgage Loan Representations and Warranties—Repurchase Requests and Arbitration.*"
11. Upon the occurrence of certain events, the Representation and Warranty Reviewer will undertake a review of the Angel Oak Mortgage Loans to test for the accuracy of certain representations and warranties made by the Representation Provider and will undertake a review of the Third Party Originator Mortgage Loans to determine if there is a breach of certain representations and warranties made by the Representation Provider as described under "*Mortgage Loan Representations and Warranties—The Review Process.*"
12. The Master Servicer will enforce certain remedies on behalf of the Trustee in the event of certain Servicer Events of Default. The Master Servicer will also fund P&I Advances under limited circumstances as described under "*Description of the Certificates—Advances*."

All capitalized terms have the meanings assigned herein.

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 detailed information about the Certificates.

Capitalized terms used in this Offering Memorandum, if not defined when first used, will have the meanings ascribed thereto in "Appendix I—Glossary of Defined Terms."

THE CERTIFICATES

Angel Oak Mortgage Trust 2022-4, Mortgage-Backed Certificates, Series 2022-4.

Offered Certificates

The Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2, Class B-3, Class XS and Class A-IO-S Certificates (collectively, the "**Offered Certificates**").

Purchased Certificates

The Class A-1, Class A-2, Class A-3 and Class M-1 Certificates and, to the extent investors are identified, all or portion of the Class B-1 Certificates (the "**Purchased Certificates**"). On the Closing Date, the Purchased Certificates will settle with accrued interest from the Cut-off Date to the Closing Date calculated on the related Initial Certificate Principal Balance at the applicable Certificate Rate.

Investors should note that even though the Purchased Certificates settle with accrued interest on the related Initial Certificate Principal Balance, on the first Distribution Date, the Purchased Certificates are entitled to receive 30 days of interest and the accrued interest for the second Distribution Date may be calculated on a Certificate Principal Balance that is lower than the related Initial Certificate Principal Balance, even though on the Closing Date the amount distributed was calculated on the Initial Certificate Principal Balance.

Non-Offered Certificates

The Class R Certificates (the "**Non-Offered Certificates**"). The Non-Offered Certificates together with the Offered Certificates are the "**Certificates**."

Rated Certificates

The Class A-1, Class A-2, Class A-3, Class M-1, Class B-1 and Class B-2 Certificates (collectively, the "**Rated Certificates**").

P&I Certificates

The Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates (collectively the "**P&I Certificates**").

U.S. Risk Retention Certificates

A portion of the Class B-2 Certificates and all of the Class B-3 and Class XS Certificates (the "**U.S. Risk Retention Certificates**").

RELATIONSHIP BETWEEN CERTIFICATES AND THE MORTGAGE LOANS

The Offered Certificates represent beneficial interests in the Issuing Entity, a New York common law trust, the assets of which will consist primarily of the Mortgage Loans.

RELEVANT PARTIES

Sponsor

Angel Oak Mortgage Operating Partnership, LP (the "**Sponsor**"), a Delaware limited partnership.

Seller

Angel Oak Mortgage Fund TRS (the "**Seller**"), a Delaware statutory trust. The Seller is a wholly-owned subsidiary of the Sponsor.

Depositor

AOMT II, LLC (the "**Depositor**") a Delaware limited liability company.

Representation Provider

Angel Oak Home Loans LLC, a Delaware limited liability company ("**AOHL**" or the "**Representation Provider**"), will make certain representations and warranties regarding the Mortgage Loans.

Issuing Entity

Angel Oak Mortgage Trust 2022-4, a New York common law trust (the "**Issuing Entity**").

Servicer

Select Portfolio Servicing, Inc., a Utah corporation ("**SPS**") will be the servicer of the Mortgage Loans (the "**Servicer**").

The Servicer is obligated to make P&I Advances and Servicing Advances (as described herein) for all the Mortgage Loans.

Servicing Administrator

AO Servicing Manager, LLC will act as servicing administrator (the "**Servicing Administrator**") for the Mortgage Loans.

Master Servicer

Wells Fargo Bank, N.A., a national banking association ("**Wells Fargo Bank**"), is the master servicer (in such capacity, the "**Master Servicer**").

Originators

AOHL and Angel Oak Mortgage Solutions LLC (together, the "**Angel Oak Originators**"), Impac Mortgage Corp., Greenbox Loans, Inc. and 11 other third party originators (each a "**Third Party Originator**," and collectively the "**Third Party Originators**," and collectively with the Angel Oak Originators, the "**Originators**," and each individually, an "**Originator**"). The Angel Oak Originators originated approximately 52.34% of the Mortgage Loans, Impac Mortgage Corp. originated approximately 16.71% of the Mortgage Loans, Greenbox Loans, Inc. originated approximately 12.61% of the Mortgage Loans and the 11 other Third Party Originators each originated less than 10% of the Mortgage Loans.

The Representation Provider will make representations and warranties concerning the Angel Oak Mortgage Loans set forth under "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider With Respect to the Angel Oak Mortgage Loans*" and the representations and warranties concerning the Third Party Originator Mortgage Loans set forth in Annex D to this Offering Memorandum to the Trustee on behalf of the Issuing Entity.

Trustee

Wilmington Savings Fund Society, FSB, a federal savings bank, not in its individual capacity but solely as trustee, is the trustee (the "**Trustee**").

Custodian

U.S. Bank National Association, a national banking association, is the custodian (the "**Custodian**").

Paying Agent and Certificate Registrar

Computershare Trust Company, N.A., a national banking association ("**Computershare Trust Company**"), is the paying agent (in such capacity, the "**Paying Agent**") and the certificate registrar (in such capacity, the "**Certificate Registrar**").

Representation and Warranty Reviewer

Recovco Mortgage Management, LLC, a Delaware limited liability company ("**Recovco**"), will act as representation and warranty reviewer under the Pooling and Servicing Agreement ("**Representation and Warranty Reviewer**").

CUT-OFF DATE

The "**Cut-off Date**" will be the close of business on June 1, 2022. All payments received in respect of Scheduled Payments on the Mortgage Loans due after the Cut-off Date will be assets of the Issuing Entity. The collateral statistics presented in this Offering Memorandum are based on the Scheduled Principal Balances of the Mortgage Loans as of the Cut-off Date (unless stated otherwise).

CLOSING DATE

On or about July 13, 2022.

DISTRIBUTION DATES

The 25th day of each month, or the immediately following business day if the 25th day is not a business day, commencing on July 25, 2022 (each, a "**Distribution Date**").

DUE PERIOD

The "**Due Period**" for any Distribution Date is the period beginning on the second day of the calendar month immediately preceding such Distribution Date and ending on the first day of the calendar month in which such Distribution Date occurs.

PREPAYMENT PERIOD

The "**Prepayment Period**" for any Distribution Date other than the initial Distribution Date and (i) any Partial Prepayment or other unscheduled payment of principal that is not a Full Prepayment, is the immediately preceding calendar month and (ii) any Full Prepayment, is the period beginning on the 16th day of the calendar month preceding the month

in which such Distribution Date occurs through the 15th day of the calendar month in which such Distribution Date occurs. For the initial Distribution Date, the Prepayment Period for any (i) Partial Prepayment or other unscheduled payment of principal that is not a Full Prepayment is the period beginning at the close of business on June 1, 2022 and continuing through June 30, 2022 and (ii) Full Prepayment is the period beginning at the close of business on June 1, 2022 and continuing through July 15, 2022.

A "**Principal Prepayment**" is any voluntary payment of principal on a Mortgage Loan which is received in advance of its scheduled Due Date and 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.

A "**Full Prepayment**" is any payment of the entire Unpaid Principal Balance of a Mortgage Loan which is received in advance of its scheduled maturity date and 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.

A "**Partial Prepayment**" is any Principal Prepayment, other than a Full Prepayment.

RECORD DATE

The "**Record Date**" for each Distribution Date will be (i) the Closing Date, in the case of the first Distribution Date and (ii) the last business day of the month preceding the month of such Distribution Date, in the case of any Distribution Date thereafter.

THE TRANSACTION

On and prior to the Closing Date, Mortgage Loans with an aggregate Scheduled Principal Balance of $184,749,934.71 as of the Cut-off Date were or will be acquired by the Seller from affiliated entities. Certain of the Mortgage Loans will be acquired on the Closing Date pursuant to a mortgage loan purchase agreement (the "**First Step Mortgage Loan Purchase Agreement**").

Pursuant to a mortgage loan purchase agreement dated as of the Closing Date between the Seller and the Depositor (the "**Second Step Mortgage Loan Purchase Agreement**," and together with the First Step Mortgage Loan Purchase Agreement, the "**Mortgage Loan Purchase Agreements**"), the Mortgage Loans will be conveyed to the Depositor.

Pursuant to a pooling and servicing agreement (the "**Pooling and Servicing Agreement**"), dated as of the Cut-off Date, among the Depositor, the Servicing Administrator, the Representation Provider, the Servicer, the Master Servicer, the Representation and Warranty Reviewer, the Paying Agent, the Certificate Registrar and the Trustee, the Depositor will establish the Issuing Entity and convey the Mortgage Loans to the Trustee of the Issuing Entity. The Certificates will be issued pursuant to the Pooling and Servicing Agreement.

The Pooling and Servicing Agreement will provide, among other things, that (i) the Trustee will hold the Trust Estate (as defined herein) for the benefit of the Certificateholders, (ii) the Paying Agent will calculate distributions and provide other information regarding the Certificates and (iii) the Certificate Registrar will process transfers of the Certificates.

The Custodian will be required to hold the Mortgage Loan files and will have other administrative duties with respect to the Mortgage Loan files pursuant to the Custody Agreement.

The Master Servicer will be responsible for enforcing certain remedies on behalf of the Trustee following certain Servicer Events of Default and performing certain other duties in accordance with the terms of the Pooling and Servicing Agreement. See "*Servicing of the Mortgage Loans*" in this Offering Memorandum.

The Servicer will be responsible for servicing the Mortgage Loans in accordance with the terms of the Pooling and Servicing Agreement. See "*Servicing of the Mortgage Loans*" in this Offering Memorandum.

Under the Pooling and Servicing Agreement, the Servicer is generally obligated to make monthly advances in respect of delinquent payments of principal and interest on the Mortgage Loans, except to the extent such advances are deemed nonrecoverable or relate to a Stop Advance Mortgage Loan (as defined herein). Such advances will be included with collections of principal and interest on the Mortgage Loans. The Servicer is also obligated to advance amounts constituting "out-of-pocket" costs and expenses relating to the preservation, restoration, inspection and protection of the Mortgaged Property, enforcement or judicial proceedings, including foreclosures. The Servicer will be entitled to reimbursement for any such advances from future payments and collections (including insurance or Liquidation Proceeds) with respect to the related Mortgage Loan, prior to such amounts being available for distributions to Certificateholders. If, however, the Servicer determines in accordance with the Pooling and Servicing Agreement that a P&I Advance or Servicing Advance becomes non-recoverable, or (i)

with respect to a P&I Advance or Servicing Advance for a Mortgage Loan that is subject to a modification or (ii) with respect to a P&I Advance for a Mortgage Loan that is subject to a deferral, the Servicer will be entitled to reimbursement for such advance upon determination of non-recoverability or at the time of deferral or modification from collections in respect of all the Mortgage Loans prior to any distributions to the Certificateholders. The Servicer will determine that a proposed advance is non-recoverable (and consequently, that the related Mortgage Loan is a Stop Advance Mortgage Loan) when, in its good faith judgment, it believes the proposed advance would not ultimately be recoverable from the related mortgagor, related Liquidation Proceeds or other recoveries in respect of the Mortgage Loan. For the avoidance of doubt, if a mortgagor enters into a repayment plan with respect to a Mortgage Loan, the Servicer or Master Servicer, as applicable, will reimburse itself for the related P&I Advances over the course of such repayment plan from collections in respect of the related Mortgage Loan. To the extent the Servicer fails to make an advance of principal and interest (except to the extent such advance relates to a Stop Advance Mortgage Loan), the Master Servicer or the successor servicer will be obligated to make such advance and will be entitled to reimbursement as described in this Offering Memorandum. See "*Risk Factors—Modification of a Mortgage Loan May Adversely Affect Your Certificates*" and "*Description of the Certificates—Advances*" in this Offering Memorandum.

AFFILIATIONS AND RETENTION OF SECURITIES

The Seller, the Depositor, the Representation Provider, the Sponsor, the Servicing Administrator, the initial Controlling Representative, the Controlling Holder and the Angel Oak Originators are affiliates. It is expected that the Sponsor or a Majority-Owned Affiliate of the Sponsor will acquire on the Closing Date and retain the U.S. Risk Retention Certificates, the remaining portion of the Class B-2 Certificates and the Class B-1 Certificates (or portion thereof), to extent not purchased by the Initial Purchasers on the Closing Date, and the Sponsor and its affiliates will acquire on the Closing Date and initially retain the Class A-IO-S Certificates. The initial Controlling Representative is expected to be the Sponsor or an affiliate of the Sponsor and an affiliate of the Seller, the Depositor, the Representation Provider, the Controlling Holder, the Servicing Administrator and the Angel Oak Originators. Additionally, the Paying Agent and the Certificate Registrar are the same entity. Proceeds of the offering of the Certificates will be used by the Sponsor, in part, to pay off the financing of the Mortgage Loans. See "*Risk Factors—Potential Conflicts of Interest Relating to the Initial Purchasers*" in this Offering Memorandum.

There are no additional relationships, agreements or arrangements outside of this transaction among the transaction parties that are material to an understanding of the Certificates.

DESCRIPTION OF CERTIFICATES

A summary chart of the Initial Certificate Principal Balances, Initial Class Notional Amounts, Certificate Rates, Certificate Types, denominations, Interest Accrual Conventions, Final Scheduled Distribution Dates, Expected Final Distribution Dates, Record Dates, Payment Delay/Accrual Period, CUSIP numbers and Ratings of the Certificates is set forth in the Certificates Tables.

The Certificates will have the approximate Initial Certificate Principal Balances and Initial Class Notional Amounts set forth in the Certificates Tables. Any difference between the Certificate Principal Balances and Class Notional Amounts of the Certificates as of the date of issuance and the approximate Initial Certificate Principal Balances and Initial Class Notional Amounts described in this Offering Memorandum will not exceed 5% of each Initial Certificate Principal Balance or Initial Class Notional Amount, as applicable, as set forth in the Certificates Tables.

Form of Certificates; Denominations

The Certificates will be issued in the minimum denominations and the incremental denominations set forth in the Certificates Tables. The Certificates (other than the Class R Certificates) will be issued initially in book-entry form and will be held through DTC, Clearstream or the Euroclear System (each as defined herein). The Offered Certificates are not intended to be directly or indirectly held or beneficially owned by anyone in amounts lower than such minimum denomination.

Certificate Rates

The "**Certificate Rate**" for the P&I Certificates and each Distribution Date will be the per annum rate for such class of Certificates described in the Certificates Tables (together with the footnotes thereto).

Distributions—General

As more fully described herein, distributions of interest and principal on the Certificates will be made on each Distribution Date from payments of principal and interest received or advanced in respect of the Mortgage Loans, subject to the

priorities set forth in this Offering Memorandum. See "*Description of the Certificates—Priority of Distributions*" in this Offering Memorandum. Additionally, the sum of any excess Interest Remittance Amount and excess Principal Remittance Amount, which comprises the Monthly Excess Cashflow (as defined below under "—*Monthly Excess Cashflow*"), will be used to cover Realized Losses on the Mortgage Loans, make distributions of principal to certain classes of Certificates, reimburse certain classes of Certificates for Applied Realized Loss Amounts and, from amounts otherwise distributable to the Class XS Certificates, to fund the Cap Carryover Reserve Account to pay Cap Carryover Amounts to certain classes of Certificates prior to being distributed to the Class XS Certificates as further described below under "—*Monthly Excess Cashflow*."

Interest Distributions

For each Distribution Date, interest will accrue on the P&I Certificates during the related Accrual Period. Interest for the P&I Certificates and each Distribution Date will be calculated on the basis of a 360-day year and an Accrual Period consisting of 30 days. On each Distribution Date, interest will be paid to the P&I Certificates as described below and under "*Description of the Certificates—Priority of Distributions*" in this Offering Memorandum.

The Class A-IO-S, Class XS and Class R Certificates will not accrue interest.

On each Distribution Date the Interest Remittance Amount will be distributed, *sequentially*, as follows:

first, to the Class A-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

second, to the Class A-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

third, to the Class A-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

fourth, to the Class M-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

fifth, to the Class B-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

sixth, to the Class B-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

seventh, (a) prior to the Distribution Date in July 2026 or on any Distribution Date on which the Class A Certificates are no longer outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is zero, to the Class B-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount thereon and (b) on and after the Distribution Date in July 2026 (and for so long as any class of Class A Certificates is outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is greater than zero), an amount up to the Interest Distribution Amount and Interest Carryforward Amount for the Class B-3 Certificates for such Distribution Date, first, to the Step-Up Cap Carryover Reserve Account, in an amount up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date (after giving effect to any expected distributions in reduction thereof from the Cap Carryover Reserve Account pursuant to priority *third* under "—*Monthly Excess Cashflow*" below), second, from such amounts on deposit in the Step-Up Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon, and third, any remaining amount to the Class B-3 Certificates in respect of any Interest Distribution Amount and any Interest Carryforward Amount thereon; and

eighth, any remaining Interest Remittance Amount to be applied as part of Monthly Excess Cashflow.

See "*Description of the Certificates—Priority of Distributions*" in this Offering Memorandum.

Principal Distributions

On each Distribution Date, Certificateholders of the P&I Certificates will receive distributions of principal as described below and under "*Description of the Certificates—Priority of Distributions*" in this Offering Memorandum.

On each Distribution Date that a Credit Event is not in effect, the Principal Remittance Amount will be distributed, *sequentially*, as follows:

first, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any Interest Distribution Amount and Interest Carryforward Amount for each such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

second, concurrently, to the Class A-1, Class A-2 and Class A-3 Certificates, *pro rata* based on the Certificate Principal Balance of each such class of Certificates, in reduction of the Certificate Principal Balances thereof, until the Certificate Principal

Balance of each such class of Certificates is reduced to zero;

third, to the Class M-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

fourth, to the Class M-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-1 Certificates is reduced to zero;

fifth, to the Class B-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

sixth, to the Class B-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-1 Certificates is reduced to zero;

seventh, to the Class B-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

eighth, to the Class B-2 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-2 Certificates is reduced to zero;

ninth, (a) prior to the Distribution Date in July 2026 or on any Distribution Date on which the Class A Certificates are no longer outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is zero, to the Class B-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount thereon and (b) on and after the Distribution Date in July 2026 (and for so long as any class of Class A Certificates is outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is greater than zero), an amount up to the Interest Distribution Amount and Interest Carryforward Amount for the Class B-3 Certificates for such Distribution Date, first to the Step-Up Cap Carryover Reserve Account, in an amount up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date (after giving effect to any expected distributions in reduction thereof from the Cap Carryover Reserve Account pursuant to priority *third* under "*—Monthly Excess Cashflow*" below and any deposit to the Step-Up Cap Carryover Reserve Account pursuant to priority *seventh* under "*—Interest Distributions*" above), second, from such amounts on deposit in the Step-Up Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon, and third, any remaining amount to the Class B-3 Certificates in respect to any unpaid Interest Distribution Amount and any Interest Carryforward Amount thereon;

tenth, to the Class B-3 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-3 Certificates is reduced to zero;

eleventh, sequentially, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, to reimburse such classes of Certificates for any Applied Realized Loss Amounts previously allocated thereto; and

twelfth, any remaining Principal Remittance Amount to be applied as part of Monthly Excess Cashflow.

On each Distribution Date that a Credit Event is in effect, the Principal Remittance Amount will be distributed, *sequentially*, as follows:

first, sequentially, to the Class A-1 and Class A-2 Certificates, in that order, any Interest Distribution Amount and Interest Carryforward Amount for each such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

second, *sequentially*, to the Class A-1 and Class A-2 Certificates, in that order, in reduction of the Certificate Principal Balances thereof, until the Certificate Principal Balance of each such class of Certificates is reduced to zero;

third, to the Class A-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

fourth, to the Class A-3 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class A-3 Certificates is reduced to zero;

fifth, to the Class M-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

sixth, to the Class M-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the

Certificate Principal Balance of the Class M-1 Certificates is reduced to zero;

seventh, to the Class B-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

eighth, to the Class B-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-1 Certificates is reduced to zero;

ninth, to the Class B-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

tenth, to the Class B-2 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-2 Certificates is reduced to zero;

eleventh, (a) prior to the Distribution Date in July 2026 or on any Distribution Date on which the Class A Certificates are no longer outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is zero, to the Class B-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount thereon and (b) on and after the Distribution Date in July 2026 (and for so long as any class of Class A Certificates is outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is greater than zero), an amount up to the Interest Distribution Amount and Interest Carryforward Amount for the Class B-3 Certificates for such Distribution Date, first to the Step-Up Cap Carryover Reserve Account, in an amount up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date (after giving effect to any expected distributions in reduction thereof from the Cap Carryover Reserve Account pursuant to priority *third* under "*—Monthly Excess Cashflow*" below and any deposit to the Step-Up Cap Carryover Reserve Account pursuant to priority *seventh* under "*—Interest Distributions*" above), second, from such amounts on deposit in the Step-Up Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon, and third, any remaining amount to the Class B-3 Certificates in respect to any unpaid Interest Distribution Amount and any Interest Carryforward Amount thereon;

twelfth, to the Class B-3 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-3 Certificates is reduced to zero;

thirteenth, sequentially, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, to reimburse such classes of Certificates for any Applied Realized Loss Amounts previously allocated thereto; and

fourteenth, any remaining Principal Remittance Amount to be applied as part of Monthly Excess Cashflow.

Monthly Excess Cashflow

On each Distribution Date, after giving effect to payments of (i) the Interest Remittance Amount as described under clauses *first* through *seventh* under "*—Interest Distributions*" above and (ii) the Principal Remittance Amount as described under clauses *first* through *eleventh* if no Credit Event is in effect and under clauses *first* through *thirteenth* if a Credit Event is in effect under "*—Principal Distributions*" above, the Paying Agent will allocate the remaining Interest Remittance Amount and Principal Remittance Amount (the "**Monthly Excess Cashflow**") in the following order of priority (in each case, to the extent available and provided that with respect to the final distribution made in connection with the Optional Redemption of the Certificates, priorities *first* and *second* below are disregarded):

first, in an amount up to the amount of any Realized Losses incurred during the related Prepayment Period, *sequentially*, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, in each case in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of such class of Certificates is reduced to zero;

second, up to the amount of Cumulative Applied Realized Loss Amounts, *sequentially*, as follows:

(i) *sequentially*, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, in each case in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of such class of Certificates is reduced to zero; and

(ii) *sequentially*, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, to reimburse such classes of Certificates for Applied Realized Loss Amounts previously allocated thereto (in each case, to the extent the applicable Certificate Principal Balance for such class of

Certificates has not been increased by prior applications of Certificate Write-up Amounts);

third, from amounts otherwise distributable to the Class XS Certificates to the Cap Carryover Reserve Account, up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date and then (ii) from amounts on deposit in the Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon;

fourth, to the Class XS Certificates, any remaining Class XS Distribution Amount; and

fifth, any remaining amounts as set forth in the Pooling and Servicing Agreement.

For the avoidance of doubt, any portion of the Interest Remittance Amount or Principal Remittance Amount that would otherwise be used to pay Interest Carryforward Amount or Interest Distribution Amount to the Class B-3 Certificates that is deposited into the Step-Up Cap Carryover Reserve Account will not be reimbursed to the Class B-3 Certificates on any Distribution Date.

The "**Class XS Distribution Amount**" means, for the Class XS Certificates and each Distribution Date, the sum of (i) the positive excess, if any, of (a) interest accrued on the Class Notional Amount for the Class XS Certificates at a per annum rate equal to the Net WAC Rate for such Distribution Date over (b) the aggregate amount of interest accrued on the P&I Certificates at their respective Certificate Rates for such Distribution Date plus (ii) any amount under clause (i) remaining unpaid from any previous Distribution Dates other than those amounts deemed paid to the Cap Carryover Reserve Account pursuant to priority *third* under "*Description of the Certificates—Priority of Distributions—Monthly Excess Cashflow*."

On each Distribution Date prior to distribution of the Interest Remittance Amount, the Principal Remittance Amount and Monthly Excess Cashflow, the Paying Agent will, based solely on the information provided to it by the Servicer, withdraw from the Distribution Account, an amount equal to the greater of (1) zero, and (2) (a) the Aggregate Net Excess Servicing Strip for such Distribution Date, plus (b) any Net Prepayment Interest Excess, in an aggregate amount not to exceed the Excess Servicing Strip Reimbursement Amount for such Distribution Date and distribute such amount to the Class A-IO-S Certificates. On each Distribution Date, the Paying Agent, based on information provided by the Servicer, will distribute (i) funds on deposit in the Distribution Account to the extent of any Prepayment Premiums received during the related Prepayment Period to the Class XS Certificates and (ii) any Net Interest Excess to the Servicing Administrator as the Servicing Administration Fee and as additional compensation.

Cap Carryover Amount

On the Closing Date, the Paying Agent will establish a cap carryover reserve account in the name of the Trustee for the benefit of the Class A Certificates (the "**Cap Carryover Reserve Account**") from which distributions in respect of Cap Carryover Amounts on the Class A Certificates will be made. The Paying Agent will also establish on the Closing Date a step-up cap carryover reserve account in the name of the Trustee for the benefit of the Class A Certificates (the "**Step-Up Cap Carryover Reserve Account**") from which distributions in respect of Cap Carryover Amounts on the Class A Certificates will be made on and after the Distribution Date in July 2026. The Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account will each be an asset of the Issuing Entity but not of any REMIC.

If on any Distribution Date, the Interest Distribution Amount for any of the Class A Certificates is calculated based on the Net WAC Rate, the sum of (a) the excess, if any, of (i) the amount of interest such class of Certificates would have been entitled to receive on such Distribution Date if the Certificate Rate for such class of Certificates had been calculated without regard to the Net WAC Rate over (ii) the amount of interest such class of Certificates is entitled to receive on such Distribution Date based on the Net WAC Rate and (b) the unpaid portion of any such excess from prior Distribution Dates (and interest accrued thereon at the related Certificate Rate (calculated without regard to the Net WAC Rate)) will equal the "**Cap Carryover Amount**" for such class of Certificates.

Any Cap Carryover Amounts on the Class A Certificates will be payable, even if the applicable Certificate Principal Balance thereof has been reduced to zero.

Prepayment Premiums

As of the Cut-off Date, certain of the investor purpose Mortgage Loans, representing approximately 23.39% of the Mortgage Loans, provide for payment by the mortgagor of a prepayment premium (each, a "**Prepayment Premium**") in connection with certain Principal Prepayments. The amount of the applicable Prepayment Premium, to the extent permitted under applicable federal, state or local law, is as provided in the related Mortgage Note. Generally, this amount

is equal to the product of six months of interest on 80% of the Unpaid Principal Balance of the related Mortgage Loan if the prepayment during the term exceeds 20% of the original Unpaid Principal Balance of such Mortgage Loan. No investor purpose Mortgage Loan imposes a Prepayment Premium for a term in excess of five years.

In accordance with the terms of the Pooling and Servicing Agreement, the Servicer may waive a Prepayment Premium, with the prior consent of the Servicing Administrator, if, in the Servicer's judgment, (i) such waiver would maximize recoveries on the related investor purpose Mortgage Loan or (ii) the Prepayment Premium may not be collected under applicable federal, state or local law.

On each Distribution Date, the Paying Agent will distribute any Prepayment Premiums collected from mortgagors with respect to certain of the investor purpose Mortgage Loans during the related Prepayment Period to the Class XS Certificates. Prepayment Premiums will not be available for payment to any other class of Certificates.

Excess Servicing

On each Distribution Date, the Paying Agent will withdraw from the Distribution Account, an amount equal to the greater of (1) zero, and (2) (a) the Aggregate Net Excess Servicing Strip for such Distribution Date, plus (b) any Net Prepayment Interest Excess, in an aggregate amount not to exceed the Excess Servicing Strip Reimbursement Amount for such Distribution Date and distribute such amount to the Class A-IO-S Certificates.

"**Excess Servicing Strip**" means for any Mortgage Loan on any Distribution Date, an amount equal to $1/12^{th}$ of the product of (a) the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period and (b) the Excess Servicing Fee Rate for such Mortgage Loan for such Distribution Date.

"**Excess Servicing Fee Rate**" means for any Mortgage Loan on any Distribution Date, a rate equal to the greater of (a) zero and (b) (i) the Gross Administration Fee Rate for such Mortgage Loan for such Distribution Date, minus (ii) the Servicing Administration Fee Rate for such Mortgage Loan, minus (iii) a rate calculated by multiplying (A)(x) the Servicing Fee with respect to such Mortgage Loan for the related Due Period, divided by (y) the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period by (B) 12.

"**Net Prepayment Interest Excess**" means with respect to any Distribution Date, the excess, if any, of (a) the Prepayment Interest Excess for such Distribution Date over (b) the Prepayment Interest Shortfalls for such Distribution Date.

The Excess Servicing Strip and the Net Prepayment Interest Excess will not be available for payment to any other class of Certificates.

Limited Recourse

The only source of cash available to make interest and principal distributions on the Certificates will be the assets of the Issuing Entity. The Issuing Entity will have no source of cash other than collections and recoveries on the Mortgage Loans and advances made by the Servicer or the Master Servicer, as applicable (which are reimbursable to the Servicer or the Master Servicer, as applicable, as discussed in this Offering Memorandum and are intended solely for liquidity purposes and not as credit enhancement for the Certificates). No other entity will be obligated or expected to make any distributions on the Certificates.

FEES AND EXPENSES

The Servicing Administrator will be entitled to receive the Servicing Administration Fee as compensation for its activities in its capacity as Servicing Administrator under the Pooling and Servicing Agreement. Any Net Interest Excess will be paid up to an amount equal to the product of (a) 1/12th of 0.03%, and (b) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period to the Servicing Administrator in respect of its Servicing Administration Fee. Any remaining Net Interest Excess after application above will be paid to the Servicing Administrator as additional compensation for its role as Servicing Administrator.

"**Net Interest Excess**" means on any Distribution Date, the excess, if any, of the Net Prepayment Interest Excess for such Distribution Date over the sum of (i) any Compensating Interest Payment for such Distribution Date and (ii) any Compensating Interest Payment previously deducted from interest distributions otherwise distributable to the Class A-IO-S Certificates on prior Distribution Dates.

The Servicer will be entitled to receive the Servicing Fee as compensation for its servicing activities under the Pooling and Servicing Agreement, which will be paid from the Gross Administration Fee (or as otherwise provided in the Pooling and Servicing Agreement). To the extent the Servicing Fees exceed the Gross Administration Fee with respect to any Distribution Date, the Servicer will have the right to retain such unpaid Servicing Fees from the Gross Administration Fee that would otherwise be

distributed to the holders of the Class A-IO-S Certificates on subsequent Distribution Dates.

The Master Servicer will be entitled to receive the Master Servicing Fee as compensation for its master servicing activities under the Pooling and Servicing Agreement.

The Trustee will be entitled to receive the Trustee Fee as compensation for its activities in its capacity as Trustee under the Pooling and Servicing Agreement.

The Paying Agent will be entitled to receive the Paying Agent Fee as compensation for its activities in its capacity as Paying Agent under the Pooling and Servicing Agreement. The Paying Agent will pay the fees and expenses of the Certificate Registrar from the Paying Agent Fee. The Paying Agent will also be entitled to retain investment income from amounts on deposit in the Distribution Account.

The Custodian will be entitled to receive the Custodian Fee as compensation for its activities in its capacity as Custodian under the Custody Agreement.

The Representation and Warranty Reviewer will be entitled to receive the Representation and Warranty Reviewer Fee as compensation for its activities in its capacity as Representation and Warranty Reviewer under the Pooling and Servicing Agreement.

The Gross Administration Fee (including any portion thereof that is payable as the Servicing Administration Fee or a Servicing Fee), the Master Servicing Fee, the Trustee Fee, the Paying Agent Fee, the Custodian Fee and the Representation and Warranty Reviewer Fee will be payable, prior to any distributions to Certificateholders on each Distribution Date, out of amounts on deposit in the Distribution Account on each Distribution Date that would otherwise be part of the Interest Remittance Amount or Principal Remittance Amount (to the extent not covered by the Interest Remittance Amount).

See "*Servicing of the Mortgage Loans—Fees and Other Compensation*" and "*The Pooling and Servicing Agreement—Fees and Expenses; Indemnification*" in this Offering Memorandum for a description of the fees, expenses and indemnification rights of the Servicing Administrator, the Servicer, the Master Servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Controlling Representative, the Representation Provider and the Representation and Warranty Reviewer.

MORTGAGE LOAN REPRESENTATIONS AND WARRANTIES

The Representation Provider will make certain representations and warranties concerning the Mortgage Loans as of the Cut-off Date pursuant to the Pooling and Servicing Agreement. The Representation Provider will not be required to cure, substitute, repurchase or make an indemnity payment with respect to any Mortgage Loan unless the Representation and Warranty Reviewer has reviewed the related Mortgage Loan and determined that a Material Breach has occurred with respect to such Mortgage Loan.

As further described herein, the Representation and Warranty Reviewer will conduct a review of any Mortgage Loan (a) if a Realized Loss has occurred with respect to an ATR Notice Loan or (b) upon the failure to deliver any related Mortgage Loan Document required to be delivered to the Custodian as part of the Mortgage Loan files, which failure remains uncured for one year following the Closing Date (each, an "**Automatic Review Trigger**"). Additionally, if a Realized Loss occurs with respect to any Mortgage Loan (other than an ATR Notice Loan), holders of greater than 25% of the aggregate outstanding Certificate Principal Balance (such holders, the "**Review Triggering Certificateholders**") may, nevertheless, notify the Trustee, in accordance with the provisions of the Pooling and Servicing Agreement, to engage the Representation and Warranty Reviewer to commence a review of the related Mortgage Loan ("**Certificateholder Review Trigger**," and together with the Automatic Review Trigger, the "**Review Triggers**" and each a "**Review Trigger**"). No direction related to a Certificateholder Review Trigger may be provided to the Trustee until 60 business days have elapsed since the date of notice of the related Realized Loss.

If a Review Trigger occurs with respect to an Angel Oak Mortgage Loan, then the Representation and Warranty Reviewer will conduct the applicable Tests set forth in Annex C and will determine, in its commercially reasonable judgment and based solely on such Tests and the Review Materials, (1) whether a representation and warranty has been breached and (2) whether such breach is a Material Breach. With respect to an Angel Oak Mortgage Loan, the Representation and Warranty Reviewer will only make a determination that a representation or warranty has been breached if a Test results in a determination of a Test Failure. If a Review Trigger occurs for a Third Party Originator Mortgage Loan, then the Representation and Warranty Reviewer will conduct a review to determine, in its commercially reasonable judgment and based solely on such review, (1) whether a representation and warranty

has been breached and (2) whether such breach is a Material Breach. Unlike with the Angel Oak Mortgage Loans, there are no predetermined tests for determination of representation and warranty breaches for the Third Party Originator Mortgage Loans.

If the Representation and Warranty Reviewer determines that there has been a Test Failure which results in a Material Breach with respect to an Angel Oak Mortgage Loan, the Trustee will request that the Representation Provider remedy such breach. If the Representation and Warranty Reviewer determines that there has been a Material Breach with respect to a Third Party Originator Mortgage Loan, the Trustee will request that, with respect to such Third Party Originator Mortgage Loan, the Representation Provider remedy such breach, as described further below.

In either case, the Representation Provider may (1) dispute the repurchase request, (2) cure the breach, (3) repurchase the affected Mortgage Loan from the Issuing Entity, (4) make an indemnity payment equal to the Make-Whole Amount with respect to a Liquidated Loan or (5) in some circumstances (as described herein), substitute another Mortgage Loan. In the case of any such Mortgage Loan that is a Liquidated Loan, the Representation Provider will be required to make an indemnity payment equal to the Make-Whole Amount to the Issuing Entity.

If the Representation Provider, the Controlling Representative or the Review Triggering Certificateholders dispute the Representation and Warranty Reviewer's finding of a Material Breach, the resolution of the dispute will be by arbitration. The decision of the arbitrator will be final and binding. See "*Mortgage Loan Representations and Warranties—Repurchase Requests and Arbitration*" in this Offering Memorandum.

Notwithstanding the foregoing, the Representation and Warranty Reviewer will not perform any Test related to representation and warranty number 6 set forth under "*—Representations and Warranties of the Representation Provider*" with respect to any Angel Oak Mortgage Loan or, for any Third Party Originator Mortgage Loan, a review with respect to the representation and warranty that is substantially similar to representation and warranty number 6 "*—Representations and Warranties of the Representation Provider*," for which a Review Trigger occurred on any date that is after the date on which the Certificate Principal Balances of the Rated Certificates are reduced to zero, and consequently, the Issuing Entity will have no remedies with respect to breaches of such representation or warranty in respect of Mortgage Loans for which a Review Trigger occurred on any date after the Certificate Principal Balances of the Rated Certificates are reduced to zero.

In addition, the Representation and Warranty Reviewer will not be required to conduct any Test to determine whether there has been a breach related to representation and warranty number 40 set forth under "*—Representations and Warranties of the Representation Provider*" with respect to any Angel Oak Mortgage Loan or, for any Third Party Originator Mortgage Loan, the representation and warranty that is substantially similar to representation and warranty number 40 set forth under "*—Representations and Warranties of the Representation Provider*" with respect to any Mortgage Loan and will therefore make no determination of a Material Breach with respect thereto. Notwithstanding the foregoing, in the event that a judicial determination has been made that (a) a violation of the TRID rule exists with respect to such Mortgage Loan, (b) assignee liability applies to such violation and (c) statutory damages and/or out-of-pocket attorneys' fees in excess of $400 are payable with respect to such violation, the Servicer will be required to provide the Servicing Administrator, the Trustee, the Representation and Warranty Reviewer and the Representation Provider with written notice thereof within 30 business days and the Representation Provider will have 60 business days from the first date on which the events described in clauses (a), (b) and (c) have all occurred to (A) cure the breach (including by making an indemnity payment to the Issuing Entity sufficient to compensate it for any amounts payable by the Issuing Entity that are described in clause (c) above), (B) repurchase the related Mortgage Loan from the Issuing Entity at the Repurchase Price, (C) in some circumstances (as described herein), substitute another mortgage loan for the related Mortgage Loan or (D) make an indemnity payment equal to the Make-Whole Amount with respect to a Liquidated Loan, in all cases without regard to whether the related TRID rule violation materially and adversely affects the value of such Mortgage Loan or the interests of the Certificateholders therein.

In addition to the foregoing, only with respect to Angel Oak Mortgage Loans that were originated within 90 days of the Closing Date, the Representation Provider will be required to repurchase an Angel Oak Mortgage Loan in the event that such Mortgage Loan becomes 60 or more days delinquent (based on the MBA Method) within the first three months following the date of origination of such Mortgage Loan, unless the default was the result of (a) a servicing issue that has subsequently been or will be corrected or (b) death or serious illness that resulted in full disability or the termination of employment of the mortgagor (or, if

the co-mortgagor is the primary wage earner, the co-mortgagor) (an "**Early Payment Default**").

With respect to any Mortgage Loan, the Representation Provider will be obligated to cure, substitute, repurchase or make an indemnity payment with respect to such Mortgage Loan due to a Material Breach, a TRID rule violation or an Early Payment Default.

See "*Mortgage Loan Representations and Warranties,*" "*Risk Factors—Financial Condition of the Representation Provider*" and "*—The Review Process Is the Sole and Exclusive Process by which Any Breach of Representations and Warranties May Be Independently Identified and Remedied and No Assurance Can Be Made as to Its Effectiveness*" in this Offering Memorandum for more detail.

MORTGAGE POOL

The assets of the Issuing Entity will consist primarily of the Mortgage Loans transferred to the Trustee by the Depositor on the Closing Date. The pool of Mortgage Loans expected to be conveyed to the Trustee, for the benefit of the Certificateholders, by the Depositor on the Closing Date (the "**Mortgage Pool**") consists of 406 fixed and one adjustable rate Mortgage Loans with an aggregate Scheduled Principal Balance of $184,749,934.71 as of the Cut-off Date. The Mortgage Loans are primarily secured by first liens on one-to-four family residential properties, planned unit developments, condominiums, townhouses and mixed-use properties. Each Mortgage Loan has an original term to maturity of 30 to 40 years. With the exception of certain Mortgage Loans that are not subject to the ATR Rules, all of the Mortgage Loans were underwritten by the Originators with the intention of satisfying the ATR Rules. See *"Pre-Offering Review"* and *"Pre-Offering Review—Scope of the Review—Regulatory Compliance Review"* in this Offering Memorandum. A substantial majority of the Mortgage Loans are Non-Qualified Mortgage Loans.

The statistical information in this Offering Memorandum is based on the characteristics of the Mortgage Loans in the Mortgage Pool as of the 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 Mortgage Loans are measured as a percentage of the aggregate Scheduled Principal Balance of such Mortgage Loans in the Mortgage Pool as of the Cut-off Date (unless stated otherwise). The balances and percentages may not be exact due to rounding. For Mortgage Loans where information pertaining to a given characteristic was not available, such Mortgage Loan has been excluded from calculations performed herein relating to such characteristic. Information in the tables relating to the Mortgage Interest Rate of a Mortgage Loan is based on the Mortgage Interest Rate in effect for the related Mortgage Loan at the time of the last payment of interest made by the related mortgagor.

	Range, Aggregate, Weighted Average, Average, or Percentage
Number of Mortgage Loans	407
Original Scheduled Principal Balance	$81,250.00 to $3,146,250.00
	Aggregate: $186,367,034.00
	Average: $457,904.26
Scheduled Principal Balance	$71,325.34 to $3,115,556.64
	Aggregate: $184,749,934.71
	Average: $453,931.04
Loan Origination Program	
Angel Oak Bank Statement	36.58%
Angel Oak Investor Cash Flow	10.14%
Angel Oak Platinum	3.06%
Angel Oak Portfolio Select	2.42%
Angel Oak Agency	0.14%
Third Party Origination	47.66%
Mortgage Interest Rate	3.000% to 8.250%
	Weighted Average: 5.218%
Interest Rate Type of the Mortgage Loans	
Fixed Rate	99.62%
Adjustable Rate	0.38%
Original Term to Maturity[(1)]	360 to 480 months
	Weighted Average: 370 months
Remaining Term to Maturity[(2)]	334 to 478 months
	Weighted Average: 365 months
Loan Age	2 to 26 months
	Weighted Average: 5 months
Weighted Average Original Loan-to-Value Ratio	75.11%
Weighted Average Original Combined Loan-to-Value Ratio	75.11%
Lien Position of the Mortgage Loans	
First Lien	100.00%
Non-Zero Weighted Average Original Credit Score	730
Non-Zero Weighted Average Updated Credit Score[(1)]	724
Property Type of the Mortgage Loans	
Single Family Detached	58.85%
Planned Unit Development	27.23%
Condominium	6.95%
Two-to-Four Family	5.11%
Single Family Attached	1.25%
Mixed-Use	0.32%
Townhouse	0.30%
Occupancy Type of the Mortgage Loans	
Primary Home	60.28%
Investment Property	34.42%
Second Home	5.30%
Loan Purpose of the Mortgage Loans	
Purchase	65.37%

	Range, Aggregate, Weighted Average, Average, or Percentage
Cash-Out Refinance	27.21%
Rate/Term Refinance	7.42%
Ability to Repay Status of the Mortgage Loans	
Non-Qualified Mortgage Loans	65.58%
Exempted Mortgage Loans	34.42%
Self-Employed Status of the Mortgage Loans	
Yes	62.54%
Investor DSCR	23.74%
No	13.72%
Geographic Concentration of Mortgaged Properties in Excess of 5.00% of the Aggregate Scheduled Principal Balance	
California	30.39%
Florida	23.10%
Texas	8.29%
Arizona	7.55%
MBA Delinquency Status of the Mortgage Loans(2)	
Current – No COVID Relief Granted	99.40%
30-59 Days Delinquent – No COVID Relief Granted	0.60%
Weighted Average for the Adjustable Rate Mortgage Loans only	
Gross Margin	6.000%
Maximum Mortgage Interest Rate	11.375%
Minimum Mortgage Interest Rate	6.000%
Initial Periodic Rate Cap	5.000%
Subsequent Periodic Rate Cap	1.000%
Months to Next Rate Reset	77 months

(1) For 99 Mortgage Loans (representing approximately 21.28% of the Mortgage Loans), the original credit score was used due to an updated credit score being unavailable.

(2) Of the 407 Mortgage Loans, 11 Mortgage Loans, totaling $4,497,606.76 in Scheduled Principal Balance (representing approximately 2.43% of the Mortgage Loans) as of the Cut-off Date, have previously been at least 30 days delinquent in the twenty-four months prior to the Cut-off Date.

Changes to the Mortgage Pool

The characteristics of the Mortgage Pool may change because:

- Before the Closing Date, Mortgage Loans may be removed from the Mortgage Pool as a result of prepayments of Mortgage Loans. No other Mortgage Loans will be substituted for Mortgage Loans removed from the Mortgage Pool before the Closing Date.

- After the Closing Date, Mortgage Loans may be removed from the Mortgage Pool because of repurchases or substitutions by the Representation Provider. See "*Mortgage Loan Representations and Warranties—Repurchase Requests and Arbitration*" in this Offering Memorandum.

These repurchases and changes to the Mortgage Pool may affect the Weighted Average Lives and yields to maturity of the Offered Certificates.

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

CREDIT ENHANCEMENT

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

- *Subordination*. On each Distribution Date, classes of Certificates that are lower in order of distribution priority will not receive distributions of interest until the classes of Certificates that are higher in order of distribution priority have received their Interest Distribution Amount and Interest Carryforward Amount for such Distribution Date and certain classes of Certificates that are lower in order of distribution priority will not receive distributions of principal until the aggregate Certificate Principal Balance of the classes of Certificates that are higher in order of distribution priority have been reduced to zero.

- *Allocation of Applied Realized Loss Amounts*. After distributions on each Distribution Date to each class of Certificates, the Paying Agent, based on information provided to it by the Servicer, will calculate the excess, if any, of (i) the aggregate Certificate Principal Balances of the Certificates over (ii) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the last day of the related Due Period (the "**Applied Realized Loss Amount**") for such Distribution Date. Applied Realized Loss Amounts will be allocated to the Certificates on each Distribution Date in the following order of priority: *first*, to reduce the Certificate Principal Balance of the Class B-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *second* to reduce the Certificate Principal Balance of the Class B-2 Certificates, until the Certificate Principal Balance of such class of Certificates is reduced to zero; *third*, to reduce the Certificate Principal Balance of the Class B-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fourth*, to reduce the Certificate Principal Balance of the Class M-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fifth*, to reduce the Certificate Principal Balance of the Class A-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *sixth*, to reduce the Certificate Principal Balance of the Class A-2 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; and *seventh*, to reduce the Certificate Principal Balance of the Class A-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero. See "*Description of the Certificates—Realized Losses; Allocation of Applied Realized Loss Amounts; Certificate Write-up Amounts*" in this Offering Memorandum.

- *Allocation of Monthly Excess Cashflow*. The Mortgage Loans are expected to generate more interest than is needed to pay interest on the Certificates because the Net WAC Rate of the Mortgage Loans is expected to be higher than the weighted average rate at which interest accrues on each of the Class A Certificates. On each Distribution Date, excess interest will be available to (i) make distributions of principal sequentially to and among the Class A Certificates, Class M Certificates and Class B Certificates, in an aggregate amount not to exceed the amount of Realized Losses incurred during the related Prepayment Period, until the aggregate Certificate Principal Balance of the Class A Certificates, Class M Certificates and

Class B Certificates have been reduced to zero, (ii) make distributions of principal sequentially to and among the Class A Certificates, Class M Certificates and Class B Certificates, in an aggregate amount not to exceed the amount of aggregate Cumulative Applied Realized Losses Amounts allocated to the Certificates, until the aggregate Certificate Principal Balance of the Class A Certificates, Class M Certificates and Class B Certificates have been reduced to zero, (iii) reimburse the Certificates for Applied Realized Loss Amounts allocated thereto (in each case, to the extent the applicable Certificate Principal Balance for such class of Certificates has not been increased by prior applications of Certificate Write-up Amounts), (iv) from amounts otherwise distributable to the Class XS Certificates, fund the Cap Carryover Reserve Account, up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date, to be distributed sequentially to and among such classes of Certificates, (v) make distributions to the Class XS Certificates and (vi) make distributions as provided in the Pooling and Servicing Agreement; provided, however, with respect to the final distribution made in connection with the Optional Redemption of the Certificates, clauses (i), (ii) and (iii) above are disregarded. See "*Description of the Certificates—Priority of Distributions—Monthly Excess Cashflow*" in this Offering Memorandum.

EFFECTS OF PREPAYMENTS ON YOUR INVESTMENT EXPECTATIONS

As used herein, 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 rate of prepayments on the Mortgage Loans will affect the investment performance of the Offered Certificates.

The Offered Certificates were structured assuming, among other things, that prepayments on the Mortgage Loans occur based on the prepayment rates described in this Offering Memorandum under "*Prepayment and Yield Considerations*." No one, however, can predict the actual rate of prepayments on the Mortgage Loans.

In deciding whether to purchase any of the Offered Certificates, you should make an independent decision as to the appropriate assumptions to use. If prepayments, delinquencies, defaults and loss severities on the Mortgage Loans are higher or lower than you anticipate, the investment performance of the Offered Certificates may vary materially and adversely from your investment expectations.

Factors affecting the rate of prepayments, delinquencies, defaults and loss severities on the Mortgage Loans are discussed in this Offering Memorandum under "*Risk Factors—The Rate of Principal Payments, Including Principal Prepayments, on the Mortgage Loans Will Affect the Yields on the Certificates,*" "*Risk Factors—Net WAC Rate May Limit the Certificate Rates of the Offered Certificates"* and "*Prepayment and Yield Considerations*."

The actual yield on your Offered Certificates 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 Offered Certificates may not be realized. These effects are summarized below.

Yield

The actual yield on your Offered Certificates depends on the:

- Certificate Rates on the Certificates;
- price paid for your Offered Certificates;
- absence or occurrence of losses on the Mortgage Loans;
- delinquencies on the Mortgage Loans;
- forbearance plans and loss mitigation modifications that suspend or defer payments on the Mortgage Loans as a result of the COVID-19 outbreak;
- rate and timing of Principal Prepayments on the Mortgage Loans;
- whether the Offered Certificates are paid in full by the Expected Final Distribution Date;
- exercise by the Depositor of its Optional Redemption right;
- whether the Certificate Rate applicable thereto is limited on any Distribution Date by application of the Net WAC Rate;
- the allocation of Applied Realized Loss Amounts to the Certificates;

- repurchases or substitutions of Mortgage Loans by the Representation Provider;
- the Optional Purchase of any delinquent Mortgage Loans by the Seller;
- the amount and timing of reimbursements to the Servicer of Servicing Advances;
- the amount and timing of reimbursements to the Servicer and the Master Servicer of P&I Advances;
- exercise by the Servicer (at the direction of the Servicing Administrator) of its Optional Termination right;
- refinancings of Mortgage Loans, including short refinancings;
- a reduction in interest received due to prepayments on the Mortgage Loans and the application of the Servicemembers Civil Relief Act or similar legislation; and
- reimbursement of expenses and indemnification payments to the transaction parties.

If you purchase an Offered Certificate, your yield, absent shortfalls or losses, will primarily be a function of the price paid and the rate and timing of payments, including prepayments, on the Mortgage Loans.

Other than with respect to the Class A-IO-S and Class XS Certificates, if you pay less or more than the Certificate Principal Balance of your Offered Certificate—that is, buy the Offered Certificate at a "discount" or "premium," respectively—then your effective yield will be higher or lower, respectively, than the Certificate Rate on the Offered Certificate, because such discount or premium will be amortized over the life of the Offered Certificate.

Any deviation in the actual rate of prepayments 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 Offered Certificates you purchase at a "discount," "premium" or "par."

If you are purchasing P&I Certificates at a discount, you should consider the risk that a slower than anticipated rate of principal payments on the Mortgage Loans may have a negative effect on the yield to maturity of your Certificates.

If you are purchasing Offered Certificates at a premium, you should consider the risk that a faster than anticipated rate of principal payments on the Mortgage Loans may have a negative effect on the yield to maturity of your Certificates.

If you are purchasing the Class B-2 Certificates, you should consider the risk that, beginning on the Distribution Date in July 2026, the Certificate Rate will change from a per annum rate equal to the Net WAC Rate for such Distribution Date to a per annum rate equal to 0.000%.

If you are purchasing the Class B-3 Certificates, you should consider the risk that, beginning on the Distribution Date in July 2026, amounts otherwise available to pay you the Interest Distribution Amount or any Interest Carryforward Amount on your Certificates may instead be deposited into the Step-Up Cap Carryover Reserve Account and used to pay Cap Carryover Amounts to the Class A Certificates and you will not be reimbursed for any such amounts.

If you are purchasing Class XS Certificates, which are the most subordinated class of Certificates, in addition to the negative effect of a rapid rate of prepayments, the Class XS Certificates are also extremely sensitive to unscheduled recoveries of principal, including Liquidation Proceeds, as the distribution priorities allocate Monthly Excess Cashflow that would otherwise be used to distribute the Class XS Distribution Amount instead to make distributions on the P&I Certificates, up to the amount of Realized Losses during the related Prepayment Period and Applied Realized Loss Amounts allocated on prior Distribution Dates.

Reinvestment Risk

The total return on your investment will be reduced if principal distributions received on your P&I Certificates cannot be reinvested at a rate as high as the applicable Certificate 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, mortgagors 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 the Servicer receives proceeds in respect of Liquidated Loans. Consequently, the amount of principal distributions 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 mortgagors will elect to prepay or refinance Mortgage Loans and it may be less likely that the Servicer receives proceeds in respect of Liquidated Loans. Consequently, the amount of principal distributions 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 prepayment speeds on an Offered Certificate is the change in its Weighted Average Life.

The "**Weighted Average Life**" of an Offered Certificate (other than a Class XS or Class A-IO-S Certificate) is the average amount of time that will elapse between the date of issuance of such Offered Certificate and the date on which each dollar in net reduction of the Certificate Principal Balances of the Offered Certificate occurs.

Low rates of prepayment on the Mortgage Loans may result in an extension of the Weighted Average Life of an Offered Certificate. High rates of prepayment on the Mortgage Loans may result in a shortening of the Weighted Average Life of an Offered Certificate.

In general, if you purchase your Offered Certificate at par and the Weighted Average Life of your Offered Certificate is extended beyond your anticipated time period, the market value of your Offered Certificate may be adversely affected even though the yield to maturity on your Offered Certificate is unaffected.

The sensitivity of the Weighted Average Lives of the Offered Certificates to prepayments is illustrated in the tables appearing under "*Prepayment and Yield Considerations*." These illustrations are based on prepayment and other assumptions which are unlikely to match the actual experience on the Mortgage Loans. Therefore, your results will vary.

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

OPTIONAL PURCHASE OF DELINQUENT MORTGAGE LOANS

The Seller, at its option, may purchase any Mortgage Loan that is 90 days or more delinquent under the MBA Method (or in the case of any Mortgage Loan that has been subject to a forbearance plan related to the impact of the COVID-19 outbreak, on any date from and after the date on which such Mortgage Loan becomes 90 days delinquent under the MBA Method following the end of the forbearance period) at the Repurchase Price (an "**Optional Purchase**") by providing written notice thereof to the Issuing Entity, the Servicer, the Master Servicer, the Paying Agent and the Trustee. The aggregate Scheduled Principal Balance of such Mortgage Loans purchased by the Seller will not exceed 10% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date.

OPTIONAL TERMINATION

On any business day on or after the first Distribution Date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than 10% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date, the Servicer (at the direction of the Servicing Administrator) may purchase from the Issuing Entity all (but not fewer than all) of the Mortgage Loans, REO properties and other property of the Issuing Entity at the Termination Price and the proceeds of such purchase will be used to retire all outstanding Certificates (such purchase, an "**Optional Termination**"). If the Servicing Administrator elects not to exercise the optional termination right described in the preceding sentence, then on any business day on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than or equal to 5% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date, the Master Servicer may purchase from the Issuing Entity all (but not fewer than all) of the Mortgage Loans, REO properties and other property of the Issuing Entity at the Termination Price. The "**Termination Price**" paid in connection with such Optional Termination will equal the sum of (i) the Unpaid Principal Balance of each Mortgage Loan (without regard to any REO property) plus accrued and unpaid interest thereon, (ii) the fair market value of each REO property (but not in excess of the Unpaid Principal Balance of the related Mortgage Loan at the time it converted to an REO property), (iii) any reimbursable Servicing Advances outstanding and (iv) any fees, expenses, indemnification amounts or other reimbursements owed to the transaction parties (without regard to the Annual Cap).

Any such Optional Termination will be permitted only pursuant to a "qualified liquidation" as defined under Section 860F of the Internal Revenue Code of 1986, as amended (the "**Code**"). If the option is exercised, the Offered Certificates will be retired earlier than they would be otherwise. See "*Description of the Certificates—Optional Termination*" in this Offering Memorandum.

OPTIONAL REDEMPTION

On any business day which is the later of (i) the two year anniversary of the Closing Date, and (ii) the earlier of (a) the three year anniversary of the Closing Date and (b) the date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than or equal to 30% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date, the Depositor may, at its option, exercise a call and purchase all of the outstanding Certificates (an "**Optional Redemption**") for a price equal to the sum of (i) the outstanding Certificate Principal Balance of each class of Certificates and (ii) any accrued and unpaid interest thereon at the applicable Certificate Rate through such redemption date (including any Cap Carryover Amounts). After exercising its call option, the Depositor may, at its option, direct the Trustee to effect termination of the Issuing Entity and redemption of the Certificates, provided, however, such redemption will be permitted only pursuant to a "qualified liquidation" as defined under Section 860F of the Code.

See "*Description of the Certificates—Optional Redemption"* in this Offering Memorandum.

ERISA CONSIDERATIONS

Subject to the ERISA considerations described herein, the Class A-1, Class A-2, Class A-3 and Class M-1 Certificates are eligible to be acquired by, on behalf of, or with assets of, a Plan (as defined herein) if certain conditions are met.

Subject to the ERISA considerations described herein, the Class B-1, Class B-2 and Class B-3 Certificates may only be acquired by, on behalf of, or using assets of, Plan investors that are insurance companies if certain conditions are met as set forth "in "*ERISA Considerations*" in this Offering Memorandum.

Subject to the considerations described herein, any class of P&I Certificates may be acquired by, on behalf of, or using assets of, a governmental plan, church plan or non-U.S. plan that is subject to any Similar Law (as defined herein) if certain conditions are met.

The Class A-IO-S and Class XS Certificates may not be acquired or held by, on behalf of, or using assets of, any Plan or governmental, church or non-U.S. plan subject to Similar Law.

For further information regarding the ERISA and related considerations involved in investing in the Offered Certificates, see "*ERISA Considerations*" in this Offering Memorandum.

FEDERAL INCOME TAX STATUS

One or more proper and timely elections are required to be made to treat certain segregated portions of the Issuing Entity (exclusive of the assets, rights, obligations or arrangements that are excluded under the Pooling and Servicing Agreement) as one or more real estate mortgage investment conduits (each, a "**REMIC**") for U.S. federal income tax purposes. The Offered Certificates (other than as described below) will represent direct or indirect interests in one or more "regular interests" in a REMIC.

The Class A Certificates will also represent the right to receive distributions from the Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account. The Class B-3 Certificates will also represent the obligation to make payments to the Step-Up Cap Carryover Reserve Account and indirect ownership of the Step-Up Cap Carryover Reserve Account. The Class XS Certificates will also represent the obligation to make payments to the Cap Carryover Reserve Account and indirect ownership of the Cap Carryover Reserve Account.

The REMIC regular interests corresponding to the Class XS and Class A-IO-S Certificates will, and the REMIC regular interests corresponding to the other classes of Offered Certificates may, be treated as having been issued with original issue discount.

For further information regarding the U.S. federal income tax consequences of investing in the Offered Certificates, 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 Offered Certificates, since legal investment rules will vary depending on the type of entity purchasing the Offered Certificates, whether that entity is subject to regulatory authority, and if so, by whom.

The Offered Certificates 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. RISK RETENTION

Pursuant to the credit risk retention requirements of Section 941 of the Dodd-Frank Act for asset-backed securities (the "**U.S. Risk Retention Rules**"), a "securitizer" (or a Majority-Owned Affiliate of 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 securitization transaction (the "**Required Credit Risk**"). A "**Majority-Owned Affiliate**" of a securitizer is an entity that, directly or indirectly, majority controls, is majority controlled by or is under common majority control with, the securitizer and "majority control" means ownership of more than 50 percent of the equity of an entity, or ownership of any other controlling financial interest in the entity, as determined under generally accepted accounting principles. Under the U.S. 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 Certificates (excluding any non-economic REMIC residual interest) issued by the Issuing Entity as determined using a fair value measurement framework under generally accepted accounting principles (an "**EHRI**"), an "eligible vertical interest" of at least 5% of each class of securities issued in a securitization transaction, excluding any non-economic REMIC residual interest (an "**EVI**") or a combination of an EHRI and an EVI. The Sponsor, as "securitizer" of this transaction, intends to satisfy the U.S. Risk Retention Rules by acquiring on the Closing Date and retaining until the Sunset Date an EHRI consisting of the U.S. Risk Retention Certificates equal to not less than 5% of the fair value of the Certificates (excluding any non-economic REMIC residual interest), thereby satisfying the U.S. Risk Retention Rules.

The Sponsor will be required to hold, either directly or through a Majority-Owned Affiliate, the Required Credit Risk until the later of (i) the fifth (5^{th}) anniversary of the Closing Date and (ii) the date on which the aggregate Scheduled Principal Balance of the Mortgage Loans has been reduced to 25% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Closing Date, but in any event no longer than the seventh (7^{th}) anniversary of the Closing Date (the "**Sunset Date**").

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

EU/UK SECURITIZATION RULES

As further described herein under "*Risk Factors—The Offered Certificates May Not Be Suitable for Investment by Certain EU and United Kingdom Regulated Investors and Affiliates*," none of the Sponsor, the Depositor or any other transaction party intends, or is required, to retain a material net economic interest in the securitization constituted by the issuance of the Certificates in a manner sufficient to satisfy any requirements of the EU/UK Securitization Rules (as defined herein). In addition, no such person undertakes to take any other action, or refrain from taking any action, prescribed or contemplated in, or for purposes of, or in connection with, compliance by any investor with any applicable requirement of, the EU/UK Securitization Rules. The arrangements described under "*U.S. Risk Retention*" have not been structured with the objective of ensuring compliance with any requirements of the EU/UK Securitization Rules by any person. For information regarding the EU/UK Securitization Rules, see "*Risk Factors—The Offered Certificates May Not Be Suitable for Investment by Certain EU and United Kingdom Regulated Investors and Affiliates*" in this Offering Memorandum.

RATINGS

Fitch Ratings, Inc. ("**Fitch**") will assign credit ratings to the Rated Certificates as set forth in the Certificates Tables. The Rated Certificates will not be issued unless they receive at least the credit ratings set forth in the Certificates Tables. The credit ratings to be assigned to the Rated Certificates by Fitch may be reduced, increased or withdrawn without warning. See "*Risk Factors—The Ratings on the Offered Certificates Are Not a Recommendation to Buy, Sell or Hold the Offered Certificates and are Subject to Withdrawal at any Time, Which May Result in Losses on the Offered Certificates*" in this Offering Memorandum.

In addition, the ratings do not address the payment of any Cap Carryover Amounts or the likelihood that there may be interest shortfalls as a result of the occurrence of extraordinary trust expenses in any given month.

The Sponsor did not request credit ratings for the Class B-3, Class XS, Class A-IO-S or Class R Certificates from Fitch or any other statistical rating organization.

For a more complete discussion of the ratings of the Rated Certificates, see "*Ratings*" in this Offering Memorandum.

GLOSSARY OF DEFINED TERMS

A glossary of defined terms used in this Offering Memorandum is set forth in Appendix I hereto. Capitalized terms used in this Offering Memorandum, if not defined when first used, will have the meanings ascribed thereto in "*Appendix I—Glossary of Defined Terms.*"

RISK FACTORS

You should carefully consider the risks described below before making an investment decision. Your investment in the Certificates will involve some degree of risk. If any of the following risks actually occur or materialize, your investment could be materially and adversely affected. Distributions on the Certificates 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 Certificates.

The risks and uncertainties described below are not the only ones relating to your Certificates. Additional risks and uncertainties not presently known to us or that we currently deem 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 Issuing Entity to which such risk is applicable.

The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates

In early 2020, a global outbreak of a novel coronavirus and a related respiratory disease ("**COVID-19**") spread throughout the world, including the United States, causing a global pandemic. The COVID-19 outbreak and resulting emergency measures imposed by governments and the private sector led (and may continue to lead) to significant disruptions in the global supply chain, global capital markets, the economy of the United States and the economies of other nations, as well as extreme volatility in the stock market.

One of the first federal responses to the COVID-19 outbreak, the Coronavirus Aid, Relief, and Economic Security Act (the "**CARES Act**") provided wide-reaching protections for homeowners experiencing financial difficulties due to the COVID-19 outbreak. The provisions of the CARES Act included forbearance programs and policies for borrowers of federally backed mortgage loans, 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 requested by the borrower. In addition to rights to request and receive forbearance, 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. Many of the provisions of the CARES Act formed the basis for mortgage loan servicers' responses to the COVID-19 outbreak for non-federally guaranteed mortgage loans such as the Mortgage Loans. Subsequent to the passage of the CARES Act, additional laws were passed by Congress that provided similar relief to that included in the CARES Act.

In addition, some states and local jurisdictions implemented requirements relating to payment forbearance and other relief, and moratoriums 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 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 Offered Certificates.

On June 28, 2021, the Consumer Financial Protection Bureau (the "**CFPB**") issued a final rule (the "**2021 Mortgage Servicing COVID-19 Rule**") amending the Real Estate Settlement Procedures Act and Regulation X with the stated intent to seek to help prevent impending foreclosure actions as various emergency COVID-19

related foreclosure protections expire during 2021. The 2021 Mortgage Servicing COVID-19 Rule only applies to a mortgage loan secured by the borrower's principal residence, and as such, generally does not apply to investment properties or second homes. The 2021 Mortgage Servicing COVID-19 Rule became effective on August 31, 2021. The 2021 Mortgage Servicing COVID-19 Rule includes temporary provisions that: (i) require special COVID-19 procedural safeguards, (ii) provide servicers the ability to offer borrowers certain COVID-19 related streamlined loan modifications without a complete loss mitigation application, with certain limitations in place to protect borrowers who enter into a streamlined loan modification, (iii) amend the early intervention obligations to help ensure that servicers communicate timely and accurate information to certain delinquent borrowers regarding their loss mitigation options (this requirement only applies until October 1, 2022), and (iv) establish timing requirements for when servicers must renew reasonable diligence efforts to obtain complete loss mitigation applications from certain borrowers. The 2021 Mortgage Servicing COVID-19 Rule's temporary provisions and requirements to provide additional information could delay or adversely impact a Servicer's ability to manage loss mitigation strategies and therefore affect the cashflow on the Mortgage Loans and the performance of the Offered Certificates.

In addition to the measures taken by the U.S. federal government, many state and local governments adopted a number of emergency measures and recommendations in response to the COVID-19 outbreak, including imposing travel bans, "shelter in place" restrictions, curfews, cancelling events, banning large gatherings, closing non-essential businesses, and generally promoting social distancing (including in the workplace, which has resulted in a significant increase in employees working remotely). While almost all of these measures have been rescinded, any similar future actions may adversely affect the market value of the Offered Certificates.

In the event of further COVID-19 outbreaks or the spread of more contagious and/or more deadly COVID-19 variants, it is unclear whether the same mitigation or containment measures taken by various governments (including at the federal, state and local level) or private enterprises will be reimplemented and the degree to which such measures will be applied, or if different measures will be implemented, and what impact such measures will have on the national or global economy. In addition, it is possible that, an increasing number of Americans who have emerged in varying degrees from lockdowns and other mitigation or containment measures related to the initial wave of COVID-19 may be less willing to return to such conditions, which could exacerbate the course of the pandemic.

There is little certainty as to when and to what extent the United States economy will fully recover from the disruption caused by the COVID-19 outbreak, especially as new variants continue to appear. The disruption and volatility in the credit markets may continue for an extended period or indefinitely. The risk factor disclosure contained in this Memorandum related to the occurrence and consequences of the 2008 financial crisis and other similar economic crises, should be considered by investors also as potential consequences of the COVID-19 outbreak, any of which could significantly and adversely affect payments on the Mortgage Loans and, consequently, distributions on the Offered Certificates.

The secondary market for mortgage-backed securities may experience limited liquidity, and such conditions could continue or worsen in the future. Volatility in the mortgage-backed securities market as a result of the COVID-19 related-economic disruptions could similarly result in liquidity issues. Limited liquidity in the secondary market for mortgage-backed securities could adversely affect a Certificateholder's ability to sell its Offered Certificates or the price such Certificateholder receives for such Offered Certificates and may continue to have a severe adverse effect on the market value of mortgage-backed securities such as the Offered Certificates, especially those that are more sensitive to prepayment or credit risk.

While vaccines have been developed and disbursed throughout the United States, more contagious variants of COVID-19 continue to spread, especially as many areas relax COVID-19 mitigation efforts. Additionally, the current vaccines are less effective at preventing the spread of more contagious variants of COVID-19. Further, it is unclear how many borrowers have been and will continue to be adversely affected by the COVID-19 pandemic and if related efforts by federal, state and local governments to slow the spread of COVID-19 will continue to be successful. It is possible that some borrowers will not have the ability to make timely payments on their respective Mortgage Loan at some point as a result of the COVID-19 pandemic, which, in turn, could result in delays in distributions on, or potential losses in respect of, the Offered Certificates.

In addition, in connection with all the circumstances described above, you should be aware in particular that:

- such circumstances may result in substantial delinquencies and defaults on the Mortgage Loans and adversely affect the amount and timing of Liquidation Proceeds the Issuing Entity would realize in the event of foreclosures and liquidations;

- such circumstances may adversely affect the performance of the Representation Provider, which may in turn adversely affect its ability to repurchase Mortgage Loans;

- such circumstances may result in a downgrade of the credit ratings assigned to the Rated Certificates by Fitch;

- defaults on the Mortgage Loans may occur in large concentrations over a period of time and may occur in specific geographic concentrations, which might result in rapid declines in the value of your Certificates;

- 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 Certificates and such declines may be substantial and occur in a relatively short period following the issuance of the Certificates, and such declines may occur for reasons largely unrelated to the circumstances of the particular Mortgaged Property;

- if you desire to sell your Certificates, 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 Certificates and for reasons unrelated to the then current performance of the Certificates or the Mortgage Loans;

- if you desire to obtain financing for your Certificates, you may be unable to do so or you may be able to do so only at higher interest rates and/or at a greater discount to market value, and this may occur within a relatively short period following the issuance of the Certificates and for reasons unrelated to the then current performance of the Certificates or the Mortgage Loans;

- 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 Certificates;

- such circumstances may result in substantial delinquencies on the Mortgage Loans, which may become the subject of forbearance, deferral or other modifications, including reductions in the principal balance of the Mortgage Loans;

- actions by state and local authorities in respect of rent concessions may adversely affect the level of rental income with respect to the rental properties securing certain investor purpose Mortgage Loans which may impact the performance and market value of the Offered Certificates

- such circumstances may cause a mortgagor to fail to pay a homeowners' association or condominium association assessment fees (which, in general, have not been waived, deferred or forgiven due to the COVID-19 outbreak), which could result in a super-priority lien for such fees extinguishing the lien of the Mortgage securing such Mortgage Loan, as described under "*—Assessments and Energy Efficiency Liens May Take Priority Over the Mortgage Lien*" in this Offering Memorandum;

- 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 Certificates; and

- the time periods to resolve defaulted Mortgage Loans may be long, and those periods may be further extended because of mortgagor bankruptcies, related litigation and any federal and state legislative, regulatory and/or administrative actions or investigations.

Any of the circumstances concerning COVID-19 described above or elsewhere in this Offering Memorandum could have an adverse impact on (i) the timing and amount of distributions on the Offered

Certificates, (ii) the ability of borrowers to make timely payments on their Mortgage Loans and (iii) the mortgage and financial markets in general, either of which in turn may also have an adverse impact on the performance, liquidity and market value of the Offered Certificates.

COVID-19 Outbreak Forbearances and Modifications May Impact an Investment in the Offered Certificates

Ordinarily, a REMIC that significantly modifies a mortgage loan for U.S. federal income tax purposes jeopardizes its tax status as a REMIC and risks having a 100% prohibited transaction tax being imposed on any income from the mortgage loan. A REMIC may avoid the potential negative tax consequences related to significant modifications of mortgage loans in REMICs if the related mortgage loan is in default or such default is "reasonably foreseeable" or "imminent," as applicable, or other special circumstances apply. Since the commencement of the COVID-19 outbreak, many servicers have entered into COVID-19 related forbearances and loan modifications to ease the financial impact on mortgagors experiencing financial distress. In response, the Internal Revenue Service ("**IRS**") issued IRS Revenue Procedure 2020-26, as amplified by IRS Revenue Procedure 2021-12 (together, the "**COVID-19 Revenue Procedure**"), which was issued to ease the potential negative tax consequences for REMICs related to forbearances and related modifications of mortgage loans held in a REMIC or being contributed to a REMIC by providing that certain forbearances and related modifications that were requested by or agreed to by a borrower during the period from March 27, 2020 through September 30, 2021 that were made under certain programs for mortgagors who, with respect to loans secured by one- to four-family residential properties, affirmed that they were experiencing financial hardship and, with respect to multifamily dwellings, who demonstrated that they were experiencing a financial hardship due, directly or indirectly, to the COVID-19 outbreak (a) were not treated as resulting in a newly issued mortgage loan for purposes of the Treasury regulations relating to REMICs, (b) were not prohibited transactions for a REMIC, (c) did not result in a deemed reissuance of related REMIC regular interests and (d) would not be treated as evidence that a REMIC had improper knowledge of an anticipated default that could prevent the REMIC from foreclosing in the event of a subsequent default. The COVID-19 Revenue Procedure expired on September 30, 2021. It appears unlikely that the IRS will extend the application of the COVID-19 Revenue Procedure further or issue new guidance for forbearances and related modifications for mortgage loans in REMICs granted after September 30, 2021. While the Servicer may wish to grant certain forbearances or engage in related modifications with respect to a Mortgage Loan in connection with the COVID-19 outbreak, the Servicer may be limited in its ability to do so pursuant to the terms of the transaction documents. Potential investors should consider the possible impact on their investment of any REMIC tax consequences related to COVID-19 related forbearances and modifications.

The Certificates May Not Be a Suitable Investment for You and Are Subject to Significant Transfer Restrictions

The Certificates are not suitable investments for all investors. In particular, you should not commit to purchase any class of Certificates unless you understand and are able to bear the prepayment, credit, liquidity and market risks associated with that class of Certificates. As described below in more detail in this section of this Offering Memorandum, the yields to maturity and the aggregate amount and timing of distributions on the Certificates are subject to material variability from period to period and over the life of the Certificates. 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 Certificates 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 Certificates are being offered in a private placement to 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 no party is obligated to register the Certificates under the Securities Act or any such other laws. No transfer or sale of the Certificates 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, Certificates may be resold or transferred only to (i) "qualified institutional buyers" as defined in Rule 144A under the Securities Act and in compliance therewith or (ii) other than with respect to the Class R Certificates, non-"U.S. Persons" (as defined in Regulation S under the Securities Act) and in compliance therewith. The Certificates are subject to additional restrictions on transfer as described under "*Description of the Certificates—Limitations on Transfers of Certificates*," "*ERISA Considerations*" and "*Notice to Investors*."

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

None of the Sponsor, the Seller, the Depositor, the Issuing Entity, the Representation Provider, the Initial Purchasers, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicing Administrator, any Originator, the Servicer, the Master Servicer 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 any class of the Certificates, and none of the foregoing will have a fiduciary relationship with respect to any investor or prospective investor in the Certificates. 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 Certificates. Each potential investor in the Certificates should consult with its own legal, regulatory, tax, business, investment, financial and accounting advisors regarding investment in the Certificates as it has deemed necessary.

The Certificates May Be Purchased by the Depositor

On any business day on or after the later of (i) the two year anniversary of the Closing Date and (ii) the earlier of (a) the three year anniversary of the Closing Date and (b) the date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than or equal to 30% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date, the Depositor may, at its option, purchase all of the Certificates at a price equal to the Optional Redemption Price. If prevailing interest rates for securities similar to the Certificates are lower than the then current Certificate Rates of the Certificates, the Depositor may be more likely to exercise its purchase right. Conversely, if prevailing interest rates for securities similar to the Certificates are higher than the then current Certificate Rates of the Certificates, the Depositor may be less likely to exercise its purchase right. Additionally, the application of the Step-up Certificate Rate to the Certificate Rate for the Class A-1 Certificates may make the Depositor more likely to exercise its purchase right. There can be no assurance that the Depositor will purchase the Certificates on any Distribution Date. See "*Description of the Certificates—Optional Redemption"* in this Offering Memorandum.

You should carefully consider the impact of the Optional Redemption feature on your potential investment in the Offered Certificates prior to purchasing any Offered Certificates.

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

Following the financial crisis, nearly all mortgage loans originated in the U.S. residential mortgage market have been underwritten to the standards of the Federal National Mortgage Association ("**Fannie Mae**") and the Federal Home Loan Mortgage Corporation ("**Freddie Mac**" and together with Fannie Mae, the "**GSEs**") or to qualify for U.S. government insurance through the USDA, FHA or VA and other originations and, outside of prime jumbo originations, have been significantly limited. Banks, mortgage companies, credit unions and others have reduced lending to mortgagors whose loans would not qualify for (i) sale to the GSEs, (ii) insurance or guaranty by the USDA, FHA or VA or (iii) sales to investors in prime jumbo loan originations, which has left a large segment of the U.S. population with limited access to mortgage credit. The Mortgage Loans were originated to mortgagors who do not generally qualify for traditional agency, government or private label non-agency jumbo products due to a number of factors, including but not limited to, prior housing or credit events, prior mortgage delinquencies, limited positive credit history, loan size, non-traditional income documentation or higher debt-to-income ratio. Originating loans to mortgagors that do not generally qualify for traditional agency, government or private label jumbo products that do not meet the requirements of Fannie Mae or Freddie Mac may increase the risks associated with such loans.

The underwriting standards to which the Mortgage Loans were originated are generally more flexible than traditional GSE standards with regard to mortgagors' credit standing. Generally the GSEs require a minimum of four years seasoning from a prior housing event (i.e. short sale, deed-in-lieu, charge-off or bankruptcy) and seven years seasoning from a completed foreclosure and the GSEs generally require no late mortgage payments in the most recent 24 months. Federal Housing Administration requirements are generally less onerous than those of the GSEs (i.e. three years from foreclosure and two years from bankruptcy) and allow one late mortgage payment in the most recent 24 months. Approximately 52.34% of the Mortgage Loans were originated by the Angel Oak Originators in accordance with the underwriting program of the Angel Oak Originators. The Angel

Oak Originators' underwriting programs provide credit access to mortgagors with housing or significant credit events in the recent past but compensate for this increased credit exposure through underwriting standards that mandate a more significant down payment or equity requirement than traditional GSE lending. The Angel Oak Originators' underwriting standards, except with respect to Angel Oak Investor Cash Flow Mortgage Loans, also require verification of at least 12 months' income as documented by W-2s, tax returns or bank statements. The additional requirements of the Angel Oak Originators' underwriting standards with respect to down payment and income verification are an attempt to offset the mortgagor's prior credit history, including but not limited to prior housing events (foreclosures, short sales or deeds-in-lieu of foreclosure). There can be no assurance that the underwriting standards and the Angel Oak 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 traditional GSE or non-agency jumbo loans.

Mortgage Loans originated with greater flexibility as to mortgagors' credit standing include the following (percentages are based on the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date):

- Angel Oak Bank Statement Mortgage Loans, which are designed for a prime or near- prime self-employed mortgagor who needs an alternative way to calculate their income. The typical mortgagor has been self-employed for a minimum of two years and utilizes 12 or 24 months of personal or business bank statements to calculate income based on cash flow from those accounts. A typical Angel Oak Bank Statement Program mortgagor may have a credit score that is lower than that required by Fannie Mae and Freddie Mac underwriting guidelines or may have been subject to a bankruptcy or foreclosure not less than 24 months prior to origination. Effective generally on September 20, 2019, the Angel Oak Bank Statement Program was used to qualify all mortgagors whose income was calculated using 12 or 24 months of bank statements. Prior to that, such mortgagors were qualified under the Angel Oak Portfolio Select Program or Angel Oak Platinum Program. The Angel Oak Bank Statement Program also allows for mortgagors to qualify using the Angel Oak 1099 Program. Approximately 36.58% of the Mortgage Loans are Angel Oak Bank Statement Mortgage Loans;

- Angel Oak Investor Cash Flow Mortgage Loans, which may be made to real estate investors who would not qualify for an agency mortgage loan due to factors such as: credit score lower than GSE guidelines, more than the maximum number of permitted financed properties, lack of income information or lack of employment information. Approximately 10.14% of the Mortgage Loans are Angel Oak Investor Cash Flow Mortgage Loans;

- Angel Oak Platinum Mortgage Loans, which may be made to mortgagors who would not qualify for an agency mortgage loan due to factors such as: failure to satisfy credit requirements, the mortgagor is self-employed and needs alternate income calculations using 12 or 24 months of bank statements or the most recent Federal income tax return, a credit score lower than GSE guidelines, bankruptcy seasoning lower than GSE guidelines or a recent foreclosure. The Angel Oak Platinum Program also allows for mortgagors to qualify using the Angel Oak Asset Qualifier Program. Approximately 3.06% of the Mortgage Loans are Angel Oak Platinum Mortgage Loans;

- Angel Oak Portfolio Select Mortgage Loans, which may be made to mortgagors who have near-prime credit scores but are unable to obtain financing through conventional or governmental channels because they fail to satisfy credit requirements or are self-employed and need an alternate income calculation using 12 or 24- months of bank statements or the most recent Federal income tax return to qualify. A typical Angel Oak Portfolio Select Program mortgagor may have a credit score that is lower than that required by Fannie Mae and Freddie Mac underwriting guidelines or may have been subject to a bankruptcy or foreclosure not less than 24 months prior to origination. mortgagors who would not qualify for an agency mortgage loan due to factors such as: a principal balance at origination in excess of GSE guidelines or a credit score lower than that required by GSE guidelines. The Angel Oak Portfolio Select Program also allows for mortgagors to qualify using the Angel Oak Asset Qualifier Program. Approximately 2.42% of the Mortgage Loans are Angel Oak Portfolio Select Mortgage Loans;

- Angel Oak Agency Mortgage Loans, which have been underwritten and documented in accordance with guidelines established by Fannie Mae or Freddie Mac. These mortgage loans conform to applicable agency guidelines and maximum loan-to-value requirements. These mortgage loans

comply with Fannie Mae or Freddie Mac requirements, as applicable, with respect to all waiting periods for bankruptcy and credit events, credit history of the mortgagor, and debt to income ratio. Approximately 0.14% of the Mortgage Loans are Angel Oak Agency Mortgage Loans; and

- Third Party Originator Mortgage Loan underwriting programs, offering first lien mortgage loans to mortgagors who qualify for an agency investment property loan or who do not generally qualify for an agency loan, government loan or non-agency prime jumbo product due to factors including, but not limited to: a principal balance at origination in excess of GSE or government guidelines, a credit score lower than that required by the GSEs, the mortgagor is self-employed and needs alternate income calculations using 12 or 24 months of bank statements or the mortgagor chooses not to pursue an agency loan, government loan or non-agency prime jumbo product given that the requirements and process for obtaining such a loan does not fit their circumstances and objectives. The guidelines and eligibility criteria from third-party originators used by the Seller and the Sponsor in their process of acquiring third-party originated mortgage loans are substantially similar to the Angel Oak Originators' Underwriting Guidelines. Approximately 47.66% of the Mortgage Loans are Third Party Originator Mortgage Loans.

See "*Description of the Mortgage Loans—Mortgage Loan Products and Programs*" and "*Description of the Mortgage Loans—Underwriting Guidelines*" for more information of each of the Angel Oak Originators' loan origination programs described above. The list above is not an exhaustive list of additional risks that may result from applying more flexible underwriting standards with regard to mortgagors' credit standing.

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

No assurance can be given that any Mortgage Loans fully comply with the related Originator's Underwriting Guidelines or that any Mortgage Loans had sufficient compensating factors in the event that those Mortgage Loans did not comply with the related Originator's Underwriting Guidelines. The inclusion of a Mortgage Loan in the Mortgage Pool is not a representation by the Sponsor that such Mortgage Loan was originated in substantial conformance with the related Originator's Underwriting Guidelines; however, the Representation Provider will make a representation that such Mortgage Loan was originated in substantial conformance with the applicable Angel Oak Underwriting Guidelines or applicable Third Party Originator Underwriting Guidelines, as the case may be, or taking into account the compensating factors set forth in such Angel Oak Originator's Underwriting Guidelines or Third Party Originator Underwriting Guidelines, as applicable, as of the Closing Date, without regard to any underwriter discretion or, if not underwritten in substantial conformance to the applicable Angel Oak Originator's Underwriting Guidelines or applicable Third Party Originator Underwriting Guidelines, as the case may be, has reasonable and documented compensating factors. The sole remedy of the Certificateholders in connection with a Mortgage Loan that did not satisfy this representation and warranty is the obligation of the Representation Provider to repurchase such Mortgage Loan (or with respect to a Liquidated Loan, indemnify the Issuing Entity) or substitute an additional mortgage loan for such Mortgage Loan. See "*—Financial Condition of the Representation Provider*" in this Offering Memorandum.

There can be no assurance that the Originators' 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 Certificates, will compare to the performance of newly originated GSE or prime jumbo mortgage loans or their related securitizations. Additionally, as the COVID-19 outbreak is likely to result in mortgagors under the Mortgage Loans becoming ill, losing their jobs or experiencing a reduction in wages, mortgagors may prioritize payment obligations other than their Mortgage Loans if they experience, or anticipate experiencing, a loss in wages or a job loss. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum.

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

As described under "*Description of the Mortgage Loans—Underwriting Guidelines*" in this Offering Memorandum, each Originator, when originating the related Mortgage Loans, generally does so in accordance with Underwriting Guidelines it has established and, in certain cases, based on exceptions to those guidelines.

The pre-offering review of the Mortgage Loans is limited, only evaluates conformance with the Underwriting Guidelines and may not reveal every variance from such Underwriting Guidelines. See "*Pre-Offering Review of the Mortgage Loans*" in this Offering Memorandum.

The Representation Provider will represent that the Angel Oak Mortgage Loans have been underwritten in conformance with the related Underwriting Guidelines, subject, in certain cases, to exceptions to those guidelines. In addition, the Representation Provider reviewed diligence reports from a third party diligence firm to assess (i) compliance with the related Underwriting Guidelines and (ii) whether a Mortgage Loan subject to one or more exceptions to such Underwriting Guidelines should be approved for inclusion in the Issuing Entity. The Underwriting Guidelines may not identify or appropriately assess the risk that the interest and principal payments due on a 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 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 Underwriting Guidelines may not, in fact, compensate for any additional risk. No assurance can be given that any Mortgage Loans complied with the Underwriting Guidelines or that any Mortgage Loans had compensating factors in the event that those Mortgage Loans did not comply with the Underwriting Guidelines. Furthermore, to the extent that the Underwriting Guidelines were not followed when originating or underwriting the Mortgage Loans, there could be an increased risk that principal and interest amounts may not be received or recovered. However, Mortgage Loans underwritten in accordance with the Underwriting Guidelines may still incur losses, and many prior securitizations of similar mortgage loans have incurred losses which have been allocated to the most senior classes of those securitizations.

Notwithstanding any representations to the contrary, certain Mortgage Loans may not have been originated or underwritten in compliance with the Underwriting Guidelines and may have taken into account certain compensating factors. For further information regarding the relevant compensating factors, see Annex B to this Offering Memorandum. Certain of the Mortgage Loans may have been originated or underwritten in accordance with Underwriting Guidelines that do not identify or appropriately assess repayment risk. However, the Representation Provider and the Sponsor decided to include such Mortgage Loans in the assets of the Issuing Entity when the Representation Provider and 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 Offered Certificates.

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 related Originator's Underwriting Guidelines.

Even without any exceptions, strict adherence to Underwriting Guidelines does not guarantee that a mortgagor will fulfill its financial obligations. See "*Annex B—Summary of the Pre-Offering Review Process"* in this Offering Memorandum for exceptions to the Underwriting Guidelines that were noted as part of the pre-offering review. You are encouraged to make your own assessment of the exceptions.

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

Risks Associated With New Laws Relating to Mortgage Loan Origination; A Substantial Majority of the Mortgage Loans are Not Qualified Mortgages

For the vast majority of consumer residential mortgage loans, rulemaking pursuant to the Dodd-Frank Act, which amended the Truth-in-Lending Act ("**TILA**") and specified the ATR Rules, requires lenders make a reasonable, good-faith determination that a mortgagor has an ability to repay the loan as determined by the following eight underwriting factors: (i) current or reasonably expected income or assets (other than the value of the property that secures the loan) that the mortgagor will rely on to repay the loan, (ii) current employment status

(if the originator relies on employment income when assessing the mortgagor's ability to repay), (iii) monthly mortgage payment for the loan, (iv) monthly payment on any simultaneous loans secured by the same property, (v) monthly payments for property taxes and required insurance, and certain other costs related to the property such as homeowners association fees or ground rent, (vi) debts, alimony, and child-support obligations, (vii) monthly debt-to-income ratio or residual income, calculated using the total of all of the mortgage and non-mortgage obligations listed above, as a ratio of gross monthly income and (viii) credit history. The ATR Rules were implemented by a final rulemaking issued by the CFPB that created new sections of Regulation Z, TILA's implementing regulation, and which became effective for mortgage loans for which the application was taken on or after January 10, 2014.

A substantial majority of the Mortgage Loans were underwritten by the Originators with the intention of satisfying the ATR Rules. The Representation Provider will represent and warrant with respect to each Mortgage Loan that the applicable Originator made a reasonable and good faith determination at or before consummation that the mortgagor would have a reasonable ability to repay the Mortgage Loan in accordance with, at a minimum, the eight underwriting factors required by the ATR Rules and that each Mortgage Loan file contains all necessary third-party records and other evidence and documentation to demonstrate compliance with the ATR Rules. The Originators' loan origination systems include tools to document and evidence that each of the eight factors required by the ATR Rules has been assessed. See "*Description of the Mortgage Loans—Underwriting Guidelines*."

Violations of the ATR Rules are enforceable by the CFPB through its administrative enforcement authority and by mortgagors through a private right of action against lenders or as a defense to foreclosure. Recoverable damages can include: (i) special statutory damages equal to the sum of all finance charges, points and fees paid by the mortgagor (capped at three years of finance charges, points and fees) unless the lender demonstrates that the failure to comply was immaterial; (ii) actual damages; (iii) statutory damages in an individual action or class action, up to a certain threshold; and (iv) court costs and attorney fees. A mortgagor must, however, bring such an action within three years of such alleged violation or such private right of action is extinguished. A mortgagor may also assert a violation of the ATR Rules in a foreclosure proceeding at any time following origination of the mortgage loan "as a matter of defense by recoupment or setoff," but this right cannot bar foreclosure. The special statutory damages available for a violation of the ATR Rules can be up to three years of the sum of all finance charges, points and fees paid by the consumer. The likelihood of actual damages, which are uncapped, being awarded in an ATR claim is still unclear. While actual damages have been historically difficult to prove under TILA given that TILA is primarily a disclosure statute, the ATR Rules are more substantive in nature and may give rise to more frequent awards of actual damages. If a mortgagor asserts a defense to foreclosure due to a violation of the ATR Rules, the Servicer will defend the claim utilizing the evidence in the Mortgage Loan file including but not limited to the signed underwriter attestation as well as the evidence of compliance with the eight factors of the ATR Rules. As assignee of the Originators, the Issuing Entity may incur liability with respect to Mortgage Loans that do not satisfy the requirements of the ATR Rules. If a court of competent jurisdiction found a violation of ATR Rules, the foreclosure would proceed but the amount of the debt could be reduced by the recoverable damages set forth above. These claims may result in delays in foreclosure and additional costs may be incurred by the Issuing Entity in connection with such claims, even if any such claims by the related mortgagor were not successful, which may increase the severity of losses on any such Mortgage Loan. Such claims may be more likely in judicial foreclosure jurisdictions than in non-judicial foreclosure jurisdictions where there may be higher costs associated with a mortgagor making such claims, and it may be more likely that such claims are made in such jurisdictions since any such mortgagor would already be exposed to the judicial system to process the foreclosure.

In connection with the establishment of the ATR Rules, the CFPB created enhanced legal protection for originators if they originated a loan to a more restrictive credit standard than just determining a mortgagor's ability to repay. These rules specified the characteristics of a Qualified Mortgage, and two levels of presumption of compliance with the ATR Rules, a safe harbor and a rebuttable presumption for higher priced loans. A Qualified Mortgage must meet each of the following criteria: (1) terms of the mortgage loan must not include any negative amortization, interest only payments or balloon payments other than certain limited circumstances, (2) the loan term cannot exceed 30 years, (3) the lender must verify mortgagor income, (4) points and fees paid by the mortgagor cannot exceed 3% of the total loan amount in most cases, (5) the lender must calculate monthly payments based on the highest monthly payments required any time during the first five years of the loan and the total "back end" debt-to-income ratio cannot exceed 43% and (6) the verification of income and assets and determination of the debt-to-income ratio must be in accordance with Appendix Q of Regulation Z under TILA.

Certain types of mortgage loans, including certain of the Mortgage Loans originated by the Originators, such as loans with a debt-to-income ratio exceeding 43%, are among the loan products that do not constitute Qualified Mortgages. The CFPB's rules may result in a reduction in the availability of these types of loans and may adversely affect the ability of mortgagors to refinance certain of the Mortgage Loans. No assurances are given as to the effect of the CFPB's rules on the value of your Certificates.

In July 2019, the CFPB issued an Advance Notice of Proposed Rulemaking seeking information relating to the expiration of the temporary qualified mortgage provision applicable to certain mortgage loans eligible for purchase or guarantee by the GSEs under the ATR Rules. This provision, commonly referred to as the "GSE patch," was scheduled to expire no later than January 10, 2021. On October 20, 2020, the CFPB issued a final rule extending the sunset date for the GSE patch to the earlier of (i) the mandatory compliance date of the final rule amending the general qualified mortgage definition described below (which was July 1, 2021 and was later extended to October 1, 2022 as described below) or (ii) the date the GSEs exit conservatorship. On June 22, 2020, the CFPB proposed to amend the qualified mortgage definition in the ATR Rules to move away from a debt-to-income standard and Appendix Q, and replace it with a pricing threshold and on December 10, 2020, the CFPB adopted a final rule (referred to herein as the "**General QM Final Rule**") which went into effect on March 1, 2021 (with a mandatory compliance date of July 1, 2021 which was extended to October 1, 2022). Under the General QM Final Rule, the CFPB adopted a set of "bright-line" loan pricing thresholds to replace the previous qualified mortgage 43% debt-to-income threshold calculated in accordance with Appendix Q (although creditors still would be required to consider and verify a consumer's income or assets, debt obligations, alimony and child support and consider debt-to- income or residual income when making a qualified mortgage, subject to less prescriptive standards as set forth in the general ATR Rules, except with the respect to the monthly qualifying payment for the subject loan which would continue to be determined in accordance with the prior qualified mortgage rule). For most first-lien residential mortgages, a loan will not constitute a qualified mortgage if its annual percentage rate exceeds the average prime offer rate by 225 or more basis points (higher thresholds would apply for loans with smaller loan amounts and for subordinate-lien transactions). The General QM Final Rule preserved the current threshold separating safe harbor from rebuttable presumption qualified mortgages. Accordingly, a loan that otherwise meets the general qualified mortgage definition, as amended, would be a safe harbor qualified mortgage if its annual percentage rate exceeds the average prime offer rate for a comparable transaction by less than 1.5 percentage points (for first-lien transactions); all other qualified mortgage loans (those with a rate spread at or above 1.5 but less than 2.25 percentage points) would be considered rebuttable presumption qualified mortgages. The final rule also provides for a safe harbor for the verification requirement if creditors comply with the standards identified in certain third-party manuals, such as the GSE guidelines. The CFPB also created a new category of a qualified mortgage, referred to as a "Seasoned QM," which consists of first-lien, fixed rate loans that met certain performance requirements over a seasoning period of at least 36 months, are held in portfolio until the end of the seasoning period by the originating creditor or first purchaser, comply with general QM restrictions on product features and points and fees, and meet certain underwriting requirements. The CFPB is allowing for an "optional early compliance period" with respect to the amendment, meaning that lenders could begin complying with the new general qualified mortgage requirements on the effective date of the General QM Final Rule of March 1, 2021, but are not required to comply until the mandatory effective date of July 1, 2021 (subsequently extended to October 1, 2022 as described below). On February 23, 2021, the CFPB issued a statement indicating: (i) that the agency will consider at a later date whether to initiate another rulemaking (in addition to addressing the delay of the mandatory compliance date) in order to reconsider other aspects of the General QM Final Rule; and (ii) that the agency is considering whether to initiate a rulemaking to revisit the Seasoned QM amendments, and that any potential rulemaking that amends or revokes the Seasoned QM amendments could affect transactions for which an application was received during the period from March 1, 2021 until the effective date of a new or amended final seasoned QM rule. On March 3, 2021, the CFPB released a proposed rule to delay the mandatory compliance date for the General QM Final Rule from July 1, 2021 until October 1, 2022. Finally, on April 27, 2021, the CFPB formally delayed the mandatory compliance date to October 1, 2022. The optional compliance date of the General QM Final Rule, which went into effect on March 1, 2021, remains unchanged. The GSE patch will remain available to creditors for applicable loans through September 30, 2022, based upon the mandatory compliance date of the General QM Final Rule (or the date that one or more of the GSEs exits conservatorship, whichever is earlier). Notwithstanding the extension of the mandatory compliance date by the CFPB's April 27th final rule, the GSEs had recently issued guidance on April 8, 2021 and May 26, 2021, informing market participants that under the terms of their Senior Preferred Stock Purchase Agreements ("**PSPA**") with the U.S. Treasury Department, the GSEs would cease purchasing loans under the GSE patch and only purchase loans that met the revised general QM definition starting with loans with application dates on or after July 1, 2021. It remains unclear whether the PSPAs will be amended, given the recent change in leadership at the FHFA, the federal government's regulator of the GSEs, in order to align with the new mandatory compliance date of October 1, 2022 and facilitate the continued use of the GSE patch. On September

14, 2021, the U.S. Department of the Treasury and the FHFA agreed to suspend certain requirements that were added on January 14, 2021 to the PSPAs, however these changes did not include an alignment of the GSEs' eligibility criteria with the mandatory compliance date for the General QM Final Rule. At this time, however, there can be no assurance whether or when there will be subsequent amendments to the QM rules and, if there are, what impact they will have on the mortgage loans subject to the ATR Rules or on the Offered Certificates, given the ability of Congress to repeal certain regulations pursuant to the Congressional Review Act and the change in directorship at the CFPB.

Approximately 65.58% of the Mortgage Loans are Non-Qualified Mortgage Loans and do not have the benefit of either a safe harbor from liability under the ATR Rules or a rebuttable presumption from such liability. Therefore, Non-Qualified Mortgage Loans are subject to the potential for increased challenges in the ATR analysis used in qualifying a mortgagor. Even if the mortgagor does not succeed in the challenge, additional costs may be incurred by the Issuing Entity in connection with challenging and defending such claims. These mortgagor claims may be more likely and more costly in judicial foreclosure jurisdictions than in non-judicial foreclosure jurisdictions, and there may be more of a likelihood such claims are made since the mortgagor is already exposed to the judicial system to process the foreclosure.

Approximately 34.42% of the Mortgage Loans are Exempted Mortgage Loans which are not subject to the ATR Rules.

The inclusion of these Mortgage Loans may adversely affect the value of the Offered Certificates relative to mortgage-backed securities that are backed only by Qualified Mortgages. Investors may not be willing to invest in securities backed by pools of mortgage loans that are not Qualified Mortgages, which may negatively impact the broader residential mortgage-backed securities market and adversely affect the liquidity and market value of your Offered Certificates. In addition, the Qualified Mortgage rule may result in a reduction in the availability of Non-Qualified Mortgage Loans in the future and may adversely affect the ability of mortgagors to refinance their Mortgage Loans.

Importantly, there is little, if any, established case law as of yet with respect to both: (i) the substance of the ATR Rules, analyzing the consumer's ability to repay and the weight and mechanics given to the rebuttable presumption of compliance, as well as (ii) the damages provisions and how they will be determined and allocated by a court. The lack of judicial precedent regarding the ATR Rules and potential claims increases the risk with respect to the Certificates.

Various state and local jurisdictions may adopt similar or more onerous provisions in the future. We are unable to predict how these laws and regulations relating to assignee liability may affect the market value of your Certificates.

Certain of the Mortgage Loans Are Subject to the New "Know Before You Owe" TRID Disclosures

Of the 407 Mortgage Loans, 224 Mortgage Loans, representing approximately 65.58% of the Mortgage Pool, are subject to the CFPB's Know Before You Owe TILA – RESPA Integrated Disclosure ("**TRID**") rule (the "**TRID Mortgage Loans**"), which became effective October 3, 2015. The 183 investor purpose Mortgage Loans, representing approximately 34.42% of the Mortgage Pool, are not subject to the TRID rule. TRID has been the subject of much commentary by market participants, including originators, investors, trade associations, the CFPB itself and members of Congress.

TRID consolidated four existing disclosure forms that were previously required to be delivered to consumers in connection with a residential mortgage lending transaction under TILA and the Real Estate Settlement Procedures Act ("**RESPA**") (the initial and final Truth-in-Lending Disclosure Statements, the Good Faith Estimate and the HUD-1 Settlement Statement) into two new forms, the "**Loan Estimate**" and the "**Closing Disclosure**" and together, the "**Integrated Disclosure**."

Market participants have raised concerns regarding the Integrated Disclosures primarily along three lines:

- Assignee liability. TILA provides for a private right of action for violations of its consumer lending disclosure provisions, including actual damages, statutory damages of up to $4,000 per violation, class action damages of up to $1 million or 1% of the creditor's net worth, whichever is less, as well as attorney's fees, court and other enforcement costs. Related to TILA's private right of action is the possibility of assignee liability, at least in cases where an uncured violation is "apparent on the face"

of the disclosure. Any such assignee liability under TILA may run to the Issuing Entity. RESPA, by contrast, does not provide for a private right of action for violations of its disclosure provisions, and thus issues of assignee liability do not arise under RESPA.

- Various provisions of the Integrated Disclosures are based on TILA requirements, while other provisions are either based on RESPA requirements or represent new requirements added by the CFPB that were not part of the prior disclosure forms. Consequently, a number of market participants have raised questions of whether a private right of action, and thus the potential for assignee liability, attaches to some, or potentially all, provisions of the Integrated Disclosures.

- Technical or immaterial violations. The Integrated Disclosures contain a number of provisions regarding the format of the required disclosures, violations of which would appear to be technical or arguably "immaterial" – for example, certain items are required to be presented in alphabetical order, and certain percentages are required to be presented to a specified number of decimal places. Market participants have questioned what the consequences of such violations are, or should be, and the extent to which they can be cured.

- Ability to cure. TILA Section 130(b), "Correction of errors," provides that a creditor or assignee "has no liability" under specified sections of TILA if, within 60 days of discovery of the error and before the institution of an enforcement action or receipt of a written notice from the consumer, the creditor or assignee notifies the consumer of the error and makes whatever adjustments in the appropriate account are necessary to assure that the consumer has not overpaid the amount or rate that was disclosed. Market participants have questioned the scope of these statutory cure provisions of TILA with respect to the Integrated Disclosures.

On December 29, 2015, the CFPB responded by letter (the "**CFPB Letter**") to an inquiry from the Mortgage Bankers Association requesting guidance under TRID. In the CFPB Letter, the CFPB stated that, generally, TRID "did not change the prior, fundamental principles of liability under either TILA or RESPA," and, specifically, for mortgage loans that are not "high-cost mortgages" under the Home Ownership and Equity Protection Act of 1994 ("**HOEPA**"):

- there is no general TILA assignee liability unless the violation is apparent on the face of the disclosure documents;

- TILA limits statutory damages for mortgage disclosures, in both individual and class actions for failure to provide the disclosure;

- formatting errors and the like are unlikely to give rise to private liability unless the formatting interferes with the clean and conspicuous disclosures listed as giving rise to statutory and class action damages under TILA; and

- the non-TILA based disclosures contained in the Integrated Disclosures (i.e., the RESPA-based disclosures and the CFPB's newly required disclosures) do not give rise to statutory and class action damages.

Based on the guidance provided by the CFPB in the CFPB Letter, the Structured Finance Association ("**SFA**"), an industry trade association, proposed in March 2016 a framework (the "**SFA Compliance Review Scope**") in an attempt to provide a standardized approach to TRID compliance reviews. The SFA Compliance Review Scope states that the framework proposed therein is premised on the assumption that "the CFPB and the courts enforce the [TRID] rules in a manner consistent with the [CFPB Letter]." The SFA Compliance Review Scope also states that "the CFPB has refused to state formally that it will abide by" the SFA Compliance Review Scope.

Subsequent to the release of the SFA Compliance Review Scope, on May 12, 2016, the CFPB published annotated model forms (the "**TILA Mapping Forms**") for the Integrated Disclosures. The CFPB has stated that the TILA Mapping Forms "do not represent legal interpretation, guidance or advice of the [CFPB]." The TILA Mapping Forms provide citations to TILA's disclosure requirements for each section of the Integrated Disclosures on which the CFPB relied in adopting TRID. Certain of the provisions of the Integrated Disclosure that the TILA

Mapping Forms indicate as arising under TILA, rather than RESPA, may not treated as such under the SFA Compliance Review Scope.

The CFPB Letter, although likely a "rule" under the federal Administrative Procedures Act (the "**APA**"), was not issued as the result of a "notice and comment" process conducted by the CFPB under the APA. Rather, the CFPB Letter is an "interpretive rule" or "general statement of policy" under the APA, and exempt from the notice and comment requirement. As a matter of federal administrative law, the courts generally find federal agency pronouncements that take the form of guidance issued outside of the notice and comment process, such as the CFPB Letter, to be entitled to a reduced level of judicial deference, and the issuing agency itself is less restrained in further issuing amended or even contrary guidance.

In a letter (the "**AMI Letter**") dated March 30, 2016 and following the initial release of the SFA Compliance Review Scope, the Association of Mortgage Investors ("**AMI**") sent a letter to the CFPB stating AMI's view that TRID "has resulted in a climate of legal uncertainty and is chilling private investment in the U.S. mortgage market." AMI requested that the CFPB "open a new public comment period [on TRID] to address the concerns of mortgage investors" essentially requesting that a notice and comment process be undertaken. The AMI Letter goes on to detail numerous alleged deficiencies in the TRID regulation, stating that "the nearly universal feedback is that the [TRID] Rule is ambiguous and therefore viewed as extremely problematic." AMI represents itself as being "organized as the primary trade association representing investors in mortgaged-backed securities."

In July 2016, the CFPB proposed amendments to the TRID rules which were finalized on July 7, 2017. These amendments were intended to clarify ambiguous provisions in the current version of the TRID rule by memorializing the CFPB's informal guidance on various issues including, but not limited to: (i) creating express tolerances for the total of payments calculation that parallel the tolerances under TILA for calculating finance charges; (ii) adjusting a partial exemption for certain non-interest bearing subordinate lien transactions that provide down payment and other homeowner assistance; (iii) providing a uniform rule to include all cooperative units within the scope of the TRID rule (whether or not such cooperatives are considered real property under state law); and (iv) providing guidance in light of privacy concerns for sharing disclosures with various parties involved in the mortgage origination process, including sellers and real estate brokers. Importantly, the CFPB did not address in the amendments any issues related to cures for TRID disclosure errors or any resulting liability under TILA. These amendments became effective on October 10, 2017, however, compliance for most amendments is mandatory only with respect to transactions with application dates on or after October 1, 2018. The CFPB has established an optional compliance period between the effective date of October 10, 2017 and the mandatory compliance date of October 1, 2018, where subject parties were permitted to comply with the current version of the TRID rule and/or the amended version. While the amendments have clarified a number of questions with regard to TRID compliance, there is little, if any precedent of CFPB enforcement or judicial review. If there is an interpretation of TRID by a court of the CFPB that is different from the interpretation expected by the mortgage industry or from the interpretation applied by the Securitization Diligence Providers or the Originators, such an event could have an adverse effect on the market value and liquidity of the Certificates.

On May 2, 2018, the CFPB published a final rule addressing certain TRID issues not addressed in the amendments related to the redisclosure of loan-related fees and the determination of whether such loan-related fees were disclosed in "good faith" under the TRID rule. The final rule allows creditors to reset tolerances using an initial or revised closing disclosure regardless of the number of days remaining until consummation. The final rule can be applied to applications in progress as of June 1, 2018 or applications taken after that date.

With respect to the Mortgage Pool, AMC Diligence, LLC, Canopy Financial Technology Partners, LLC, Consolidated Analytics, Inc., Covius Real Estate Services, LLC, Evolve Mortgage Services, LLC, Infinity IPS, Inc., Inglet Blair, LLC, Recovco and Selene Diligence LLC (the "**Securitization Diligence Providers**") were retained by the Sponsor to conduct a review of each Mortgage Loan for compliance with the Underwriting Guidelines and for other legal compliance matters, including TRID compliance. See "*Description of the Mortgage Loans—Pre-Offering Review*" in this Offering Memorandum. The Securitization Diligence Providers' TRID compliance review was based on the SFA Compliance Review Scope and outside counsel's interpretation of the published regulations as of the date of review of each applicable Mortgage Loan.

Using the criteria set forth in the previous paragraph, the Securitization Diligence Providers assigned grades regarding compliance with applicable law, including TRID with respect to each TRID Mortgage Loan. Approximately 97.79% of the Mortgage Loans were graded "A" or "B" by the Securitization Diligence Providers regarding compliance with applicable law. The remaining approximately 2.21% of the Mortgage Loans are

Investor Cash Flow Mortgage Loans that were not reviewed for compliance with the TRID rule, RESPA or the ATR Rules by AMC Diligence, LLC. The Originators believed they made a good faith effort to address all TRID violations through the issuance of revised disclosures or other applicable remediation processes. However, certain instances of the TRID exceptions may not be curable due to timing or other factors and certain actions taken by the Originators to remediate TRID violations may not have been sufficient to cure such violation. See "*Description of the Mortgage Loans—Pre-Offering Review of the Mortgage Loans*" in this Offering Memorandum.

Notwithstanding the results of the Securitization Diligence Providers' review, prospective investors in the Certificates should be aware that substantial legal uncertainty remains with respect to TRID, and that the SFA Compliance Review Scope framework applied by the Securitization Diligence Providers has not been adopted by either the CFPB or by any court. The SFA Compliance Review Scope itself is premised on the CFPB's views as articulated in the CFPB Letter, and as a matter of federal administrative law, guidance issued by the CFPB in such a manner may not be afforded much weight by the court system, or even by the CFPB itself in issuing further guidance. In addition, the SFA Compliance Review Scope was published prior to the release of the TILA Mapping Forms and, as such, does not take into account the informal guidance set forth in the TILA Mapping Forms. As a consequence, we can give no assurances that the Mortgage Loans are free of any risks relating to the lack, or any alleged lack, of compliance with the TRID requirements, or that the Issuing Entity will not suffer any losses as a result of a finding of assignee liability with respect to any such TRID violations.

The Underwriting Guidelines Have Evolved Since Their Inception

The Underwriting Guidelines of each of the Originators have evolved since their initial development in response to changing market conditions, regulatory and other legal guidance or clarification and other factors. Given this, certain characteristics or factors that may have constituted exceptions for Mortgage Loans acquired by the Seller during periods of time closer to the initial development of the related Underwriting Guidelines may no longer be considered exceptions as a result of the evolution of such Underwriting Guidelines. To the extent characteristics, factors or events exist that would have constituted exceptions during periods of time closer to the initial development of the related Underwriting Guidelines, such characteristics, events or factors may increase the risk that principal and interest amounts may not be received or recovered and the compensating factors which were the premise for making a modification to the related Underwriting Guidelines may not in fact compensate for any additional risk. You are encouraged to make your own assessment of the Underwriting Guidelines and the Mortgage Loans. See "*Description of the Mortgage Loans—Underwriting Guidelines*" in this Offering Memorandum.

Mortgage Loans Made to Self-Employed Mortgagors May Present a Greater Risk

Mortgage Loans made to mortgagors who are self-employed, which constitute approximately 63.47% of the Mortgage Loans (excluding Angel Oak Investor Cash Flow Mortgage Loans), may present a greater risk that the mortgagor will default on the Mortgage Loan than Mortgage Loans made to salaried or commissioned mortgagors because, among other potential adverse factors, self-employed mortgagors frequently have less predictable income.

Approximately 36.58% of the Mortgage Loans (excluding Angel Oak Investor Cash Flow Mortgage Loans) were made to self-employed mortgagors for whom the Angel Oak Originators did not obtain tax returns from the mortgagor in order to verify income and, instead, permitted those self-employed mortgagors to demonstrate income through use of the mortgagor's personal or business bank account statements for the 12 or 24 months preceding origination in lieu of tax returns. In lieu of providing tax returns, the Angel Oak Originators permit these self-employed mortgagors to demonstrate income through use of the mortgagors' bank statements. An underwriter of the Angel Oak Originator reviews either 12 or 24 months of personal or business bank statements in order to determine an average flow of income from the business. With respect to the self-employed mortgagors with an application date generally on or after January 19, 2021 and where the Angel Oak Originators used the mortgagor's business bank account statements to verify income, or to the extent the mortgagor used its personal bank account statements without the use of a separate business bank account to operate its business, the Angel Oak Originators applied a fixed 50% expense ratio to calculate the personal income of the mortgagor (without requiring any additional documentation from the mortgagor). Exceptions to this included certain business industries where a fixed 70% expense ratio was applied or cases where an expense ratio less than 50% was used which required additional documentation from a third-party CPA or tax preparer (subject to a minimum floor of 30%). With respect to the self-employed mortgagors with an application date generally on or after May 8, 2020 and generally before January 19, 2021 and where the Angel Oak Originators used the mortgagor's business bank account statements to verify income, or to the extent the mortgagor used its personal bank account statements

without the use of a separate business bank account to operate its business, the Angel Oak Originators applied a fixed 30%, 50%, 70% or 90% expense ratio based primarily upon the business industry and number of full-time employees to calculate the personal income of the mortgagor (without requiring any additional documentation from the mortgagor).

Any determination of "business income" from the use of such bank statements may not be a reliable indicator of the personal employment income of the business owner. In addition, there may be additional risks associated by (i) using a fixed expense ratio or (ii) using no expense ratio to calculate the income of a mortgagor using personal bank statements to the extent no proof of specific business parameters (separate business accounts) was received to calculate the personal income of the mortgagor using the business or personal bank statements.

Use of alternative documentation, such as bank statements instead of tax returns or verification through the mortgagor's assets, may provide less certainty as to a mortgagor's actual income, and mortgage loans underwritten using such alternative documentation may experience an increased level of default. The reasonableness of reliance on bank statements could depend upon a variety of facts and circumstances that would vary from borrower to borrower that could include seasonality of the business, the incurrence of irregular income or expense, deposits or withdrawals attributable to capital disposition or expenditures and other factors. Furthermore, many self-employed mortgagors are small business owners who may be personally liable for their business debt, which may result in less funds available to make payments on the related Mortgage Loan. Self-employed mortgagors may also be disproportionately impacted economically by the COVID-19 outbreak. Consequently, investors should consider that a higher number of self-employed mortgagors may result in increased defaults on the Mortgage Loans. See "*Description of the Mortgage Loans—Underwriting Guidelines*" and "*Annex A – Certain Characteristics of the Mortgage Loans*" in this Offering Memorandum for a description of the underwriting criteria and mortgage loan characteristics related to these loans to self-employed mortgagors.

The Rate of Default on Mortgage Loans that Are Secured by Second Homes May be Higher than on Other Mortgage Loans

Approximately 5.30% of the Mortgage Loans are secured by properties acquired as second homes. Second homes are typically used for vacation purposes and are not regularly occupied by the related mortgagors. Because the applicable mortgagor is typically not living on the related property, Mortgage Loans secured by second homes may present a greater risk that the mortgagor will stop making monthly payments if the mortgagor's financial condition deteriorates than Mortgage Loans secured by primary residences.

Investors should also note, however, that mortgagor may have misrepresented the occupancy status on their applications. While the Originators have policies and procedures to address borrower misrepresentations, there can be no assurance that there is not a greater percentage of Mortgage Loans secured by second homes in the Mortgage Pool.

Risks Associated with First-Time Mortgagors

Approximately 17.30% of the Mortgage Loans were originated to first-time homebuyers. First-time homebuyers are often younger, have shorter credit histories, may be more highly leveraged and have less experience with undertaking mortgage debt and maintaining a residential property than other mortgagors. The presence of Mortgage Loans to first-time homebuyers in the Mortgage Pool may increase the number of defaults on the Mortgage Loans. The economic impact of the COVID-19 outbreak could cause the risk of default with respect to first-time homebuyers to be higher. Investors should note, however, that first-time homebuyers are generally defined in the mortgage industry to mean mortgagors who have not owned a primary residence in the past three years and not simply mortgagors who have never owned a home.

Risks Associated with Secondary Financing on First Lien Mortgage Loans

Certain of the Mortgage Loans may be secured by Mortgaged Properties that are subject to a second lien created at the time of origination of the related first lien Mortgage Loan, or in connection with secondary mortgage financing obtained by the mortgagors following origination of the first lien Mortgage Loan. In addition, the terms of the Mortgage Loans may not restrict the mortgagors from obtaining secondary financing on the related Mortgaged Properties. Such additional financing may increase a mortgagor's likelihood of default, and may affect the rate of prepayment of the Mortgage Loans.

In addition, with respect to such Mortgage Loans, foreclosure frequency may be increased relative to mortgage loans that were originated without a second lien (or for which the related mortgagor did not obtain secondary financing after origination), since mortgagors have less equity in the related Mortgaged Property. In addition, a default may be declared on the second lien loan, even though the first lien is current, which would constitute a default on the first lien Mortgage Loan.

Investors should consider that mortgagors who have less equity in their Mortgaged Properties may be more likely to default and may be more likely to submit to foreclosure proceedings. Because secondary financing was not known to the Depositor in many cases, a mortgagor's actual equity may be less than the current loan-to-value ratios shown in this Offering Memorandum may suggest.

Mortgage Loans with Large Principal Balances May Present a Greater Risk

Approximately 23.49% of the Mortgage Loans have Scheduled Principal Balances in excess of $1,000,000. These Mortgage Loans may present a greater risk than Mortgage Loans with a lower principal balance because defaults on a Mortgage Loan with a larger principal balance may have a disproportionate effect on the Mortgage Pool as a whole and result in greater losses allocated to the Certificateholders.

The Rate of Default on Mortgage Loans Made to Mortgagors with Higher Debt-to-Income Ratios May be Higher than on Other Mortgage Loans

Approximately 17.94% of the Mortgage Loans were made to mortgagors with original debt-to-income ratio greater than 43%. These Mortgage Loans may present a greater risk that the related mortgagor will be unable to make monthly payments if the mortgagor's financial condition deteriorates.

Special Risks Associated with Rental Properties

Certain of the Mortgage Loans may be secured by rental properties. Underwriting decisions with respect to Mortgage Loans secured by rental property are generally based on the value of the rental property, the mortgagor's or the guarantor's credit score (in each case, to the extent applicable) and the rental property's potential to generate income (which may be based on projected rental rates or short-term rental rates). In the event a rental property is unable to generate enough income to make the required payments on the related Mortgage Loan, there can be no assurance that the mortgagor will have funds sufficient to meet its obligations with respect to such Mortgage Loan. The economic impact of the COVID-19 outbreak could further impair the ability of the mortgagor to collect rental payments or increase the risk that tenants may fail to pay their rental payments. This may result in increased delinquencies by the related mortgagors. There may also be restrictions on eviction imposed by state and local orders as well as delays as a result of current court closures and backlogs upon reopening. See also "*—Dependence on Tenants May Result in an Inability of Mortgagors to Make Payments on the Mortgage Loans"* in this Offering Memorandum.

Investors should note that mortgage loans secured by rental properties may have a greater likelihood of delinquency and foreclosure, and a greater likelihood of loss in the event thereof, than mortgage loans secured by owner occupied single-family residential properties. In a default, mortgagors who do not reside in the mortgaged property may be more likely to abandon the related mortgaged property, increasing the severity of the default. The ability of a related mortgagor with respect to a mortgage loan to repay an owner occupied single family loan typically depends primarily on such mortgagor's household income rather than on the capacity of the mortgaged property to appreciate in value or produce income. Accordingly, a decline in the income of a mortgagor on a loan secured by an owner occupied single family mortgaged property may adversely affect the performance of the mortgage loan, but may not directly affect the liquidation value of such mortgaged property. In contrast, the ability of a mortgagor to repay a loan secured by an investment property typically depends primarily on (i) the successful operation and management of such mortgaged property, rather than on any independent income or assets of the mortgagor or (ii) the mortgagor's ability to realize the value of such mortgaged property (e.g. via refinancing or profitable disposition). In some cases, the mortgagor may have no material assets other than the mortgaged property. As a result, if the net operating income of the mortgaged property is reduced (for example, if rental or occupancy rates decline, competition increases, or real estate tax rates or other operating expenses increase), the mortgagor's ability to repay the mortgage loan may be impaired, and the liquidation value of the related mortgaged property also may be adversely affected.

Although the Originators took certain steps in connection with its origination process to confirm that each of these Mortgage Loans were primarily made for a business or commercial purpose, a regulatory authority could find that a Mortgage Loan was originated as a consumer loan (i.e., primarily for personal, family or

household use, and therefore subject to various consumer protection laws). Violations of consumer protection laws may limit the ability of the Issuing Entity to collect all or part of the principal or interest on such Mortgage Loan, may result in a defense to foreclosure or an "unwinding" or rescission of the Mortgage Loan and may entitle the mortgagor to a refund of amounts previously paid. Even though a mortgagor may make certain representations regarding such mortgagor's intent with respect to utilizing a property primarily for a business purpose, the mortgagor may have misrepresented the intended purpose of the loan or have changed circumstances such that the proceeds of the loan may ultimately be used for personal, family, or household purposes. Therefore, a Mortgage Loan may be originated in accordance with applicable law and not be considered a breach of any representation and warranty made by the Representation Provider even if such Mortgage Loan proceeds and the property are used for a consumer purpose. In such a case, the mortgagor's ability to repay such Mortgage Loan may be impaired if such property is not a profitable investment property, and the liquidation value of the related Mortgaged Property may also be adversely affected.

Additional Risks Associated with Mortgaged Properties that are Rental Properties

There are various risks associated with investor loans and a large number of factors may adversely affect the value and successful operation of the related mortgaged properties that are rental properties, including (as applicable):

- the location and physical attributes of the rental property such as its age, condition, design, appearance, access to transportation and construction quality;
- whether the mortgagor utilizes a property management company and the quality of property management for the related rental property;
- changes in the neighborhood where the rental property is located, including changes in employment rate, crime rate and local business openings and closings;
- the ability of the mortgagor to provide adequate security, maintenance and insurance;
- the prevailing level of mortgage interest rates, which may encourage tenants to purchase rather than rent housing;
- the mortgagor's equity in a rental property in relation to the loan amount;
- the generally short terms of residential leases and the need to find replacement lessees;
- rent concessions (including, without limitation, in response to the COVID-19 outbreak) and month-to-month leases, which may impact cash flow at the property;
- the presence of competing properties and residential developments in the local market;
- the mix of tenants available in the applicable area, such as the tenant population being predominantly students or being heavily dependent on workers from a particular business or industry or personnel or workers on a local military base;
- neighborhood or similar rules imposing restrictions on the age of tenants who may reside at the property;
- dependence upon governmental programs that provide rent subsidies to tenants pursuant to tenant voucher programs, which vouchers may be used at other properties and influence tenant mobility;
- adverse local, regional or national economic conditions (including, without limitation, as a result of the COVID-19 outbreak), which may limit the amount of rent that may be charged and may result in a reduction of timely rent payments or a reduction in occupancy levels;
- state and local regulations, which may affect a mortgagor's ability to increase rent to market rent for an equivalent rental unit or to make certain renovations;

- federal, state and local restrictions on the ability of a mortgagor to evict a tenant, including due to the non-payment of rent as a result of the COVID-19 outbreak, which may impact the ability to re-lease the subject property and prolong the period of time with reduced rental cash-flows; and

- national, state or local politics.

Certain states regulate the relationship of a landlord and its tenants. Commonly, these laws may require a written lease, good cause for eviction, disclosure of fees and notification to residents of changed land use, while prohibiting unreasonable rules and retaliatory evictions. Property owners have been the subject of suits under state "Unfair and Deceptive Practices Acts" and other general consumer protection statutes for coercive, abusive or unconscionable leasing and sales practices. A few states offer more significant protection. For example, in some states there are provisions that limit the basis on which a landlord may terminate a tenancy or increase rent or prohibit a landlord from terminating a tenancy solely by reason of the sale of the owner's property.

In addition to state regulation of the landlord-tenant relationship, numerous counties and municipalities impose rent control on rental investment properties. These ordinances may limit rent increases to fixed percentages, to percentages of increases in the consumer price index, to increases set or approved by a governmental agency, or to increases determined through mediation or binding arbitration. Any limitations on a mortgagor's ability to raise property rents may impair such mortgagor's ability to repay its mortgage loan from its net operating income or the proceeds of a sale or refinancing of the related mortgaged property.

In addition, investment properties are part of a market that, in general, is characterized by low barriers to entry. Thus, a particular rental housing property market with historically low vacancies could experience substantial new construction and a resultant oversupply of rental units within a relatively short period of time. Because rental housing properties are typically leased on a short-term basis, the tenants residing at a particular property may easily move to alternative rental properties with more desirable amenities or locations once a lease expires and high turnover may result in increased costs to the related mortgagor.

Numerous tenants' rights and consumer rights organizations exist throughout the country and a mortgagor may become a target of legal demands or litigation. Many such consumer rights organizations have become more active and better funded in connection with mortgage foreclosure related issues, and with the large settlements and the increased market for residential rentals arising from displaced homeownership, litigation, lobbying, fundraising and grass roots organizing activities focusing on landlord-tenant issues may increase. Additionally, these organizations may lobby local county and municipal attorneys or state attorneys general to pursue enforcement or litigation against a mortgagor, or may lobby state and local legislatures to pass new laws and regulations to constrain a mortgagor's business operations. If they are successful in any such endeavors, they could directly limit and constrain a mortgagor's business operations. Such efforts may result in significant litigation expenses, including settlement costs to avoid continued litigation, judgments for damages or injunctions.

Mortgaged properties and mortgagors may be subject to claims for taxes or special assessments and mortgagors may also be subject to litigation relating to workers' compensation, professional liability, general liability, automotive liability and/or employment practices liability. No assurance can be given that any insurance maintained by a mortgagor, even to the extent required by the related Mortgage Loan documents, will be adequate to cover litigation expenses and claims. Such claims and liability could materially affect a mortgagor's future results of operations and could have a material adverse effect on a mortgagor's ability to make its debt service payments.

As a landlord, mortgagors will collect and retain certain personal information provided by their tenants. There is no assurance that a mortgagor will be successful in preventing unauthorized access to this information. Any loss or release of such information may result in legal liability and costs (including damages and penalties) and damage to the reputation of a mortgagor. This may materially and adversely affect a mortgagor's business and operating results.

Some of the Mortgage Loans may be secured by Mortgaged Properties that have tenants as of the date of origination that rely on rent subsidies under various government-funded programs or otherwise receive benefits from various governmental affordable housing programs. No party to this transaction makes any representation that such programs will be continued in their present form or that the level of assistance provided will be sufficient to generate enough revenues for the related mortgagors to meet their respective obligations under the related Mortgage Loans.

Maintaining a Property in Good Condition May Be Costly

The failure to maintain a rental property may materially impair the property's ability to generate cash flow. In addition to general maintenance, over time, rental property may require renovation and capital improvements to remain competitive. Such improvements may be required frequently to the extent the leases are short-term. The cost of necessary maintenance, renovation and/or capital improvements may be substantial. There can be no assurance that rental property securing a Mortgage Loan will generate sufficient cash flow to cover these costs while still satisfying debt service requirements.

Failure to Enforce Certain Aspects of the Mortgage Loans May Result in Delays in Distributions on the Offered Certificates

Certain investor Mortgage Loans will be secured in part by an assignment of leases and rents pursuant to which each of the related mortgagors typically assigns its right, title, and interest as landlord under the leases on the related Mortgaged Property, and the income derived therefrom, to the lender as further security for the related Mortgage Loan, while retaining a license to collect rents for so long as there is no default. In the event the mortgagor defaults, the license terminates and the lender is entitled to collect the related rents. Such assignments are typically not perfected as security interests prior to actual possession of the cash flows. Some state laws may require that the lender in such circumstances take possession of the mortgaged property and obtain a judicial appointment of a receiver before becoming entitled to collect the rents. In addition, if bankruptcy or similar proceedings are commenced by or in respect of the mortgagor, the lender's ability to collect the rents may be adversely affected. Investors in the Offered Certificates should be aware that the economic impact of the COVID-19 outbreak could increase the risk of bankruptcy or similar proceedings with respect to the mortgagors of these Mortgage Loans.

Lack of Attornment Provisions in Leases Could Result in Losses on the Mortgage Loans

Some tenant leases associated with the Mortgaged Properties may contain certain provisions that require the tenant to attorn to (i.e., recognize as landlord under the lease) a successor owner of the property following foreclosure. Some of the leases may be either subordinate to the liens created by the Mortgage Loans or else contain a provision that requires the tenant to subordinate the lease if the mortgagee agrees to enter into a non-disturbance agreement. In some states, if a tenant lease is subordinate to the lien created by a Mortgage Loan and such lease does not contain attornment provisions, such leases may terminate upon the transfer of the property to a foreclosing lender or purchaser at foreclosure. Accordingly, in the case of the foreclosure of a Mortgaged Property located in such a state and leased to one or more desirable tenants under leases that do not contain attornment provisions, the value of such Mortgaged Property could be adversely affected if such tenants' leases were terminated, particularly, if such tenants were paying above-market rents. If a mortgage loan is subordinate to a lease, the lender will not (unless it has otherwise agreed with the tenant) have the right to dispossess the tenant upon foreclosure of the property (unless the tenant is in default), and if the lease contains provisions inconsistent with the mortgage (e.g., provisions relating to application of insurance proceeds or condemnation awards), the provisions of the lease generally take precedence over the provisions of the mortgage.

Dependence on Tenants May Result in an Inability of Mortgagors to Make Payments on the Mortgage Loans

The mortgagor of an investor Mortgage Loans generally relies on periodic lease or rental payments from tenants to pay for maintenance and other operating expenses of the rental property, to fund capital improvements and to service the Mortgage Loan and any other outstanding debt or obligations. There can be no guarantee that tenants will renew leases upon expiration. The income of the mortgagors under such Mortgage Loans will be adversely affected if tenants are unable to pay rent or if space cannot be rented on favorable terms or at all. Changes in payment patterns by tenants may result from a variety of social, legal and economic factors, including, without limitation, the economic impact of the COVID-19 outbreak, the rate of inflation and unemployment levels, and may be reflected in the rental rates offered for comparable space. There will be existing leases that expire during the term of the related Mortgage Loans and there can be no assurance that such leases will be renewed. In addition, some of the Mortgaged Properties securing the investor Mortgage Loans may have only month-to-month leases, some of which may be verbal, and there can be no assurance that such leases will be renewed each month. Certain other tenants may be permitted to terminate their leases on or after a specified date upon giving notice and/or payment of certain amounts specified in the applicable lease. There can be no assurance that such termination rights will not arise in the future. There can be no assurances whether, or to what extent, economic, legal or social factors will affect future rental or repayment patterns.

To the extent that leases to tenants in Mortgaged Properties expire and are unable to be renewed, the related mortgagors may be unable to continue to make payments on the related Mortgage Loans which would adversely affect the Offered Certificates.

The COVID-19 outbreak may cause tenants to remain in their current accommodations, potentially increasing the risk that Mortgaged Properties that are currently vacant may remain vacant for a longer period of time, or that the related mortgagor may need to offer rent concessions in order to find a tenant to lease such Mortgaged Property, which, in each case, could adversely affect cash flow on the related Mortgage Loan.

Skillful Property Management Is Integral to Mortgagor Performance

The successful operation of a rental property depends upon the mortgagor's (or, if applicable, a property manager's) ability to manage the revenues, expenses and value of a mortgaged property.

A mortgagor, by controlling costs, providing appropriate service to tenants and seeing to the maintenance of improvements, can improve cash flow, reduce vacancy, leasing and repair costs and preserve a mortgaged property's value. On the other hand, management errors can, in some cases, impair short-term cash flow and the long-term viability of a rental property. Many investors have entered the residential investment property space, but many of them may not have a long history in managing residential investment properties.

Investors in the Offered Certificates should consider the risk that Mortgaged Properties that are self-managed by mortgagors may be more likely to default on the related Mortgage Loans than Mortgaged Properties that are managed by an experienced property manager on behalf of a mortgagor.

Failure of a mortgagor (or a property manager on behalf of a mortgagor) to properly manage a Mortgaged Property could lead to defaults and therefore adversely affect the cash flow available to pay the Offered Certificates.

Homesharing Could Present Unique Risks with Respect to the Mortgaged Properties

There may be Mortgage Loans secured by properties that are not true investor properties, but are rented out on a limited basis through homesharing platforms such as the platform operated by Airbnb, Inc. Although such Mortgage Loans share some of the same risks as investor properties, they present additional risks created by the unregulated nature of homesharing practices. For example, mortgagors who regularly rent out their properties risk having their primary homeowner's insurance policies invalidated if additional business or landlord coverage is not obtained. Although some homesharing services offer secondary coverage, homeowners must file a claim with their primary homeowner's insurance policy first. In addition, unregulated homesharing or subletting for a term of less than 30 days is generally not permitted by most localities and could result in significant penalties for repeated violations. In some jurisdictions, an unpaid penalty may give rise to a special assessment lien on a property which could take priority over a first lien mortgage or result in foreclosure. In the event of a foreclosure, guests who are legally classified as tenants may need to be evicted through court proceedings.

None of the Sponsor, the Depositor, the Issuing Entity, the Servicing Administrator, the Servicer, the Master Servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Initial Purchasers or any other transaction party has independently verified the occupancy status of any home, and any information provided in this Offering Memorandum as to owner occupancy is based solely on the representation made by the related mortgagor in connection with the origination of the related Mortgage Loan.

If a mortgagor relies on income from homesharing services to make its monthly mortgage payments, due to social distancing and other limitations related to the COVID-19 outbreak, such a mortgagor may have increased difficulties in making its monthly payment. See "*The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum.

Certain of the Mortgage Loans have a History of Delinquency

The following table sets forth certain information regarding the historical delinquency performance for all of the Mortgage Loans.

	Number of Loans With Delinquency History		Scheduled Principal Balance of Loans With Delinquency History	
Period of Delinquency	**Number of Mortgage Loans**	**Percentage of Total Number of Mortgage Loans**	**Aggregate Scheduled Principal Balance**	**Percentage of Aggregate Scheduled Principal Balance**
0-29	396	97.30%	$180,252,327.95	97.57%
30-59	5	1.23%	$1,715,542.23	0.93%
60-89	5	1.23%	$1,804,257.44	0.98%
180+	1	0.25%	$977,807.09	0.53%
Total:	**407**	**100.00%**	**$184,749,934.71**	**100.00%**

As of the Cut-off Date, 405 of the Mortgage Loans, representing approximately 99.40% of the Mortgage Pool, are contractually current under the MBA Method. As of the Cut-off Date, 11 of the 407 Mortgage Loans have previously been at least 30 days delinquent in the twenty-four months prior to the Cut-off Date. Prospective investors should consider that mortgage loans with a history of delinquency may experience rates of delinquency, foreclosure and bankruptcy that are higher, and that may be substantially higher, than those experienced by mortgage loans without a history of such delinquencies or loss mitigation actions. Furthermore, mortgagors in the Mortgage Pool may have contacted or in the future could contact the Servicer indicating financial distress as a result of the COVID-19 outbreak and/or request relief which could increase the number of mortgagors in the Mortgage Pool who receive forbearance or other loss mitigation options due to the COVID-19 outbreak. See "*Risk Factors—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum.

Mortgagor Bankruptcy Considerations

A mortgagor may file for relief under the United States Bankruptcy Code at any time. As of the Cut-off Date, none of the mortgagors with respect to the Mortgage Loans were subject to active bankruptcy proceedings. Virtually all actions by creditors against a mortgagor, 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 mortgagor's bankruptcy case. In addition, a bankruptcy court may, (i) reduce or eliminate the security interest of the mortgage in the related Mortgaged Property, leaving the mortgagee 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 Certificates all principal and interest to which they are entitled. Additionally, many of the mortgagors may previously have been subject to bankruptcy proceedings. A mortgagor who has previously filed for bankruptcy protection may be more likely to default or file for bankruptcy protection in the future. Further, the COVID-19 outbreak may also result in an increased number of mortgagors filing for bankruptcy protection. See "*—The COVID-19 Outbreak and Governmental Measures Related Thereto May Adversely Affect the Performance and Market Value of the Offered Certificates*" in this Offering Memorandum.

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

Your Certificates 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 Certificates. The Certificates also have significant transfer restrictions, including the restriction that any purchaser must be (i) a "qualified institutional buyer" as defined in Rule 144A under the Securities Act or (ii) other than with respect to the Class R Certificates, a non-"U.S. Person" as defined in Regulation S under the Securities Act. The Depositor has been advised by the Initial Purchasers that the Initial Purchasers intend to make a market in the Purchased Certificates 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 Certificate will be at any time. In recent years, the residential mortgage-backed securities ("**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. Currently, the

COVID-19 outbreak is causing significant disruption in the RMBS market. There can be no assurance that a secondary market for the Certificates will develop or, if it does develop, that it will continue. Accordingly, you may not have an active or liquid secondary market for your Certificates.

On February 24, 2022, Russian-led military forces attacked and invaded multiple regions of Ukraine. In response, the United States, the EU, the UK, Switzerland and other countries have imposed severe sanctions, bans and other measures on Russia, Russian banks and other entities and individuals and on certain Russian commodities. Businesses are also cutting or limiting ties with Russian business entities. The country members of the North Atlantic Treaty Organization and other countries have provided and may continue to provide weapons and other supplies to Ukraine. The conflict and resulting sanctions and other related measures have led to higher oil and gas prices and other inflationary pressures and may exacerbate global supply issues. It is uncertain at this time what impact this conflict will have on the economy, the financial markets and the market value of the Certificates.

In December 2021, the staff of the SEC issued interpretive guidance under Rule 15c2-11 of the Securities Exchange Act of 1934, as amended, which requires that brokers and dealers, who publish quotations on securities such as the Certificates on any interdealer quotation system or other quotation medium, must ensure that certain information about the issuer be publicly available. This interpretive guidance sets forth certain conditions under which such information must be made available. While the conditions that are currently in effect appear to be satisfied, additional conditions will apply after January 3, 2023, and there can be no assurance that these additional conditions will be complied with. As a result, brokers and dealers may be unable to publish quotations on the Certificates on any interdealer quotation system or other quotation medium after January 3, 2023. Any such inability to publish quotations may adversely affect any secondary market for the Certificates.

It is possible that investors who desire to sell their Certificates 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 Certificates 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 Certificates.

We make no representation as to the proper characterization of the Certificates for legal investment, regulatory, financial reporting or other purposes, as to the ability of particular investors to purchase the Certificates under applicable legal investment or other restrictions or as to the consequences of an investment in the Certificates 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 Certificates to resell their Certificates in the secondary market.

- 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 credit-worthiness. 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 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 Certificates, especially any Certificates that have not been assigned a credit rating, which in turn may adversely affect the liquidity of the Certificates in the secondary market. This could adversely affect your ability to transfer Certificates or the price you may receive upon your sale of Certificates.

- In connection with agreements reached by the Basel Committee on Banking Supervision ("**BCBS**") in revising the risk-based capital and leverage requirements set forth in Basel III: A Global

Regulatory Framework for More Resilient Banks and Banking Systems, including subsequent amendments and consultative papers (together, "**Basel III**"), the federal banking agencies recently adopted revisions to the general risk-based capital and leverage guidelines applicable to U.S. banking organizations. The changes to these guidelines generally will cause exposures to RMBS held by U.S. banking organizations to be calculated in a different manner, and in some cases to become subject to risk weights that are higher and, for more subordinated classes of securities, substantially higher, or otherwise may adversely affect the treatment of RMBS for regulatory capital purposes. This and other changes adopted may limit the ability or willingness of banks to purchase RMBS, which in turn may adversely affect the liquidity of the Certificates in the secondary market. This could adversely affect your ability to transfer Certificates or the price you may receive upon your sale of Certificates.

- The Financial Accounting Standards Board recently adopted changes to the accounting standards for structured products such as the Certificates. These changes, or any future changes, may affect the manner in which you must account for your investment in any Certificates and, under some circumstances, may require that you consolidate the entire Issuing Entity on your balance sheet. Prospective investors in the Certificates 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 Certificates, which in turn may adversely affect the liquidity of the Certificates in the secondary market. This could adversely affect your ability to transfer Certificates or the price you may receive upon your sale of Certificates.

In addition, future statutory or regulatory developments may further limit the ability or desire of investors in the Certificates to resell their Certificates in the secondary market. Accordingly, all prospective investors in the Certificates should consider the possible effects of legal investment, regulatory capital, accounting and other restrictions and requirements on the liquidity and value of their Certificates, whether or not those requirements and restrictions would apply in connection with their initial investments in the Certificates or to other investors or potential investors in mortgage-backed securities. In any event, all prospective investors whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements, or review by regulatory authorities should consult with their own legal, accounting and other advisors in determining whether, and to what extent, the Certificates will constitute legal investments for them or are subject to investment or other restrictions, unfavorable accounting treatment, reporting requirements, due diligence requirements, capital charges or reserve requirements.

Risks Relating to Partnership Audit Rules

Partnerships, their partners and the persons that are authorized to represent entities treated as partnerships are subject to certain partnership audit rules in IRS audits and related procedures. These rules also apply to new and existing REMICs, the holders of REMIC residual interests and the trustees or administrators authorized to represent REMICs in IRS audits and related procedures. Under these rules, unless a REMIC elects otherwise, taxes arising from IRS audit adjustments are required to be paid by the REMIC rather than by its residual interest holders.

The Paying Agent will have the authority to utilize, and will be directed to utilize, any exceptions available under the partnership audit rules and related Treasury regulations so that the Class R Certificates, to the fullest extent possible, rather than any REMIC, will be liable for any taxes arising from audit adjustments to the REMIC's taxable income. It is not entirely clear 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 tax advisors regarding the possible effect of these rules on them.

Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Sponsor, the Seller, the Depositor, the Issuing Entity, the Originators, the Servicing Administrator, the Servicer, the Master Servicer or on the Value or Marketability of the Certificates

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 Certificates.

The Dodd-Frank Act and Regulatory Implementation. Recent changes in federal banking and securities laws, including those resulting from the Dodd-Frank Wall Street Reform and Consumer Protection 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, new 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 and are being phased in over time. These new 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. When fully implemented in the United States, these changes may have an adverse effect with respect to investments in asset-backed securities (including RMBS).

The Dodd-Frank Act also prohibits lenders from originating residential mortgage loans unless the lender forms an opinion that the mortgagor has a reasonable ability to repay the loan. Under the Dodd-Frank Act, a lender and its assignees will not have liability under this prohibition with respect to any Qualified Mortgage. Qualified Mortgages are either (a) Safe Harbor Mortgage Loans entitled to the benefit of a safe harbor from such liability or (b) Rebuttable Presumption Mortgage Loans entitled to the benefit of a rebuttable presumption from such liability. Mortgage loans originated in violation of TILA may expose subsequent purchasers of such mortgage loans to liability in respect of such violations. No Mortgage Loan is a Safe Harbor Mortgage Loan or a Rebuttable Presumption Mortgage Loan.

The Dodd-Frank Act also revises and adds sections to TILA and RESPA that impose a number of additional requirements for originators and servicers of residential mortgage loans and increase the penalties for noncompliance with those laws. The CFPB implemented rules that became effective for mortgage loans originated on or after January 10, 2014 that, among other things, require servicers to provide information to mortgagors about loss mitigation options (including as an alternative to foreclosure) and to implement procedures for evaluating and responding to loss mitigation requests. These rules were amended on June 28, 2021 to provide additional assistance to mortgagors experiencing COVID-19-related difficulties and may result in increased loan modification activity, and may extend foreclosure timelines or otherwise extend the process of loss mitigation, any of which could lead to delays in collections and distributions on your Certificates, and increased losses. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" for more information about these recent changes.

The Issuing Entity 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. The Volcker Rule became effective on July 21, 2012, and final regulations implementing the Volcker Rule were adopted on December 10, 2013. Banking entities are required to be in conformance with the Volcker Rule by July 21, 2015, although ownership interests or sponsorships in covered funds in existence prior to December 31, 2013 were not required to be brought into conformance until July 21, 2017 (with the possibility of an additional five-year extension for certain illiquid 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 the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Certificates, 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.

Many provisions of the Dodd-Frank Act are required to be implemented through rulemaking by the applicable federal regulatory agencies, and much of this rulemaking has yet to occur. In addition, Section 1022(d) of the Dodd-Frank Act requires the CFPB to conduct an assessment of each rule within five years of its adoption. The results of any such assessments could result in changes to existing rules and further rulemaking. 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 Certificates, on the servicing of the Mortgage Loans or on the Sponsor, the Seller, the Depositor, the Issuing Entity, the Trustee, the Paying Agent, the Certificate Registrar, the Originators, the Representation Provider, the Servicer, the Master Servicer or the Servicing Administrator.

Amendments to Regulation AB. In August 2014, the SEC adopted rules that substantially revise 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 will require enhanced disclosure of asset-level information at the time of the securitization and on an ongoing basis. Revised Regulation AB introduces new 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 new shelf eligibility requirements remove any reliance on investment-grade credit ratings. No assurance can be given that the newly-adopted 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 Certificates. Neither this Offering Memorandum nor the provisions of the transaction documents will be compliant with the provision of Regulation AB. Such non-compliance may adversely affect the market values of the Certificates.

Certain elements of proposed 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 Sponsor, the Seller, the Depositor, the Issuing Entity, the Trustee, the Certificate Registrar, the Paying Agent, the Originators, the Servicer, the Master Servicer, the Servicing Administrator or the Representation Provider will be affected. No assurance can be given that the proposed standards, if implemented, will not apply to this transaction or have an adverse impact on the value or marketability of the Certificates.

On October 21, 2014, the FDIC, the 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 "**U.S. Risk Retention Rules**"). The following day, the Federal Reserve, the SEC and the Department of Housing and Urban Development (together with the FDIC, FHFA, and OCC, the "**Joint Regulators**") adopted the U.S. Risk Retention Rules. As required by the Dodd-Frank Act, the U.S. 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 U.S. Risk Retention Rules, as of the Closing Date, the Sponsor will own the U.S. Risk Retention Certificates, which equal not less than 5% of the fair value of the Certificates (excluding any non-economic REMIC residual interest). See "*U.S. Risk Retention*" in this Offering Memorandum. At this time, it is unclear what effect a failure of the Sponsor to be in compliance with the U.S. Risk Retention Rules at any time will have on the market value or liquidity of the Offered Certificates.

In addition, other regulatory agencies, including the FDIC, 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 Issuing Entity, the Depositor, the Servicer, the Master Servicer, the Servicing Administrator or any successor servicer will be affected. No assurance can be given that any proposed regulations will not have an adverse impact on the Issuing Entity, the Depositor, the Servicer, the Master Servicer, the Servicing Administrator or any successor servicer or on the market value of your Offered Certificates.

Prospective investors should also independently assess and determine whether they are directly or indirectly subject to market risk capital rules jointly promulgated by the OCC, the Federal Reserve and the FDIC that became effective on January 1, 2013. Any prospective investor that is subject to these rules should

independently assess and determine its ability to comply with the regulatory capital treatment and reporting requirements that may be required with respect to the purchase of an Offered Certificate and what impact any such regulatory capital treatment and reporting requirements may have on the liquidity or market value of your Offered Certificates.

Certificateholders will bear the risk that future regulatory and legal developments will result in losses on their Certificates, to the extent not covered by the applicable credit enhancement. The effect on the Offered Certificates will be likely 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 law 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.

The Offered Certificates May Not Be Suitable for Investment by Certain EU and United Kingdom Regulated Investors and Affiliates

EU legislation comprising Regulation (EU) 2017/2402 (the "**EU Securitization Regulation**," and together with all related regulatory and/or implementing technical standards and official guidance published in relation thereto, the "**EU Securitization Rules**") has direct effect in member States of the EU and is expected to be implemented by national legislation in the non-EU member states of the European Economic Area.

The EU Securitization Regulation became part of the laws of the United Kingdom under the European Union (Withdrawal) Act 2018 (the "**EUWA**"), subject to the amendments in the Securitisation (Amendment) (EU Exit) Regulations 2019 (the "**UK Securitization Regulation**" and, together with all related regulatory and/or implementing technical standards and official guidance published in relation thereto, the "**UK Securitization Rules**"). The EU Securitization Regulation and the UK Securitization Regulation are collectively referred to as the "**EU/UK Securitization Regulations**." The EU Securitization Rules and the UK Securitization Rules are collectively referred to as the "**EU/UK Securitization Rules**."

Article 5 of the EU/UK Securitization Regulations imposes certain requirements (the "**EU/UK Investor Requirements**") with respect to institutional investors (as such term is defined for purposes of the EU/UK Securitization Regulations ("**EU Institutional Investors**"), or, as applicable, the UK Securitization Regulation ("**UK Institutional Investors**" and, collectively with EU Institutional Investors, "**EU/UK Institutional Investors**")), being certain types of EU-regulated investors and UK-regulated investors (as applicable), including institutions for occupational retirement provision, credit institutions (and certain affiliates thereof), alternative investment fund managers which manage or market alternative investment funds in the EU or the UK (as applicable), investment firms (and certain affiliates thereof), insurance and reinsurance undertakings and management companies of undertakings for the collective investment in transferable securities funds (or internally managed undertakings for the collective investment in transferable securities funds) holding or seeking to hold a securitization position.

Although it is anticipated that the Sponsor or its Majority-Owned Affiliate will retain the Class B-2, Class B-3 and Class XS Certificates for purposes of satisfying the U.S. Credit Risk Retention Rules, none of the Sponsor, the Depositor, the Initial Purchasers or any other party to the transaction intends, or is required, to retain a material net economic interest in the securitization constituted by the issuance of the Certificates in a manner that would satisfy any requirements of the EU/UK Securitization Rules. In addition, no such person undertakes to take any other action, or refrain from taking any action, prescribed or contemplated in, or for purposes of, or in connection with, compliance by any investor with any applicable requirement of, the EU/UK Securitization Rules.

Failure on the part of an EU/UK Institutional Investor to comply with the EU/UK Securitization Rules may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a punitive capital charge in respect of the investment in the securitization acquired by the relevant investor.

Consequently, the Certificates may not be a suitable investment for EU/UK Institutional Investors. As a result, the price and liquidity of the Certificates in the secondary market may be adversely affected.

Potential investors or purchasers of the Offered Certificates should analyze their own regulatory position, and are encouraged to consult with their own investment and legal advisors regarding the scope, applicability and compliance requirements of the EU/UK Securitization Rules or other applicable regulations and the suitability of the Certificates for investment. None of the Depositor, the Sponsor, the Initial Purchasers or any other party to the transaction makes any representation to any prospective investor or purchaser of the Certificates regarding the regulatory capital treatment of its investment in the Certificates on the Closing Date or at any time in the future.

Changes to the U.S. Federal Income Tax Law Could Have an Adverse Impact On the Certificates

U.S. federal income tax laws and regulations, as well as the administrative interpretations of those laws and regulations, are regularly under review and may be changed at any time, possibly with retroactive effect. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to an investment in the Offered Certificates may be enacted. We cannot predict whether, when or to what extent new U.S. federal tax laws, Treasury regulations, interpretations or rulings will be issued, the impact of those on the housing market or the Offered Certificates or the long-term impact of recently enacted tax reforms. Prospective investors are urged to consult their tax advisors prior to purchasing the Offered Certificates.

The United Kingdom's Departure from the European Union May Adversely Affect the Market Value of the Certificates

The UK exited the EU on January 31, 2020 ("**Brexit**") and completed the transition period on December 31, 2020. Although Brexit is complete, there is still uncertainty as to the scope, nature and terms of the relationship between the UK and the EU after Brexit. While the UK and the EU have reached an agreement (the "**EU-UK Trade and Cooperation Agreement**") on the principles to govern certain aspects of their future trade relationship, there continues to be uncertainty as to the scope, nature and terms of the relationship between the UK and the EU after Brexit. Brexit, the interpretation and implementation of the EU-UK Trade and Cooperation Agreement and other aspects of the relationship between the UK and the EU such as financial services, which aspects are not addressed in the EU-UK Trade and Cooperation Agreement, are likely to lead to legal uncertainty and divergent national laws and regulations, which could adversely affect economic and market conditions in the UK, in the EU and its member states and the global financial markets. See "*—Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Sponsor, the Seller, the Depositor, the Issuing Entity, the Originators, the Servicing Administrator, the Servicer, the Master Servicer or on the Value or Marketability of the Certificates*" in this Offering Memorandum. In particular, Brexit could significantly impact volatility, liquidity and/or the market value of securities, including the Offered Certificates. An investment in the Certificates should only be made by investors who understand such risks and are capable of bearing such risks.

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

The market value of the Certificates 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 adversely and materially affect the market value of the Certificates.

In particular, the market value of the Offered Certificates may decline as a result of changes in interest rates. The Mortgage Loans generally have fixed Mortgage Interest Rates. The Certificate Rates on the Class A Certificates are fixed, subject to the Net WAC Rate, although such Certificate Rates are subject to the Step-up Certificate Rate on and after the Distribution Date in July 2026. As a result, in the event the general level of interest rates increases, the value of the Offered Certificates may decline. In addition, the Weighted Average Lives of the Offered Certificates 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 mortgagors or their ability to sell their homes or to move to a new location. 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 Offered Certificates, even in the absence of losses.

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

The rate of distributions of principal and the yields to maturity on the Certificates will be directly related to, among other things, (i) the rate and timing of Scheduled Payments of principal 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 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 mortgagors that result in losses on the Mortgage Loans. As of the Cut-off Date, approximately 76.61% of the Mortgage Loans may be prepaid in whole or in part at any time without payment of a prepayment penalty. The principal payments on the Mortgage Loans may be in the form of scheduled principal payments or principal prepayments. Any of these prepayments will result in distributions 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 Certificates. Principal payments, including Principal Prepayments, on the Mortgage Loans will be affected by the following:

- the amortization schedules of the Mortgage Loans;
- the rate of Partial Prepayments and Full Prepayments by mortgagors due to refinancing, job transfer, changes in property values or other factors;
- relief measures implemented by federal and state governments designed to suspend mortgage payments or similar actions as a result of the COVID-19 outbreak;
- the limited availability of refinancing options as a result of the COVID-19 outbreak;
- reduced mobility and a slower rate of resales of residential properties as a result of the COVID-19 outbreak;
- liquidations of, or modifications in reduction of the principal balance of, Mortgage Loans;
- the time it takes for defaulted Mortgage Loans to be modified or liquidated;
- the availability of loan modifications for delinquent or defaulted Mortgage Loans;
- repurchases of Mortgage Loans by the Representation Provider as a result of certain breaches of representations or warranties, TRID rule violations or Early Payment Defaults;
- Optional Purchases effected by the Seller;
- the exercise of due-on-sale clauses by the Servicer in connection with transfers of Mortgaged Properties;
- the purchase of all of the Certificates in connection with any Optional Redemption; and
- the optional purchase of all the Mortgage Loans and other property of the Issuing Entity by the Servicer (at the direction of the Servicing Administrator) when the aggregate Scheduled Principal Balance of the Mortgage Loans is less than 10% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date.

The rate of principal payments, including principal prepayments, on the Mortgage Loans will depend greatly on the level of mortgage interest rates. 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 underwriting guidelines 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 any class of Certificates. 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 any class of Certificates based on the anticipated yield to maturity of that class of Certificates 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 any class of Certificates is purchased at a discount or a premium and the degree to which the timing of distributions on the class of Certificates is impacted by prepayments will determine the extent to which the yield to maturity of the class of Certificates may vary from the anticipated yields.

If you are purchasing P&I Certificates 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 P&I Certificates at a premium (or if you are purchasing the Class A-IO-S or Class XS Certificates) 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 "*Yield, Prepayment and Weighted Average Life*" in this Offering Memorandum.

Because the Certificate Rates of the Offered Certificates are equal to or limited by the Net WAC Rate, the Offered Certificates could be adversely affected if the Mortgage Loans having relatively high Mortgage Interest Rates experienced a faster rate of principal payments than the Mortgage Loans having relatively low Mortgage Interest Rates. The Class A Certificates are entitled to receive Cap Carryover Amounts to the extent of Monthly Excess Cashflow available therefor (and on and after the Distribution Date in July 2026, amounts otherwise distributable to the Class B-3 Certificates with respect to their Interest Distribution Amount and any Interest Carryforward Amount), each as described in this Offering Memorandum.

If you are purchasing Class XS Certificates, which are the most subordinated class of Certificates, in addition to the negative effect of a rapid rate of prepayments, the Class XS Certificates are also extremely sensitive to unscheduled recoveries of principal, including Liquidation Proceeds, as the distribution priorities allocate Monthly Excess Cashflow that would otherwise be used to distribute the Class XS Distribution Amount instead to make distributions on the P&I Certificates up to the amount of Realized Losses during the related Prepayment Period and Applied Realized Loss Amounts allocated on prior Distribution Dates.

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 Certificates may not be offset by a subsequent like reduction (or increase) in the rate of principal prepayments.

Net WAC Rate May Limit the Certificate Rates of the Offered Certificates

The application of the Net WAC Rate may cause the Certificate Rates of the Class A Certificates to be less than the applicable fixed rate set forth in the Certificates Tables. The Certificate Rates for the Class M-1, Class B-1, Class B-2 and Class B-3 Certificates are equal to the Net WAC Rate, although the Certificate Rate of the Class B-2 Certificate will change to a per annum rate equal to 0.000% beginning on the Distribution Date in July 2026. The Net WAC Rate will decrease if the Mortgage Loans with relatively high Mortgage Interest Rates prepay at a faster rate than the Mortgage Loans with relatively low Mortgage Interest Rates or if Mortgage Loans are modified to reduce their Mortgage Interest Rates (in response to the COVID-19 outbreak or otherwise), increasing the likelihood that the Net WAC Rate will apply to limit the Certificate Rates of the Class A Certificates. In addition, on and after the Distribution Date in July 2026, the Certificate Rate for each class of Class A Certificates will equal the lesser of the Step-up Certificate Rate and the Net WAC Rate. A reduction in the Net WAC Rate for any Distribution Date will also reduce the amount of interest distributable to the Class M-1, Class B-1, Class B-2 (until the Distribution Date in July 2026), Class B-3 and Class XS Certificates on such Distribution Date.

Net Interest Shortfalls Resulting from Principal Prepayments and the Servicemembers Civil Relief Act and Similar State Laws Will Reduce Distributions of Interest on the Offered Certificates

When a voluntary principal prepayment is made by the mortgagor on a Mortgage Loan (excluding any payments made upon liquidation of any Mortgage Loan), the mortgagor is charged interest only up to the date of

the prepayment, instead of for a full month. However, principal prepayments will only be passed through to the Certificateholders once a month on the Distribution Date that follows the Prepayment Period in which the prepayment was received by the Servicer. In the event the timing of any voluntary prepayments in full on the Mortgage Loans would cause there to be less than one full month's interest at the applicable Mortgage Interest Rates that is available to be distributed to Certificateholders with respect to the prepaid Mortgage Loans, Compensating Interest Payments will be deducted from the Gross Administration Fee in an amount equal to the amount by which the Prepayment Interest Shortfall related to such Mortgage Loans, if any, for such Distribution Date exceeds the Prepayment Interest Excess for the Mortgage Loans and such Distribution Date (excluding any payments made upon liquidation of such Mortgage Loans) but only to the extent the aggregate amount of those shortfalls do not exceed 1/12th of 0.25% multiplied by the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

Net Interest Shortfalls may result from reductions in the amount of the monthly interest payment on a Mortgage Loan due to the Servicemembers Civil Relief Act and similar state laws (the "**Relief Act**") or to the extent Compensating Interest Payments are not made. Net Interest Shortfalls will be allocated to the P&I Certificates on each Distribution Date, *pro rata*, based on the Current Interest for each such class of Certificates for such Distribution Date.

In addition, no such payments from any party will be available to cover Prepayment Interest Shortfalls resulting from Partial Prepayments or involuntary prepayments such as the liquidation of a defaulted Mortgage Loan.

Shortfalls in interest resulting from the foregoing factors may result in a reduction of the yield on your Certificates. For further information, see "*Description of the Certificates—Priority of Distributions—Distributions of Interest*" and "*Certain Legal Aspects of the Mortgage Loans—Servicemembers Civil Relief Act*" in this Offering Memorandum.

Certain Issuing Entity Expenses Will Reduce the Amount Available for Distribution on the Certificates

The Issuing Entity may incur certain extraordinary trust expenses payable on a Distribution 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, subject, with certain exceptions, to the Annual Cap. Any such trust expenses incurred will not reduce the interest entitlement of any class of Certificates but instead will be realized by the Certificateholders in reverse order of the priority of distributions provisions described in this Offering Memorandum, beginning with principal of (and then interest on) the class of subordinate Certificates then outstanding with the lowest distribution priority.

Servicing Transfers May Result in Decreased or Delayed Collections and Losses

In the event that a default by the Servicer under the Pooling and Servicing Agreement occurs, the Servicing Administrator may (or, at the direction of the Controlling Representative, will) or in the case of a default as a result of the Servicer's failure to make a P&I Advance, the Master Servicer will, terminate all of the rights and obligations of the Servicer with respect to the Mortgage Loans as provided in the Pooling and Servicing Agreement, whereupon the Servicing Administrator will either appoint a successor servicer acceptable to the Master Servicer (which successor may be the Master Servicer or the Servicing Administrator), with the consent of the Controlling Representative, or in the case of a default as a result of the Servicer's failure to make a P&I Advance, the Master Servicer will appoint a successor servicer, to succeed to all of the responsibilities and duties of the Servicer subject to certain conditions described below. The Pooling and Servicing Agreement requires any successor servicer to be (i) an established housing and home finance institution, bank or other mortgage loan or equity loan servicer having a net worth of not less than $15,000,000 and reasonably acceptable to the Controlling Representative, (ii) capable of assuming all of the responsibilities, duties and obligations of the Servicer under the Pooling and Servicing Agreement and (iii) a Fannie Mae-approved lender or a Freddie Mac approved seller/servicer in good standing, and with respect to which no event has occurred which would make it unable to comply with the eligibility requirements for lenders imposed by Fannie Mae or for seller/servicers imposed by Freddie Mac. There can be no assurance that a successor servicer meeting these requirements will be available and there may be delays in the transfer of servicing to a successor servicer. The Master Servicer, the Servicing Administrator, the Trustee, the Paying Agent and the successor servicer will be entitled to reimbursement from the predecessor servicer for its costs of effecting the servicing transfer or from the assets of the Issuing Entity if the predecessor fails to pay. In the event that reimbursement to the Master Servicer, the Servicing Administrator,

the Trustee, the Paying Agent and the successor servicer is made from assets of the Issuing Entity, that reimbursement will be made prior to distributions on the Certificates (and will not be subject to any expense cap), and the resulting shortfall will be borne by the Certificateholders. The COVID-19 outbreak and resulting liquidity pressures on the Servicer could also increase the likelihood of a default as a result of the Servicer's failure to make a P&I Advance. There can be no assurance that the Servicer has the requisite financial resources to make such P&I Advances. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*," "*—Financial Difficulties May Impact the Return on the Certificates*," "*—Modification of a Mortgage Loan May Adversely Affect Your Certificates*" and "*—Bankruptcy or Insolvency of the Servicer Could Result in Losses on the Certificates*" in this Offering Memorandum.

In the event that a successor servicer is appointed in connection with the failure of the Servicer to make a required P&I Advance, the Master Servicer will have the right to agree to compensation of such successor servicer in excess of that permitted to the Servicer under the Pooling and Servicing Agreement if the Master Servicer, in its good faith judgment, determines that an increase is necessary or advisable in order to engage a successor servicer; provided, however, that such compensation will be comparable to prevailing market rates for servicers of comparable residential mortgage loans as reasonably determined by the Master Servicer. The Servicing Fee is paid prior to distributions on the Certificates and any increase in the Servicing Fee in excess of that permitted to the Servicer may result in decreased distributions to one or more classes of Certificates. Any increase in the Servicing Fee would reduce and could eliminate interest distributions to the Class A-IO-S Certificates.

In August 2014, the CFPB issued a compliance bulletin and policy guidance advising servicers that the CFPB will be carefully reviewing servicers' compliance with federal consumer financial laws applicable to servicing transfers, and that servicers should expect that the CFPB will, in appropriate cases, require servicers to prepare and submit informational plans describing how they will be managing the related risks to consumers. The failure of the Servicer or any successor servicer to comply with CFPB guidance or any laws and regulations applicable to the servicing of the Mortgage Loans may result in delays in the collection of payments or realization of proceeds on the Mortgage Loans, any of which may adversely affect the yields on the Certificates.

Limited Source of Distributions—No Recourse to the Sponsor, the Seller, the Depositor, the Originators, the Servicer, the Servicing Administrator, the Trustee, the Paying Agent, the Certificate Registrar, the Master Servicer or the Initial Purchasers

The Mortgage Loans will be the sole source of distributions on the Certificates. The Certificates will not represent an interest in or obligation of the Sponsor, the Seller, the Depositor, the Originators, the Servicer, the Servicing Administrator, the Representation Provider, the Trustee, the Paying Agent, the Certificate Registrar, the Master Servicer, the Initial Purchasers or any of their respective affiliates. Neither the Certificates nor the Mortgage Loans will be guaranteed or insured by any governmental agency or instrumentality or any other entity. Consequently, in the event that payments on the Mortgage Loans are insufficient or otherwise unavailable to make all distributions required on your Certificates, there will be no other source of distributions available.

If the Issuing Entity does not have sufficient assets to distribute the full amount due and payable to you as a Certificateholder, your yield will be impaired, and the return of your principal may even be impaired, without your having recourse to anyone else. Furthermore, certain funds of the Issuing Entity may be released and paid out to other persons, such as service providers, or any other person entitled to payments from the Issuing Entity prior to making distributions on the Certificates. Those funds will no longer be available to make distributions to you.

Potential Inadequacy of Credit Enhancement

The Certificates are not insured by any financial guaranty insurance policy. The credit enhancement features of payment subordination, loss allocation and Monthly Excess Cashflow are intended to enhance the likelihood that holders of more senior classes of Certificates will receive regular distributions 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. There is no other form of credit enhancement for the Certificates. Collections on the Mortgage Loans are the sole source of funds from which credit enhancement is provided.

On any Distribution Date distributions of principal and interest will be made to the Certificates in the order of priority described under "*Description of the Certificates—Priority of Distributions*" in this Offering Memorandum.

For purposes of the allocation of Applied Realized Loss Amounts, the Class B-3 Certificates are subordinate to the Class A-1 Certificates, the Class A-2 Certificates, the Class A-3 Certificates, the Class M-1 Certificates, the Class B-1 Certificates and the Class B-2 Certificates; the Class B-2 Certificates are subordinate to the Class A-1 Certificates, the Class A-2 Certificates, the Class A-3 Certificates, the Class M-1 Certificates and the Class B-1 Certificates; the Class B-1 Certificates are subordinate to the Class A-1 Certificates, the Class A-2 Certificates, the Class A-3 Certificates and the Class M-1 Certificates; the Class M-1 Certificates are subordinate to the Class A-1 Certificates, the Class A-2 Certificates and the Class A-3 Certificates; the Class A-3 Certificates are subordinate to the Class A-1 Certificates and the Class A-2 Certificates; and the Class A-2 Certificates are subordinate to the Class A-1 Certificates.

The amount of any Applied Realized Loss Amount will be applied to reduce the Certificate Principal Balances of the Certificates, sequentially in reverse order of distribution priority, as follows: *first*, to reduce the Certificate Principal Balance of the Class B-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *second* to reduce the Certificate Principal Balance of the Class B-2 Certificates, until the Certificate Principal Balance of such class of Certificates is reduced to zero; *third,* to reduce the Certificate Principal Balance of the Class B-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fourth*, to reduce the Certificate Principal Balance of the Class M-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fifth*, to reduce the Certificate Principal Balance of the Class A-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *sixth*, to reduce the Certificate Principal Balance of the Class A-2 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; and *seventh*, to reduce the Certificate Principal Balance of the Class A-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero. You should consider that, if you buy a Certificate and losses on the Mortgage Loans exceed the aggregate Certificate Principal Balance of the Certificates with a lower priority of principal distribution, you may not receive the full Certificate Principal Balance of your Certificates. Investors should be aware that to the extent credit enhancement for their Certificates is insufficient, they will bear all the risks resulting from Realized Losses on the Mortgage Loans.

Realized Losses during a Prepayment Period and reimbursements for Applied Realized Loss Amounts allocated on prior Distribution Date will reduce Monthly Excess Cashflow available (if any) for distribution to the Class XS Certificates as the Class XS Distribution Amount.

You should fully consider the risks of investing in an Offered Certificate, including the risk that you may not fully recover your initial investment as a result of the allocation of Applied Realized Loss Amounts.

Occurrence of a Credit Event Will Adversely Affect the Offered Certificates

The occurrence of a Credit Event will result in the Principal Remittance Amount for the related Distribution Date being distributed sequentially to the Class A-1, Class A-2 and Class A-3 Certificates, rather than *pro rata* among all the Class A Certificates, thereby accelerating the amortization of the Class A-1 and Class A-2 Certificates and conversely decelerating the amortization of the Class A-3 Certificates. Any modifications or forbearance offered to mortgagors adversely affected by the COVID-19 outbreak may result in a Delinquency Trigger Event and therefore a Credit Event. Conversely, any Optional Purchases by the Seller will reduce the Delinquency Rate and decrease the likelihood of a Delinquency Trigger Event.

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

Substantial delays in distributions of principal of and interest on the Certificates could be encountered in connection with the liquidation of delinquent Mortgage Loans. Delays in foreclosure proceedings may ensue in certain states experiencing increased volumes of delinquent mortgage loans or due to factors such as evaluation for modification programs or governmental rules and regulations regarding the foreclosure process. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*." Further, reimbursement of P&I Advances made by the Servicer or the Master Servicer, and Servicing Advances made by the 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 Certificateholders since the reimbursements of such P&I Advances, Servicing Advances and expenses are made prior to distributions on the Certificates. If a Mortgaged Property fails to provide adequate security for the related Mortgage Loan, you could incur a loss on your investment if the applicable credit enhancement is insufficient to cover the loss.

Investors Have No Direct Right to Enforce Remedies

Except with respect to the right of Certificateholders to initiate a Certificateholder Review Trigger as described under "*Mortgage Loan Representations and Warranties—The Review Process,*" Certificateholders 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 Pooling and Servicing Agreement, but instead must rely on the Trustee to enforce their rights under these agreements. If the Trustee is not required or does not have the right to take action under the terms of the Pooling and Servicing Agreement, or if the Trustee, on behalf of the Issuing Entity, fails to take action, Certificateholders could experience losses.

The Pooling and Servicing Agreement provides that the Trustee will take direction as to certain matters from the Servicing Administrator in some cases, and from the Controlling Representative in others. These provisions may limit your personal ability to enforce the provisions of the Pooling and Servicing Agreement.

In no event will the Certificateholders have the right to direct the Issuing Entity to investigate whether or not a breach of a representation or warranty made by the Representation Provider has occurred. In addition, the Representation and Warranty Reviewer's review, together with any related arbitration proceeding, will be the sole method to determine whether any breach of a representation or warranty made by the Representation Provider occurred with respect to a Mortgage Loan that would trigger a non-discretionary repurchase, indemnity or substitution obligation, and judicial review of that determination is not permitted.

Certificateholders will have no right to institute any proceeding against the Representation and Warranty Reviewer arising out of or relating in any way to the Pooling and Servicing Agreement or the services, acts or omissions of the Representation and Warranty Reviewer.

The Certificateholders Have Limited Control over Amendments, Modifications and Waivers to the Pooling and Servicing Agreement

Certain amendments, modifications or waivers to the terms of the Pooling and Servicing Agreement do not require the consent of any Certificateholder. As a result, certain amendments, modifications or waivers to the terms of the Pooling and Servicing Agreement may be effected even without your consent. See "*The Pooling and Servicing Agreement—Amendments*" in this Offering Memorandum.

Book-Entry System for Certain Classes of Certificates May Decrease Liquidity, Delay Payment and Have Other Adverse Consequences

The Certificates (other than the Class R Certificates) will be initially represented by one or more Certificates 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 Certificateholder or as a holder of record of the Certificates. As a consequence, investors may experience difficulties in identifying or communicating with other investors in the Certificates for the purpose of exercising remedies, taking collective action or otherwise.

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

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

- your access to information regarding the Certificates 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;

- you may experience delays in your receipt of distributions of interest and principal on book-entry Certificates because distributions 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 distributions 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

- you may experience delays in your receipt of distributions on book-entry Certificates in the event of misapplication of distributions 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 Certificates—Book-Entry Certificates*" in this Offering Memorandum.

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 RMBS. If a transaction party becomes subject to litigation or governmental proceedings in connection with its residential mortgage business, the Mortgage Loans or the Mortgaged Properties, this may increase the costs and expenses of the Issuing Entity, the Master Servicer, the Servicer, the Servicing Administrator, the Representation Provider, the Trustee, the Paying Agent, the Certificate Registrar and the Custodian. Such costs and expenses are generally paid prior to distributions on the Certificates. In addition, if the Servicer is subject to litigation or governmental proceedings, this may affect the ability of the Servicer to perform its obligations under the Pooling and Servicing Agreement (including making required P&I Advances and Servicing Advances), even if such litigation is not related to the Issuing Entity or the Mortgage Loans. If the Representation Provider becomes subject to litigation or a governmental proceeding, this may affect the ability of the Representation Provider to perform its obligations to repurchase Mortgage Loans from the Issuing Entity (or, with respect to Liquidated Loans, make an indemnity payment) with respect to which there has been a Material Breach of representations and warranties and satisfaction of the conditions to repurchase (or indemnity). This could result in a delay in or reduction of distributions on the Certificates. If the Servicing Administrator becomes subject to litigation or governmental proceedings, this may affect its ability to perform its obligations to make certain Servicing Advances and P&I Advances in accordance with the Pooling and Servicing Agreement. This could result in a delay in or reduction of distributions on the Certificates. If the Master Servicer becomes subject to litigation or governmental proceedings, this may affect the ability of the Master Servicer to assume the duties of the Servicer and the Servicing Administrator under certain circumstances as set forth in the Pooling and Servicing Agreement. No assurances can be made as to the effect any such litigation or governmental proceedings may have on the value of, or distributions on, the Certificates.

In addition, the CFPB has also 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. On February 11, 2022, the district court granted the defendant trusts' motion to certify that order for immediate appeal and stayed the case pending resolution of any appeal. While the district 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 could proceed with its enforcement action and make that argument if the case is allowed to proceed. Depending on the outcome of the appeal, the CFPB may rely on this decision as precedent in investigating and bringing enforcement actions against other trusts, including the Issuing Entity, in the future.

Financial Difficulties May Impact the Return on the Certificates

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. Overall origination volumes are down significantly from peak volume, particularly for non-Freddie Mac, Fannie Mae or Ginnie Mae mortgage products. Many originators and aggregators that also have large servicing portfolios have experienced 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 designed to protect consumers 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 may result in the inability of representing parties to repurchase mortgage loans in the event of loan representation and warranty breaches or, as described below, to make required advances of delinquent monthly payments which may also affect the value of RMBS backed by those mortgage loans, including the Certificates. 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 Servicer is obligated to make Servicing Advances and P&I Advances under the Pooling and Servicing Agreement. If the Servicer experiences financial difficulties, it may not be able to perform its advancing obligations. Due to application of provisions of bankruptcy law, if the Servicer were to seek bankruptcy protection, it may not be relieved of its obligation to make P&I Advances to the Issuing Entity. If the Servicer does not fulfill the obligation to make P&I Advances for whatever reason, the timing and amount of payments available for distribution to the Certificateholders will be affected. Furthermore, the Servicer may not have sufficient financial resources to meet its obligations under the Pooling and Servicing Agreement, including its obligations to make P&I Advances and Servicing Advances. Limited financial resources may result in a delay or failure in making P&I Advances and Servicing Advances. There is no guarantee that the Servicer will have adequate financial resources in the future. There can be no assurance that the Servicer has, or will have in the future, the requisite financial resources to comply with its obligations under the Pooling and Servicing Agreement.

The COVID-19 outbreak and the resulting economic disruption may result in liquidity pressures on the Servicer and any other party on which the Servicer may rely for funding of P&I Advances and Servicing Advances. In addition, the imposition by federal and state regulators of forbearance arrangements on servicers can also be expected to affect the capacity of the Servicer to make P&I Advances and Servicing Advances as required by the Pooling and Servicing Agreement, although the extent of all liquidity pressures in the future is not known at this time and is subject to continual change. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum.

If the Servicer experiences financial difficulties (as a result of the COVID-19 outbreak or otherwise), it may not be able to perform its servicing duties. Furthermore, an increased level of delinquencies in mortgage loans serviced by the Servicer may result in delays in foreclosure proceedings on the Mortgage Loans. In response to these circumstances, 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. These initiatives could result in delayed or reduced collections from mortgagors, limitations on the foreclosure process and generally increased servicing costs. Certain of these initiatives could also permit the Servicer to take actions (subject to the conditions set forth in the Pooling and Servicing Agreement), including modification of mortgage loans, that might adversely affect the Certificates without any remedy or compensation to the holders of the Certificates.

There is no assurance that the Servicer will not resign (or, following an event of default in respect of the Servicer, will not be terminated) as the servicer of the Mortgage Loans, and the cost of replacing the Servicer may adversely affect the Certificates. The replacement of the Servicer may also adversely affect the future performance of the related Mortgage Loans. See *"—Servicing Transfers May Result in Decreased or Delayed Collections and Losses*" in this Offering Memorandum. From time to time, investors in securities similar to the Certificates may have alleged that a particular servicer may not have serviced mortgage loans properly in a securitization vehicle similar to the Issuing Entity. No assurance can be given that such allegations have not been made against the Servicer or will not be made against the Servicer in the future.

The Paying Agent and the Certificate Registrar Have Recently Come Under New Ownership, Which May Result in Service Disruptions

As described under "*The Master Servicer*" and "*The Paying Agent and Certificate Registrar*" herein, on March 23, 2021, Wells Fargo Bank and Wells Fargo Delaware Trust Company, N.A. ("**WFDTC**," and collectively with Wells Fargo Bank and Wells Fargo & Company, "**Wells Fargo**") entered into a definitive agreement with Computershare Trust Company, Computershare Delaware Trust Company ("**CDTC**") and Computershare Limited ("**Computershare Limited**," collectively with Computershare Trust Company and CDTC, "**Computershare**") to sell substantially all of its Corporate Trust Services ("**CTS**") business. The sale to Computershare closed on November 1, 2021, and 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 November 1, 2021, for some of the transactions in its CTS business, Wells Fargo Bank transferred its roles, and the duties, rights, and liabilities for such roles, under the relevant transaction agreements to Computershare Trust Company. For other transactions in its CTS business, Wells Fargo Bank, since November 1, 2021, has been transferring, and intends to continue to transfer, such roles, duties, rights, and liabilities to Computershare Trust Company in stages. WFDTC also intends to transfer its roles, duties, rights, and liabilities to CDTC in stages. For any transaction where the roles of Wells Fargo Bank or WFDTC, as applicable, have not already transferred to Computershare

Trust Company or CDTC, Computershare Trust Company or CDTC performs all or virtually all of the obligations of Wells Fargo Bank or WFDTC, respectively, as its agent as of such date. No assurances can be given regarding any potential impact that any such transfer to Computershare Trust Company or CDTC may have on the AOMT 2022-4 transaction or the performance of the Master Servicer, Paying Agent or Certificate Registrar under the Pooling and Servicing Agreement.

Bankruptcy or Insolvency of the Servicer Could Result in Losses on the Certificates

The 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 up to two business days. In addition, the Servicer will deposit collections in an account that is not under the control of the Issuing Entity, and collections will be held in this account before they are remitted each month to the Master Servicer. In addition, to the extent that the Servicer has commingled collections of Mortgage Loans with its own funds, the holders of the Certificates may be required to return to the Servicer certain distributions received on the Certificates.

If the 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 the Servicer under the Pooling and Servicing Agreement or to collect any amount owing by the Servicer under the Pooling and Servicing Agreement, and the parties may be prohibited from terminating the Servicer and appointing a successor servicer. If the Servicer were to become a debtor under the United States Bankruptcy Code (the "**Bankruptcy Code**"), the Pooling and Servicing Agreement provides that such an event would be an event of default entitling the Servicing Administrator (or, at the direction of the Controlling Representative, requiring), to terminate the Servicer, but the provision would most likely not be enforceable. However, a rejection of the Pooling and Servicing Agreement by the Servicer in a bankruptcy proceeding would be treated as a breach of the Pooling and Servicing Agreement and give the Issuing Entity a claim for damages and the ability to appoint a successor servicer. An assumption under the Bankruptcy Code would require the Servicer to cure its pre-bankruptcy defaults, if any, and demonstrate that it is able to perform following assumption. The bankruptcy court may permit the Servicer to assume the Pooling and 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 the Servicer would not adversely impact the servicing of the Mortgage Loans or the Issuing Entity would be entitled to terminate the Servicer in a timely manner or at all.

It is possible that a period of adverse economic conditions (including as a result of the COVID-19 outbreak) resulting in high defaults and delinquencies on the Mortgage Loans and other mortgage loans serviced by the Servicer will increase the risk of the 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 distributions on, or other losses with respect to, the Certificates. There may also be other possible effects of a bankruptcy, receivership or conservatorship of the Servicer that could result in delays or reductions in distributions on, or other losses with respect to, the Certificates. Regardless of any specific adverse determinations in a bankruptcy, receivership or conservatorship of the 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 Certificates.

Financial Condition of the Representation Provider

There can be no assurance that the Representation Provider will have the financial ability to repurchase or substitute any Mortgage Loan, or indemnify the Issuing Entity for any losses in respect of any Liquidated Loan, for which a Material Breach, a TRID violation or an Early Payment Default has occurred.

The Representation Provider was formed on October 25, 2010. The Representation Provider has limited assets that it can use to fund repurchases, substitutions or indemnifications. As of March 31, 2022, total members' equity in the Representation Provider is approximately $39,353,585. The Representation Provider has total unrestricted cash, as of March 31, 2022, of approximately $3,843,295.

The COVID-19 outbreak and the resulting economic disruption has resulted in liquidity pressures on mortgage loan originators and servicers. See "*The Originators—Angel Oak Mortgage Solutions LLC*" for more information regarding developments at Angel Oak Mortgage Solutions LLC, one of the Originators and an affiliate of the Representation Provider, at the beginning of the COVID-19 outbreak. Although the Representation

Provider primarily originates mortgage loans for the agency market, rather than the non-qualified mortgage market, there can be no assurance that the agency market will remain robust despite significant U.S. federal intervention. We are unable to predict the length and severity of the economic dislocation resulting from the COVID-19 outbreak and whether this may adversely affects the Representation Provider's ability to fund repurchases, substitutions or indemnifications. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum. Investors should make their own determination as the extent to which they place reliance on the financial condition of the Representation Provider.

If the Representation Provider fails to perform a specified remedy with respect to a Mortgage Loan with respect to which a Material Breach, a TRID rule violation or an Early Payment Default has occurred, the related Mortgage Loan will generally remain in the Issuing Entity and the Issuing Entity's continued ownership of the Mortgage Loan may lead to greater Realized Losses.

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

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 mortgagors with weaker creditworthiness, but also affected "Alt-A" mortgage loans, which are made to mortgagors often with more limited documentation, and "prime" mortgage loans, which are made to mortgagors with better creditworthiness who often provide full documentation.

Losses on all types of residential mortgage loans increased during the financial crisis that emerged in 2008 and the ensuing recession due to declines in residential real estate values, resulting in reduced home equity. Although home prices have increased in many geographic areas since the past recession, 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 and any secondary financing on the related Mortgaged Properties 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.

See also "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum for a discussion of the potential effects of the COVID-19 outbreak on the residential mortgage market.

Original Loan-to-Value Ratios Are Calculated Based on Appraised Value or Sales Price, Which May Not Be an Accurate Reflection of Current Market Value

The original loan-to-value ratios that are disclosed in this Offering Memorandum are determined, in the case of a purchase money loan (except with respect to a lease purchase mortgage loan), based on the lesser of the purchase price of the Mortgaged Property and its Appraised Value determined in an appraisal obtained by the related Originator at origination of such Mortgage Loan, or, in the case of a refinanced mortgage loan or a lease purchase mortgage loan, based on the Appraised Value of the Mortgaged Property at the time of origination of such refinanced or lease purchase mortgage loan.

The appraisals obtained in connection with the origination of the Mortgage Loans sought to establish the amount a typically motivated buyer would pay a typically motivated seller at the time they were prepared. Such amount could be significantly higher than the amount obtained from the sale of a Mortgaged Property under a distressed or liquidation sale. In addition, in some real estate markets, property values may have declined since the time the appraisals were obtained. Therefore, the appraisals reflect an estimation of the value of the Mortgaged Properties at the time the Mortgage Loans were originated and may not be an accurate reflection of the current market value of the Mortgaged Properties.

In general, appraisals of the Mortgaged Properties represent the assessment and opinion of the person performing the appraisal at the time the appraisal is prepared and are not guarantees of, and may not be indicative of, present or future value. We cannot assure you that another person would not have arrived at a different, and perhaps, substantially different, valuation for any Mortgaged Property, even if such person used the same general

approach to and same method of valuing the property, or that different valuations would not have been reached by the Sponsor based on its internal review of such appraisals. Investors should note that flare-ups of the COVID-19 outbreak or new mutations, including those more resistant to vaccination, could result in a devaluation of home prices, which in turn will have the effect of increasing loan-to-value ratios, and such home price devaluation could be significant. Investors are encouraged to make their own determination as to whether an appraisal is an accurate representation of the value of a Mortgaged Property.

Prospective investors should consider that if an appraisal overestimates the prices at which Mortgaged Properties are actually sold, the proceeds of the related Mortgage Loans may be significantly less than anticipated by investors.

Investors are encouraged to make their own determination as to the degree of reliance they place on the loan-to-value ratios that are disclosed in this Offering Memorandum.

Combined Loan-to-Value Ratios and the Subordinate Financing Statistics May Not Reflect the Presence or Amount of Other Mortgage Loans Secured by the Same Mortgaged Property

The combined loan-to-value ratios and the subordinate financing statistics that are described in this Offering Memorandum are determined based on the amount of any known Mortgage Loan secured by a junior lien on the same Mortgaged Property. The combined loan-to-value ratio of any Mortgage Loan and the subordinate financing statistics will not reflect the presence or amount of any junior lien mortgage loans secured by the same Mortgaged Property if the related Originator does not have sufficient information to provide the relevant junior lien mortgage loan information. Such information may not be available, for example, if the related junior lien mortgage loan was made by a party other than the Originator or the related mortgage loan is a refinancing of an existing mortgage loan. None of the Depositor, the Initial Purchasers or any other party has conducted or will conduct any lien searches to determine if additional liens may exist on the Mortgaged Properties securing the Mortgage Loans. Accordingly, the combined loan-to-value ratios that are described in this Offering Memorandum may be lower, in some cases significantly lower, than the actual combined loan-to-value ratios that would be determined if junior lien mortgage loan information were known. Investors are encouraged to make their own determination as to the degree of reliance they place on the combined loan-to-value ratios and subordinate financing statistics that are described in this Offering Memorandum.

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

The Servicer will be responsible for servicing 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 Servicer will be required to utilize an increasing amount of resources to work with mortgagors to maximize collections on the Mortgage Loans. At each step in the process of trying to bring a defaulted mortgage loan current or in maximizing proceeds, the 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 Servicer may incur or bear related out-of-pocket expenses, which would be reimbursed to the Servicer from the Issuing Entity prior to distributions on the Certificates.

The Servicer will not be required to make any P&I Advances on Stop Advance Mortgage Loans. The Servicer will determine that a proposed advance is non-recoverable (and consequently, that the related Mortgage Loan is a Stop Advance Mortgage Loan) when, in its good faith judgment, it believes the proposed advance would not ultimately be recoverable from the related mortgagor, related Liquidation Proceeds or other recoveries in respect of the Mortgage Loan. Delinquencies on the Mortgage Loans in respect of which no P&I Advances are made by the Servicer related to Stop Advance Mortgage Loans may adversely affect the yields on the Certificates (other than the Class A-IO-S Certificates).

In the event of a default and ultimate liquidation of any Mortgaged Property, P&I Advances on the related Mortgage Loan will be reimbursed primarily from Liquidation Proceeds on the Mortgaged Property prior to distributions on the Certificates. As a result, P&I Advances have the effect of delaying the allocation of losses to the Certificates. P&I Advances will cause certain classes of subordinate Certificates that would otherwise be allocated Applied Realized Loss Amounts instead to receive regular distributions of interest and principal prior to the liquidation or modification of a Mortgage Loan that they otherwise would not receive in the absence of P&I Advances. If Liquidation Proceeds on a Mortgage Loan are insufficient to reimburse the Servicer or the Master Servicer (in the case of P&I Advances), as applicable, for all P&I Advances made in respect of such Mortgage

Loan, the Servicer or the Master Servicer, as applicable, will be reimbursed for such P&I Advances from collections in respect of all Mortgage Loans. In addition, if the Servicer determines in accordance with the Pooling and Servicing Agreement that a P&I Advance or Servicing Advance becomes non-recoverable, or (i) with respect to a P&I Advance or Servicing Advance for a Mortgage Loan that is subject to a modification or (ii) with respect to a P&I Advance for a Mortgage Loan that is subject to a deferral, the Servicer will be entitled to reimbursement for such advance upon determination of non-recoverability or at the time of deferral or modification from collections in respect of all the Mortgage Loans prior to any distributions to the Certificateholders. For the avoidance of doubt, if a mortgagor enters into a repayment plan with respect to a Mortgage Loan, the Servicer or Master Servicer, as applicable, will reimburse itself for the related P&I Advances over the course of such repayment plan from collections in respect of the related Mortgage Loan. Any such reimbursements to the Servicer or the Master Servicer (in the case of P&I Advances) will adversely affect the timing of distributions on the Certificates and may result in Interest Carryforward Amounts if reimbursements are particularly concentrated in a Due Period.

Any Applied Realized Loss Amounts on the Mortgage Loans for a Distribution Date will be applied to reduce the Certificate Principal Balances of the Certificates, sequentially, as follows: *first*, to reduce the Certificate Principal Balance of the Class B-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *second* to reduce the Certificate Principal Balance of the Class B-2 Certificates, until the Certificate Principal Balance of such class of Certificates is reduced to zero; *third,* to reduce the Certificate Principal Balance of the Class B-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fourth*, to reduce the Certificate Principal Balance of the Class M-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fifth*, to reduce the Certificate Principal Balance of the Class A-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *sixth*, to reduce the Certificate Principal Balance of the Class A-2 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; and *seventh*, to reduce the Certificate Principal Balance of the Class A-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero, in each case as described in this Offering Memorandum under "*Description of the Certificates—Allocation of Losses and Recoveries*." As a result, the yields on the Certificates will depend on the rate and timing of Realized Losses on the Mortgage Loans and the allocation of Applied Realized Loss Amounts as a result thereof. The Class XS Certificates will be especially sensitive to Realized Losses and reimbursements for Applied Realized Loss Amounts allocated on prior Distribution Date as such amounts will reduce Monthly Excess Cashflow available (if any) for distribution to the Class XS Certificates as the Class XS Distribution Amount.

Pre-Offering Review of the 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 Mortgage Loans, including hiring third-party diligence providers at the time of the previous securitizations to conduct a review of the underwriting of the Mortgage Loans and verification of certain aspects of the Mortgage Loans to evaluate conformance with the related Originator's Underwriting Guidelines. In conducting these review procedures, the diligence providers relied on information and resources available to it (which were limited and which, in most cases, were not independently verified). These review procedures were intended to discover certain material discrepancies and possible material defects in the Mortgage Loans reviewed, however, these procedures did not constitute a re-underwriting of the Mortgage Loans, and were not designed or intended to discover every possible discrepancy or defect. The diligence providers also assisted the Sponsor in assessing the original appraisals of the Mortgage Loans. There can be no assurance that any review process conducted uncovered all relevant aspects that could be determinative of how the reviewed Mortgage Loans will perform.

Furthermore, to the extent that the limited review conducted by the third-party diligence providers did reveal factors that could affect how the Mortgage Loans will perform, the Sponsor may have incorrectly assessed 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 process with respect to such Mortgage Loan.

See "*Pre-Offering Review of the Mortgage Loans*" in this Offering Memorandum.

The Review Process Is the Sole and Exclusive Process by which Any Breach of Representations and Warranties May Be Independently Identified and Remedied and No Assurance Can Be Made as to Its Effectiveness

A significant risk for investors in the Offered Certificates 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 the Mortgage Loan, which results in a loss. However, the Representation Provider has made representations and warranties with respect to the Mortgage Loans related to some of these potential defects. The representations and warranties being made with respect to the Mortgage Loans are complex and cover a number of potential defects with respect to the Mortgage Loans, but may not cover every potential defect which may result in Realized Losses.

Recovco will act as the Representation and Warranty Reviewer under the Pooling and Servicing Agreement. As more particularly described under "*Mortgage Loan Representations and Warranties—The Review Process*" upon the occurrence of a Review Trigger with respect to a Mortgage Loan, the Representation and Warranty Reviewer will undertake a review of such Mortgage Loan to test for the accuracy of certain representations and warranties made by the Representation Provider. Annex C contains pre-determined Tests for the determination of whether there has been a Material Breach of any representation and warranty with respect of an Angel Oak Mortgage Loan. In the case of the Third Party Originator Mortgage Loans there are no predetermined review procedures for determination of a Material Breach. No assurance can be made that any representations and warranties with respect to the Mortgage Loans were or will be true as of any date. The review process, including the final determination by the Representation and Warranty Reviewer, constitutes the sole and exclusive process by which any breach of a representation or warranty with respect to a Mortgage Loan may be identified that would trigger a non-discretionary repurchase, indemnity or substitution with respect to that Mortgage Loan. No assurance can be made that the review process will be able to operate effectively or achieve the intended result of identifying breaches of representations and warranties related to the Mortgage Loans. Even if none of the representations and warranties related to the Mortgage Loans are untrue, the Mortgage Loans may still suffer from defaults, and the Certificates may incur losses or have reduced market values.

A determination by the Representation and Warranty Reviewer represents the analysis and the opinion of the Representation and Warranty Reviewer based on its testing procedures, and there can be no assurance that either the testing procedures or any review using the testing procedures will adequately identify all inaccurate representations and warranties with respect to the subject Mortgage Loans or identify whether any representation or warranty that does not satisfy a particular Test will result in a Material Breach. The Representation Provider will not have any obligation to cure a breach of a Mortgage Loan representation and warranty or repurchase or substitute a Mortgage Loan or pay a loss amount as a result of a breach of a representation and warranty unless either (i) the Representation and Warranty Reviewer finds that a Material Breach has occurred or (ii) the arbitrator in the arbitration proceeding determines that there was a Material Breach. As a result, there may be Mortgage Loans that breach representations and warranties for which the Issuing Entity will have no available remedies against the Representation Provider, or with respect to which no remedies are pursued.

Except with respect to the right of Certificateholders to initiate a Certificateholder Review Trigger as described under "*Mortgage Loan Representations and Warranties—The Review Process,*" no Certificateholder will have any right to make, or direct the Trustee to make, a repurchase request or other request for consideration with respect to or involving any alleged breach. None of the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicing Administrator, the Servicer, the Master Servicer, the Depositor or the Seller or any other party will have any obligation to consider, respond to or otherwise investigate any alleged breach of representation or warranty whether by a Certificateholder or otherwise.

Additionally, the Representation and Warranty Reviewer will conduct its review based on the information in the review materials provided to it and other generally available documentation. Therefore, unless some documentation that would cause a Test performed by the Representation and Warranty Reviewer to be failed is clearly contained in the review materials for the Mortgage Loan, the Representation and Warranty Reviewer will not be able to determine if a Mortgage Loan has failed a Test. See "*Description of the Mortgage Loans—Review Procedures*."

The Representation Provider, the Controlling Representative or the Review Triggering Certificateholders may dispute a determination of a Material Breach (or a finding that there has been no Material Breach) made by the Representation and Warranty Reviewer. To the extent there is a dispute regarding the above-referenced review or the actions that should be taken in as a result of such review, the method for resolution of such dispute will be arbitration. The arbitration proceedings may take a substantial amount of time. The costs and expenses of arbitration will be borne by (i) the Representation Provider, if such arbitration is initiated by the Representation

Provider; provided that if the Representation Provider prevails in such arbitration, the costs and expenses of such arbitration will be reimbursable to the Representation Provider (and consequently borne by Certificateholders), subject to the Annual Cap, (ii) the Controlling Representative if such arbitration is initiated by the Controlling Representative; provided that if the Controlling Representative prevails in such arbitration, the costs and expenses of such arbitration will be reimbursable to the Controlling Representative (and consequently borne by Certificateholders), subject to the Annual Cap or (iii) the Review Triggering Certificateholders if such arbitration is initiated by the Review Triggering Certificateholders; provided that if such Review Triggering Certificateholders prevail in the arbitration, the costs and expenses of such arbitration will be reimbursable to the Review Triggering Certificateholders (and consequently borne by all Certificateholders), subject to the Annual Cap. Any such costs and expenses reimbursable to the Controlling Representative, the Representation Provider or the Review Triggering Certificateholders, as applicable, will be paid prior to making distributions of principal and interest on the Certificates and could result in losses to the Certificateholders. In addition, the mechanism for the use of an independent representation and warranty reviewer and arbitrator is untested and may not be an effective way to ensure that Material Breaches are remedied. It is unclear, for example, what standards the arbitrator will use in determining the existence and materiality of a breach. It is also unclear what the cost of these parties might be, and any expense associated with these parties, including the cost of any arbitration reimbursable to the Controlling Representative (subject to the Annual Cap), will be an expense of the Issuing Entity, and will be allocated to reduce the Net WAC Rate, which will reduce the amount of interest payable to any class of Certificates.

There may be substantial delay between the date on which a Review Trigger occurs with respect to a Mortgage Loan, the date of a determination by the Representation and Warranty Reviewer of a Material Breach (if any such determination is made) and the date on which the Representation Provider fulfills its obligation to remedy any such Material Breach. Any such delays may reduce amounts available to make distributions of principal and interest on the Certificates.

The Representation and Warranty Reviewer will not perform any Test related to representation and warranty number 6 set forth under "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider*" with respect to any Angel Oak Mortgage Loan or, for any Third Party Originator Mortgage Loan, a review with respect to the representation and warranty that is substantially similar to representation and warranty number 6 set forth under "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider*," for which a Review Trigger occurred on any date after the date on which the Certificate Principal Balances of the Rated Certificates are reduced to zero, and consequently, the Issuing Entity will have no remedies with respect to breaches of such representation or warranty in respect of Angel Oak Mortgage Loans or Third Party Originator Mortgage Loans for which a Review Trigger occurred on any date after the Certificate Principal Balances of the Rated Certificates are reduced to zero.

The Representation and Warranty Reviewer will not be required to conduct any Test to determine whether there has been a breach related to representation and warranty number 40 set forth under "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider*" with respect to any Angel Oak Mortgage Loan or, for any Third Party Originator Mortgage Loan, the representation and warranty that is substantially similar to representation and warranty number 40 set forth under "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider*." Notwithstanding the foregoing, in the event that a judicial determination has been made that (a) a violation of the TRID rule exists with respect to such Mortgage Loan, (b) assignee liability applies to such violation and (c) statutory damages and/or out-of-pocket attorneys' fees in excess of $400 are payable with respect to such violation, the Servicer will be required to provide the Servicing Administrator, the Trustee, the Representation and Warranty Reviewer and the Representation Provider with written notice thereof within 30 business days and the Representation Provider will have 60 business days from the first date on which the events described in clauses (a), (b) and (c) have all occurred to (A) cure the breach (including by making an indemnity payment to the Issuing Entity sufficient to compensate it for any amounts payable by the Issuing Entity that are described in clause (c) above), (B) repurchase the related Mortgage Loan from the Issuing Entity at the Repurchase Price, (C) in some circumstances, substitute another mortgage loan for the related Mortgage Loan or (D) make an indemnity payment with respect to a Liquidated Loan, in all cases without regard to whether the related TRID rule violation materially and adversely affects the value of such Mortgage Loan or the interests of the Certificateholders therein.

In December 2013, the New York Supreme Court, Appellate Division, First Department, ruled that the six-year statute of limitations applicable to contract causes of action barred an action for breach of representations and warranties contained in a mortgage loan purchase agreement and incorporated by reference in a pooling and servicing agreement governed by New York law. The court held that the claims for breach of representations and

warranties accrued on the date of the breach, which in this case was the closing date of the transaction. The Pooling and Servicing Agreement is governed by New York law. On June 11, 2015, the New York Court of Appeals, the highest court in New York, affirmed the ruling of the lower court. On November 16, 2015, the United States Court of Appeals for the Second Circuit held under New York law that a claim for breaches of representations and warranties concerning the characteristics of mortgage loans accrues on the date the representations and warranties are made, even where the contract purports to set an alternative time period for such accrual.

Investors in the Offered Certificates are strongly encouraged to review "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider With Respect to the Mortgage Loans*" in this Offering Memorandum for a list of the representations and warranties made by the Representation Provider and "*Mortgage Loan Representations and Warranties—The Review Process*" for the mechanism whereby claims for breaches against the Representation Provider are made, including the Representation and Warranty Reviewer's obligation to review Mortgage Loans for breaches of representations and warranties and the use of an arbitrator to resolve disputes.

Limited Diligence with Respect to Mortgage Loan Representation and Warranties

Any diligence conducted with respect to the representations and warranties of the Representation Provider with respect to the Mortgage Loans was limited in scope and subject to other limitations. Such representations and warranties have been made for the purpose of allocating risk among the parties to those agreements rather than to establish matters of fact. As a general matter, the truth and accuracy of the substance of certain of the matters addressed in such representations and warranties cannot be verified, and consequently would not be revealed through any diligence process. For example, the legal capacity of a mortgagor generally would not be ascertainable through any diligence conducted on the Mortgage Loans. In addition, as further discussed in this Offering Memorandum, any review of such Mortgage Loan representations and warranties was limited by the data contained in the files made available for such purposes, which in some cases were incomplete and may not have been accurate. As a result, no assurance can be given that any representation and warranty with respect to the Mortgage Loans made by the Representation Provider is true and accurate. Investors are urged to make their own determination as to whether the limited diligence conducted with respect to such representations and warranties described in this Offering Memorandum is sufficient to meet their investment criteria.

Credit Scores May Not Accurately Predict the Likelihood of Default

Each Originator generally uses credit scores as part of its underwriting process. 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 mortgagor's probability of default. A credit score represents an opinion of the related credit reporting organization of a mortgagor's creditworthiness. The credit score is based on a mortgagor'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 mortgagor represents to a lender, i.e., that a mortgagor with a higher score is statistically expected to be less likely to default in payment than a mortgagor with a lower score. In addition, it should be noted that credit scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of most mortgage loans. 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 specifically for use in connection with mortgage loans, but for consumer loans in general. Therefore, credit scores do not address particular mortgage loan characteristics that influence the probability of repayment by the mortgagor. In addition, credit scores presently generated may not be indicative of a mortgagor's true creditworthiness as a result of legislation that prohibits the reporting of delinquencies to credit bureaus while a borrower is subject to payment forbearance due to the COVID-19 outbreak. Credit scores should not be considered as an accurate predictor of the likelihood of repayment of the Mortgage Loans. None of the Sponsor, the Seller, the Depositor, the Representation Provider or the Initial Purchasers makes any representation or warranty as to any mortgagor'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 mortgagor will repay its mortgage loan according to its terms.

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

Approximately 30.39% of the Mortgage Loans are secured by properties located in California and approximately 23.10% of the Mortgage Loans are secured by properties located in Florida. Furthermore, within these state concentrations are significant concentrations of Mortgage Loans secured by Mortgaged Properties located within certain cities and regional areas within one or more states. Adverse economic conditions (including weakness in the regional housing market), the COVID-19 outbreak and natural disasters in those regions or states with a higher concentration of Mortgage Loans will have a disproportionate impact on the rate of delinquencies, defaults and losses on the Mortgage Loans in the aggregate. Volatility in regional and local housing markets similarly may have a disproportionate impact on the rate of prepayments, delinquencies, defaults and losses on the Mortgage Loans. In particular, certain regional areas have experienced a rapid increase in property values due to extremely low inventory of homes for sale during the COVID-19 outbreak. Consequently, these regions have an increased risk of a decline in property values which could result in losses on the Certificates.

Areas of the United States may from time to time be affected by flooding, severe storms, hurricanes, landslides, wildfires, earthquakes or other natural disasters, or the effects of global climate change (which may include flooding, drought or severe weather). Under the Pooling and Servicing Agreement, the Representation Provider will represent and warrant that, as of the Closing Date each Mortgaged Property was free of material damage. If any damage caused by flooding, storms, wildfires, landslides or earthquakes (or other causes) occurs after the Closing Date, no entity will have any repurchase or indemnification obligation. In addition, the standard hazard policies covering the Mortgaged Properties generally do not cover damage caused by earthquakes, hurricanes, flooding and landslides, and earthquake, hurricane, flood or landslide insurance may not have been obtained with respect to such Mortgaged Properties. The Representation Provider, the Seller and the Depositor have made no investigation to determine whether such insurance is necessary. As a consequence, Realized Losses or Applied Realized Loss Amounts could result. A severe earthquake, wildfire, hurricane or other natural or manmade catastrophe in California or Florida could result in losses in the Certificates, including the senior Certificates. In addition, significant changes in regional climate conditions could have effects that are difficult to foresee. To the extent that a locality becomes more susceptible to extreme temperatures or weather events or otherwise becomes less desirable as a place to live, property values could be adversely affected and rates of default could increase.

The cost of the impact of these natural disasters, due to the physical damage they caused, as well as the related economic impact, is expected to be significant for some period of time, particularly in the areas most directly damaged. One or more Mortgaged Properties may be affected by changes in the regional or local economies that have resulted or may result from these natural disasters. Any long-lasting effects of the natural disasters may subsequently affect housing prices and homeowners' ability to make mortgage payments in the impacted areas.

No assurance can be given as to the effect of these natural disasters on the rate of delinquencies and losses on the Mortgage Loans secured by Mortgaged Properties that were or may be affected by these natural disasters or as to damage of properties. Any adverse impact as a result of these natural disasters may be borne by the Certificateholders, particularly if the Representation Provider fails to purchase any Mortgage Loan that breaches the representation and warranty described above.

Additionally, if a mortgaged property at origination is in an area identified in the Federal Register by FEMA as having special flood hazards, the mortgagor is required to maintain a flood insurance policy meeting the requirements of the current guidelines of the Federal Insurance Administration. Investors should note, however, that many areas that have suffered flood damage in recent years are not located in areas identified in the Federal Register by FEMA as having special flood hazards and as such, may not be covered by any flood insurance. Additionally, coverage under flood insurance policies is generally significantly smaller than the Scheduled Principal Balances of the related Mortgage Loans.

Any deterioration in housing prices in the regions in which there is a significant concentration of Mortgaged Properties, as well as the other regions in which the Mortgaged Properties are located, and any deterioration of economic conditions in such regions which adversely affects the ability of mortgagors to make payments on the Mortgage Loans, may increase the likelihood of delinquencies and losses on the Mortgage Loans. Conversely, any increase in the market value of properties located in the regions in which the Mortgaged Properties are located and/or temporary measures to lower interest rates in response to the COVID-19 outbreak

may result in the availability of alternative sources of financing at lower interest rates, which could result in an increased rate of prepayment of the Mortgage Loans.

The Representation Provider will make a representation and warranty that, as of the Closing Date, each Mortgaged Property underlying a Mortgage Loan is undamaged by water, fire, earthquake, earth movement other than earthquake, windstorm, flood, tornado or similar casualty (excluding casualty from the presence of hazardous wastes or hazardous substances) to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises was intended or would render the property uninhabitable, and that there is no pending or threatened proceeding for the total or partial condemnation of the Mortgaged Property. In the event any Mortgaged Property was damaged in connection with these natural disasters, the Representation Provider may be required to purchase such Mortgage Loan from the Issuing Entity, which will have the same effect on the Certificates as a prepayment in full of such Mortgage Loan.

There are also significant concentrations of Mortgage Loans in other states and cities. See Annex A to this Offering Memorandum. Consequently, losses and prepayments on the Mortgage Loans and the resultant payments on the Certificates may be affected significantly by changes in the housing markets and the regional economies in any of these areas and by the occurrence of natural disasters, such as earthquakes, hurricanes, landslides, wildfires and floods in these areas.

Assessments 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 assessments. These liens may be superior to the liens securing the Mortgage Loans, irrespective of the date of the mortgage. In some instances, Mortgage Loans secured by properties that have a homeowners' association (including condominiums) may be subject to super-priority liens of homeowners' associations to secure payment of periodic dues. If the related homeowners' association or other lien owner were to enforce the lien for non-payment of dues, there can be no assurance that a foreclosure sale would not occur and that the Liquidation Proceeds received would be sufficient to satisfy the related Mortgage Loan.

In other instances, individual mortgagors 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 mortgage loans. 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 Representation Provider makes no representation or warranty with respect to any such lien nor will the Representation Provider be required to take any actions or be subject to any liability with respect to any such lien.

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 nonrecourse loans or loans for which recourse may be restricted or unenforceable. As to those Mortgage Loans, recourse in the event of mortgagor default will be limited to the specific real property and other assets, if any, that were pledged to secure the Mortgage Loan. However, even with respect to those Mortgage Loans that provide for recourse against the mortgagor and its 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 mortgagor 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, in light of the current regulatory environment, the Servicer has no obligation, and may be reluctant, to pursue deficiency judgments, even where permitted by applicable law. Any risks associated with Mortgage Loans with no or limited recourse may affect the yields to maturity of the Certificates 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.

The Recording of the Mortgages in the Name of MERS Could Increase the Risk of Loss

The mortgages or assignments of mortgage for all of the Mortgage Loans have been recorded in the name of Mortgage Electronic Registration Systems, Inc., or "MERS," solely as nominee for the related Originator and

its successors and assigns, including the Trustee. Subsequent assignments of those mortgages are registered electronically through the MERS system. However, if MERS discontinues the MERS system, a monthly payment on a Mortgage Loan recorded in the name of MERS has not been received within 90 days of its Due Date, a court of competent jurisdiction in a particular state rules that MERS is not an appropriate system for transferring ownership of Mortgage Loans in that state, or MERS goes into bankruptcy or becomes the subject of a receivership or conservatorship, and it becomes necessary for the Depositor or the Servicer to record or cause the recordation of assignments of those mortgages to the Trustee on behalf of the Issuing Entity, any related expenses will be paid by the Issuing Entity and will reduce the amounts available to make distributions on the certificates. As a result, distributions on your Offered Certificates could be reduced.

The recording of mortgages in the name of MERS has been challenged through the judicial system. Although most decisions have accepted MERS as mortgagee, its right to notice of actions and its authority to foreclose as mortgagee, has been found by a state-level court to be not contingently necessary in a mortgage foreclosure suit because MERS did not have an interest that was impaired by its failure to receive notice of the foreclosure suit.

On February 3, 2012, the New York State Attorney General filed a lawsuit against JPMorgan Chase Bank, National Association, Bank of America, N.A., Wells Fargo Bank, N.A., MERS, and certain related parties, charging that the creation and use of MERS has resulted in a wide range of deceptive and fraudulent foreclosure filings in New York courts, seeking damages and injunctive relief for alleged harm to homeowners and to the judicial foreclosure process. The lawsuit alleged, among other things, that many assignments purported to assign mortgages from MERS to a foreclosing party were automatically generated and signed by individuals who did not review or confirm pertinent facts, and that the use of MERS had created gaps in the chain of title. A portion of the damages claim was resolved on March 13, 2012, as part of the National Mortgage Settlement reached contemporaneously, and the remaining aspects of the lawsuit were settled on June 18, 2013; the latter settlement including certain changes in servicing practices. The defendants did not admit liability in connection with the settlements.

The Washington Supreme Court ruled that if MERS is not the holder of the Mortgage Note, then it is not considered to be the beneficiary for purposes of non-judicial foreclosures in the State of Washington. 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. Similarly, the Supreme Court of Maine held in 2014 that assignments of mortgage conducted by MERS were invalid and would render the assignee unable to foreclose on the mortgage. 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 or accurately evaluated.

If MERS discontinues the MERS system and it becomes necessary for the Depositor or the Servicer to record or cause the recordation of assignments of those mortgages in the name of the Trustee, any related expenses will be paid by the Issuing Entity and will reduce the amounts available to make distributions on the Certificates. In addition, due to the COVID-19 outbreak, it is possible that many local recording offices may be operated by reduced staff and/or encountering extensive backlogs, which could prevent the Depositor or the Servicer from recording assignments as and when required.

While the requirement to assign mortgages out of MERS prior to commencing a foreclosure proceeding may help reduce the number of challenges to the MERS system, legal challenges to the validity of the ownership of a mortgage loan held through MERS continue to exist and such challenges to MERS could result in delays and additional costs in commencing, prosecuting and completing foreclosure proceedings and conducting foreclosure sales of Mortgaged Properties.

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

After the Closing Date, assignments of the mortgages to the Trustee on behalf of the Issuing Entity are required to be prepared and delivered to the Custodian, but only certain of those assignments will be recorded. As a result, record title for every mortgage loan will not be assigned to the Trustee on behalf of the Issuing Entity. Similarly, the Mortgage Notes will not be endorsed to the Trustee on behalf of the Issuing Entity, 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 Issuing Entity could result in the loss of the underlying mortgage liens. For example, prior to the recording of the

assignments, the mortgage lien could be discharged if the record owner filed a release or satisfaction of such mortgage lien, whether inadvertently or intentionally. A loss of the underlying mortgage lien also could occur if a governmental authority foreclosed on the Mortgaged Property and notice to the record owner was not forwarded to the 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 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 Servicer may have to record the related assignments of mortgage prior to filing a foreclosure proceeding. The expenses of recording will be treated as a Servicing Advance and will reduce the amount available to make distributions on the Certificates. 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 distributions on the Certificates. 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 proceedings until the related Mortgage Note has been endorsed to the Trustee on behalf of the Issuing Entity. If a necessary endorsement is missing and cannot be obtained, it may not be possible to foreclose.

Furthermore, the inability of the Servicer, because it is not the mortgagee of record, to timely release the lien of the mortgage on a Mortgage Loan that has been paid in full could expose the Issuing Entity to claims and liability for violations of applicable law, thus reducing the amount available to make distributions on the Certificates.

If the prior owner that is the mortgagee of record were to go into bankruptcy or similar proceedings within 90 days (or in some cases, one year) after the post-closing recording of any assignment, it may be possible for the recorded assignment to be avoided as a preferential transfer, so that there is no effective assignment of record, possibly leading to consequences of the type described above. There may be other consequences of a failure to record assignments if the prior owner goes into bankruptcy or similar proceedings before the relevant assignments are recorded. If the prior owner is a bank that goes into conservatorship or receivership, a failure to record assignments may permit the FDIC as receiver or conservator of the prior owner to challenge the transfer.

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

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

Numerous federal, state and local consumer protection laws impose substantive requirements upon mortgage lenders and holders of mortgage loans in connection with the origination, servicing and enforcement of mortgage loans. Applicable state and local laws regulate, among other things, interest rates and other charges, closing practices, compensation and licensing of brokers, lenders, holders and individual loan originators; and may require certain disclosures. In addition, other federal, state and local laws, public policy and general principles of equity relating to the protection of consumers, unfair, deceptive and abusive practices, and debt collection practices may be applied to the origination, ownership, servicing and collection of the Mortgage Loans.

The CFPB, state and federal banking regulatory agencies, state attorneys general offices, the Federal Trade Commission, the U.S. Department of Justice, the U.S. Department of Housing and Urban Development and state and local governmental authorities continue to monitor lending practices by some originators, including practices sometimes referred to as "predatory lending" practices as well as fair lending requirements. State, local and federal governmental agencies have imposed sanctions on originators for practices including, but not limited to, charging mortgagors excessive fees, steering mortgagors to loans with higher costs or more onerous terms, imposing higher interest rates than the mortgagor's credit risk warrants and failing to adequately disclose the material terms of loans to the mortgagors. Additional requirements may be imposed under federal, state or local laws on so-called "high cost mortgage loans" or "higher-priced mortgage loans," which typically are defined as loans secured by a consumer's dwelling that have interest rates or origination costs in excess of prescribed levels. These laws may limit certain loan terms, such as prepayment charges, balloon payments or late fees, or the ability of a creditor to refinance a loan unless it is in the mortgagor's interest, and may require counseling of mortgagors before a loan is originated. In addition, certain of these laws may allow claims against loan brokers or originators,

including claims based on fraud or misrepresentations, to be asserted against persons acquiring the loans, such as the Issuing Entity.

State and local governments may also require originators, servicers and holders of mortgage loans to obtain certain licenses and permits. The Issuing Entity has not 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 Issuing Entity must obtain a particular license or permit. No assurance can be given that each Originator, the Sponsor, the Seller, the Servicer, 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.

In addition, the California Consumer Privacy Act (the "**CCPA**"), portions of which became effective on January 1, 2020, and the remainder of which became effective on July 1, 2020, gives consumers more information and control over how their personal information is being collected and used. The CCPA applies to companies that come within the definition of a "business" as defined therein. In general, the CCPA requires that a business must notify consumers what personal information is being collected from a consumer, how that personal information is being collected and used, and whether and to whom it is being disclosed or sold. In order to comply with the CCPA, consumers must be presented with an easy, simple and straightforward process to opt-out of having their personal information sold to a third party. In addition, consumers may request that a business (as well as any third-party contractors with whom the business may have previously shared that consumer's personal information) delete their personal information, subject to certain exceptions, and businesses must inform consumers that they have this right. In addition, the CCPA provides consumers a private right of action if their personal information is subject to an unauthorized access and exfiltration, theft or disclosure as a result of the violation of the duty to implement and maintain reasonable security procedures and practices. There are a number of exemptions in the CCPA, including that it does not apply to personal information collected or disclosed pursuant to the federal Gramm-Leach-Bliley Act. It is uncertain what effect the CCPA will have on companies subject to the CCPA that do business with individuals in the State of California in the future and are not covered by an exemption, and what other jurisdictions may implement in the future.

Federal laws also apply to the origination, servicing, collection and enforcement of mortgage loans, including:

- TILA and Regulation Z promulgated under TILA, which (among other things) require certain disclosures to mortgagors regarding the terms of loans – including disclosures provided in advance of loan origination and (in some cases) on periodic statements and in advance of rate adjustments, and disclosures or loan transfers – and provide consumers who pledged their principal dwelling as collateral in a non-purchase money transaction with a right of rescission that generally extends for three days after proper disclosures are given, and otherwise regulate mortgage transactions, such as by restricting compensation paid to loan brokers and otherwise regulating broker practices, restricting advertising practices and requiring that certain terms be included in advertisements, prohibiting arbitration provisions, limiting prepayment fees in certain circumstances, mandating escrow accounts for certain loans, requiring prompt crediting of payments, prohibiting certain practices relating to appraisals and requiring lenders to consider the ability of the consumer to repay certain loans;

- the Real Estate Settlement Procedures Act and its regulations, which (among other things) prohibit the payment of referral fees for real estate settlement services (including mortgage lending and brokerage services) and regulate escrow accounts for taxes and insurance and billing inquiries made by mortgagors;

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

- Fair Debt Collection Practices Act, which regulates the practices employed to collect consumer debts.

- the Fair Credit Reporting Act, which regulates the use and reporting of information related to the mortgagor's credit experience;

- the Relief Act, which may require interest rate reductions, and temporary suspension of legal proceedings that may adversely affect the rights of servicemembers, during their military service;

- the Consumer Financial Protection Act, enacted as part of the Dodd-Frank Act, which (among other things) created the CFPB and gave it broad rulemaking, supervisory and enforcement jurisdiction over mortgage lenders and servicers, and proscribes any unfair, deceptive or abusive acts or practices in connection with any consumer financial product or service;

- the Dodd-Frank Act, including as described above under "*—Governmental Intervention, Financial Regulatory Reforms and Proposed Regulations Could Have a Significant Impact on the Sponsor, the Seller, the Depositor, the Issuing Entity, the Originators, the Servicing Administrator, the Servicer, the Master Servicer or on the Value or Marketability of the Certificates*"; and

- the consent orders entered into with banking regulators relating to its residential mortgage servicing, foreclosure and loss-mitigation activities and the Global Settlement, and the supervisory guidance issued by the OCC to communicate the OCC's expectations for the oversight and management of mortgage foreclosure activities by national banks.

Violations of applicable federal, state and local laws may limit the ability of the Servicer on behalf of the Issuing Entity to collect all or part of the principal of, or interest on, the Mortgage Loans, and could subject the Issuing Entity to damages and administrative enforcement (including disgorgement of prior interest and fees paid). In particular, any failure of the Originator, the Servicer, the Master Servicer or the Issuing Entity to comply with certain requirements of federal and state laws could subject the Issuing Entity (and other assignees of the Mortgage Loans) to monetary penalties, and result in obligors' rescinding the Mortgage Loans against either the Issuing Entity or subsequent holders of the Mortgage Loans.

It is possible in the future that governmental authorities or attorneys general may take actions that could prohibit servicers of the mortgage loans from pursuing foreclosure actions, provide new defenses to foreclosure or otherwise limit the ability of a servicer to take actions (such as pursuing foreclosure) that may be essential to preserve the value of a mortgage loan. Any such limitations could adversely affect the Issuing Entity's ability to realize on the Mortgage Loans, which may result in losses on the Certificates.

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 the loans, such as the Issuing Entity. 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 one or more related classes of Certificates. Additionally, the Issuing Entity 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 one or more related classes of Certificates.

Modification of a Mortgage Loan May Adversely Affect Your Certificates

To limit losses on delinquent Mortgage Loans and maximize collections, the Servicer may use loss mitigation measures, including forbearance agreements and other modification agreements and pre-foreclosure sales, subject to the consent of the Servicing Administrator (to the extent required by the Pooling and Servicing Agreement) in connection with any modifications, waivers and amendments of a Mortgage Loan that (1) extends the scheduled final maturity date of the Mortgage Loan, (2) waives, reduces or postpones any scheduled repayment, (3) reduces the Mortgage Interest Rate (except for a reduction of interest payments resulting from the application of the Relief Act or any similar state statutes) or (4) extends the time for payment of any interest or fees. Modifications of Mortgage Loans implemented by the 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 Issuing Entity, and the reduction in collections resulting from a modification may result in reduced distributions of interest on or principal of the Certificates. If the Servicer reduces the Mortgage Interest Rate, extends the payment period or accepts a lesser amount than stated in the Mortgage Note in satisfaction of the Mortgage Note, or charges off or sells the Mortgage Loan, amounts available to make distributions on the Certificates will be reduced. A modification allowing principal forgiveness may result in the allocation of an Applied Realized Loss Amount to

the most subordinate class of Certificates outstanding. Modifications that reduce the Mortgage Interest Rate due on a Mortgage Loan will decrease the Net WAC Rate, which may reduce Current Interest on each class of P&I Certificates, and subordination will not protect holders of the senior Certificates from these reductions. Reductions in the Net WAC Rate will also reduce the Class XS Distribution Amount.

As of May 31, 2022, none of the mortgagors are on an active forbearance plan from the Servicer due to the COVID-19 outbreak. At the onset of the COVID-19 outbreak, mortgagors who requested relief on their Mortgage Loans due to the COVID-19 outbreak were automatically granted an initial three month forbearance period by the Servicer. As of the date of this Offering Memorandum, however, the Servicer and the Servicing Administrator have developed a hardship affidavit for each mortgagor to complete prior to granting three months of forbearance. In either case, the Servicer may extend the forbearance period on a case-by-case basis if the mortgagor cannot repay the forborne payments immediately and a subsequent loss mitigation option is not finalized (or the hardship affidavit has not been submitted by the borrower/reviewed by the Servicer). At the end of the forbearance period, the Servicer will require each mortgagor who cannot repay the forborne payments in full (to the extent not prohibited by law) to provide a package of employment, financial and credit information so that the Servicer and the Servicing Administrator may evaluate the optimal loss mitigation option, based on a waterfall of loss mitigation options, jointly developed by the Servicer and the Servicing Administrator. Such options include, but are not limited to, various repayment plans (which may include partial use of unemployment benefits), deferral plans, capitalization and extension plans, rate and/or term modifications, short sales, principal reduction modifications and deed-in-lieu transactions for mortgagors impacted by the COVID-19 outbreak. The Servicer will inform the Servicing Administrator of the loss mitigation option selected and will provide all supporting documentation to the Servicing Administrator for review and approval. The Servicer and the Servicing Administrator will continue to evaluate and implement a variety of loss mitigation techniques with respect to delinquent and defaulted loans over the course of the transaction, including in response to any governmental programs designed to keep mortgagors in their homes, in an effort to maximize distributions to the Certificateholders while taking into account the best interests of the mortgagors.

Furthermore, mortgagors in the Mortgage Pool may have contacted or in the future could contact the Servicer indicating financial distress as a result of the COVID-19 outbreak and/or request relief which could increase the number of mortgagors in the pool who receive forbearance or other loss mitigation options due to the COVID-19 outbreak.

Any of these loss mitigation options selected by the Servicer and approved by the Servicing Administrator may result in reduced or delayed collections on the Mortgage Loans, which will have an adverse effect on the Certificates. See also "*Prepayment and Yield Considerations*" and "*—COVID-19 Outbreak Forbearances and Modifications May Impact an Investment in the Offered Certificates*" in this Offering Memorandum.

Mortgage Loan Modification Programs and Future Legislative Action May Adversely Affect the Performance and Market Value of the Certificates

In 2008 and 2009, the federal government commenced implementation of programs designed to provide homeowners with assistance in avoiding residential mortgage loan foreclosures. In addition, certain mortgage lenders and servicers have voluntarily, or as part of settlements with law enforcement authorities, established loan modification programs relating to the mortgages they hold or service. These programs may involve, among other things, the modification of mortgage loans to reduce the rate of interest payable on the loans, to extend the payment terms of the loans, to forgive principal or to forbear the payment of a portion of principal on the mortgage loan without interest. In addition, members of Congress have indicated support for additional legislative relief for homeowners, including a proposed amendment of the bankruptcy laws to permit the modification of mortgage loans in bankruptcy proceedings. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum for a discussion of emergency measures and recommendations adopted by the U.S. federal government and several state and local governments in response to the COVID-19 outbreak.

Recent and future regulatory initiatives may have the effect of increasing modification and loss mitigation activity with respect to performing mortgage loans. Any new laws, regulations or rules may result in reduced collections from the Mortgage Loans and, to the extent not covered by credit enhancement, reduced distributions or losses on one or more classes of the Certificates.

The Return on Your Certificates Could Be Reduced by Shortfalls Due to the Servicemembers Civil Relief Act

The Relief Act and similar state laws provide relief to mortgagors who enter active military service and to mortgagors in reserve status who are called to active duty after the origination of their mortgage loan. The Relief Act provides generally that a mortgagor 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 mortgagor's active duty and for one year thereafter. Current or future military operations of the United States may result in an increase in the number of mortgagors 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. In addition, Mortgage Loans in the Mortgage Pool that have not been identified as such may already be subject to the Relief Act. The amount of interest available for distribution to Certificateholders will be reduced by any reductions in the amount of interest collectible as a result of application of the Relief Act or similar state or local laws, and none of the Servicing Administrator, the Servicer or any other party will be required to fund any interest shortfall caused by any these reductions. Interest shortfalls on the Mortgage Loans due to the application of the Relief Act or similar legislation or regulations will be applied to reduce accrued interest on the P&I Certificates, *pro rata*, based on the Current Interest otherwise payable to each such class of Certificates. See also "*—Net Interest Shortfalls Resulting from Principal Prepayments and the Servicemembers Civil Relief Act or Similar State Legislation Will Reduce Distributions of Interest on the Offered Certificates*."

The Relief Act also limits the ability of the servicers to foreclose on a mortgage loan during the mortgagor's period of active duty and, in some cases, during an additional nine month period thereafter. As a result, there may be delays in payment and increased losses on the Mortgage Loans. Those delays and increased losses will be borne primarily by the class of Certificates with a Certificate Principal Balance greater than zero with the lowest distribution priority. As of the Cut-off Date, none of the mortgagors are known to be subject to the Relief Act but we cannot predict whether any Mortgage Loans may be affected in the future by the application of the Relief Act or similar legislation or regulations.

Governmental and Other Actions May Affect Servicing of the Mortgage Loans and May Limit the Servicer'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. The COVID-19 outbreak resulted in the implementation of measures to temporarily suspend foreclosures which have generally expired but similar measures may be implemented in the future. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates"* in this Offering Memorandum. Any of these laws, regulations and rules may provide new defenses to foreclosure, insulate the Servicer from liability for modification of Mortgage Loans without regard to the terms of the Pooling and Servicing Agreement 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 distributions to be made on the Certificates.

Several courts and state and local governments and their elected or appointed officials also have taken unprecedented steps to slow the foreclosure process or prevent foreclosures altogether. A number of laws have been enacted, including in California and New York. These laws, regulations and rules will result in delays in the foreclosure process, and may lead to reduced payments by mortgagors or increased reimbursable servicing expenses. In addition, Congress and various state and local legislatures are considering or have adopted legislation that, among other things, would permit limited assignee liability for certain violations in the mortgage loan origination process. We cannot predict whether or in what form Congress or various state and local legislatures may enact such legislation or how such legislation might impact your Certificates. We are also unable to predict how changes by federal, state or local authorities to regulations currently in effect relating to assignee liability may affect your Certificates. Certificateholders will bear the risk that future regulatory and legal developments will result in losses on their Certificates, to the extent not covered by the applicable credit enhancement. The effect on the Certificates 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.

On February 9, 2012, the Department of Justice, the Department of Housing and Urban Development and attorneys general representing 49 states and the District of Columbia reached a $25 billion settlement agreement (the "**Global Settlement**") with five large mortgage servicers relating to the servicing and origination of mortgages. The Global Settlement, which became effective on April 5, 2012, required these servicers to dedicate at least $10 billion to reducing principal for mortgagors who, as of the date of the settlement, owe more on their mortgages than their homes are worth and are either delinquent or at imminent risk of default. At least $3 billion will be used to establish a refinancing program for mortgagors who are current on their mortgages but who owe more on their mortgages than their homes are worth, and up to $7 billion will be used to provide other forms of relief for certain mortgagors. In addition, a $1.5 billion mortgagor payment fund will be established to provide cash payments to certain mortgagors whose homes were sold or taken in foreclosure and who meet other criteria. These servicers are also required to pay an additional $3.5 billion to state and federal governments. It is uncertain whether principal reductions and monetary and other relief for mortgagors provided for under the settlement will be made available for mortgage loans in RMBS transactions.

The servicers subject to the Global Settlement also agreed to implement extensive new servicing standards including, among other servicing practices, making foreclosure a last resort, by requiring the servicers to evaluate homeowners for other loan mitigation options first and restricting banks from foreclosing while the homeowner is being considered for a loan modification. The settlement does not prevent federal authorities and state attorneys general from pursuing criminal enforcement actions, various securities claims, and penalties and recoveries for losses in connection with government-insured or government-guaranteed loans. The settlement does not prevent any claims by individual mortgagors who wish to bring their own lawsuits. It appears that these servicing standards will apply to all residential mortgage loans serviced by the servicers who are party to the settlement. Moreover, it is anticipated that federal regulators will seek to establish regulations imposing similar servicing standards on all servicers of residential mortgage loans.

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 alleged failures to comply with technical requirements. The Illinois Supreme Court has established new rules that provide mortgagors 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 mortgagors are using legal actions, including filing for bankruptcy, to attempt to block or delay foreclosures. As a result, the Servicer may be subject to delays in conducting foreclosures and the expense of foreclosures may increase, resulting in delays or reductions in distributions on the Certificates.

Mortgagors 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 a review of the mortgage documents in accordance with Custody Agreement, such measures may not be sufficient to prevent document defects that could cause delays or prevent a foreclosure. It is possible that there will be an increase in the number of successful challenges to foreclosures by mortgagors. Curing defective documents required to conduct a foreclosure will cause delays and increase costs, resulting in losses on the Certificates.

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

In 2012 and 2013, certain cities in California and Nevada explored offering to acquire mortgage loans at city-determined fair market values or through eminent domain and to modify or refinance these mortgage loans to allow homeowners to continue to own and occupy their homes. The price to be paid for such mortgage loans was unclear, but such price would likely be less than the outstanding principal balance of a mortgage loan and may be significantly less. These programs generally contemplated that any such refinancing will be accomplished using a federally guaranteed loan, which can readily be resold, thus minimizing any cash outlay by the governmental entity. Federal appropriations legislation for the past several years, however, prohibits the use of appropriated funds to insure or refinance a mortgage loan that has been subject to eminent domain, condemnation or seizure. In the absence of access to federally guaranteed loans, it would be very difficult for a governmental entity to operate such an eminent domain program without making substantial cash outlays. It is also likely that any such action by a government entity without the consent of the owner of the mortgage loan would face legal

challenge. To the extent a government entity were to successfully operate such a program, it would likely have a material adverse effect on the market value of residential mortgage-backed securities such as the Certificates.

More recently, former President Trump and others have argued for an eminent domain program to secure land to build a border fence at the United States border with Mexico. Prior legislation in 2006 to construct limited fencing on the border used eminent domain but resulted in extensive litigation and delays. It is uncertain if any future legislation would utilize eminent domain in connection with border security.

As described under "*The Pooling and Servicing Agreement—Obligations in Respect of Proposed Eminent Domain Mortgage Loan Acquisition,*" if a governmental entity implements a program under which it has the power to acquire residential mortgage loans through the exercise of eminent domain, and the governmental entity proposes to acquire a mortgage loan out of the Issuing Entity, the Controlling Representative, if it receives notice of such action, will be obligated (i) to cause the Servicer to obtain a valuation on the related property in the form of a broker's price opinion or another valuation method that it deems appropriate, and (ii) provide written notice to the Paying Agent of the governmental entity's proposed action. Upon receipt of notice thereof from the Controlling Representative, the Paying Agent will make available to Certificateholders such notice of the governmental entity's proposed action. A quorum of Certificateholders may direct the Trustee on behalf of the Issuing Entity to pursue an action contesting the acquisition through appropriate legal proceedings. These procedures may take substantial time, which could result in delays in collections of amounts due on the Mortgage Loans, increased costs and losses to Certificateholders.

Environmental Conditions Affecting Mortgaged Properties May Result in Losses

To the extent the 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 Mortgage Loans—Environmental Considerations*" in this Offering Memorandum. To the extent these environmental risks result in losses on the Mortgage Loans, the yield to maturity of the Offered Certificates, to the extent not covered by credit enhancement, may be affected.

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

Although the Mortgaged Properties 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 such 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 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.

Potential Conflicts of Interest Relating to the Initial Purchasers

The Initial Purchasers may from time to time perform investment banking and other financing related services for, or solicit investment banking and other financing related business from, any person named in this Offering Memorandum and/or certain of their affiliates. The Initial Purchasers and/or their employees or customers may from time to time have a long or short position in the Certificates. These long or short positions may be as a result of any market making activities with respect to the Certificates. The Initial Purchasers and/or their employees or customers may from time to time enter into hedging positions with respect to the Certificates.

It is expected that the Sponsor will use a portion of the proceeds from the sale of the Purchased Certificates to the Initial Purchasers to pay off a portion of amounts owed by Angel Oak Parties under secured financing facilities maintained with one or more of the Initial Purchasers and/or their affiliates.

If a default (including a cross-default), an amortization event, a margin deficit or similar event occurs under any such financing facility with an Angel Oak Party in the future, such Angel Oak Party may seek a waiver of such event, but the lender under such financing facility may decide in its sole discretion not to grant the waiver or to exercise remedies available to it. No lender to any Angel Oak Party is under any obligation to provide a waiver in connection with any such future event. Should a lender to an Angel Oak Party choose to exercise

remedies available under to it under a financing facility, it could have a material and adverse effect on the applicable Angel Oak Party's liquidity, financial condition or ability to perform its obligations under the transaction documents. No Initial Purchaser nor any affiliate of any Initial Purchaser (as lender under such financing facilities) has any obligation to act in the best interests of the Certificateholders or to take the Certificateholders' interests into account when deciding whether to grant waivers, exercise remedies or take any other actions in connection with any such financing facility.

See "*The Angel Oak Parties*" in this Offering Memorandum for recent development regarding a financing facility of Seller and the Seller's ultimate parent.

Potential Conflicts of Interest Relating to the Angel Oak Originators, the Sponsor, the Seller, the Representation Provider, the Depositor, the Servicing Administrator and the Certificateholders

The Angel Oak Originators, the Representation Provider, the Sponsor, the Seller, the Depositor and the Servicing Administrator are affiliates. The Sponsor or a Majority-Owned Affiliate will retain for risk retention purposes a portion of the Class B-2 Certificates and all of the Class B-3 and Class XS Certificates and the Sponsor and its affiliates will initially retain a portion of the Class B-2, all of the Class A-IO-S Certificates and may retain all or a portion of the Class B-1 Certificates.

There may be conflicts of interest between the initial majority owner of the Offered Certificates and the holders of the Purchased Certificates due to differing priorities of distribution and payment terms. The holder of a majority percentage interest of the Class XS Certificates will have the ability to appoint the Controlling Representative. The Pooling and Servicing Agreement provides that the Controlling Representative will have certain direction, consent and waiver rights. Potential conflicts between the Controlling Representative and the holders of the Offered Certificates may result because the initial Controlling Representative is an affiliate of the Representation Provider, the Angel Oak Originators and the Servicing Administrator. The Controlling Representative is not a fiduciary for the Certificateholders.

Investors in the Certificates should consider that certain voting and other decisions may not be in the best interests of each class of Certificateholders and that any conflict of interest among different Certificateholders may not be resolved in favor of investors in a particular class of Certificates. Any disputes that arise between Certificateholders may not be resolved without substantial delay, which may cause delays in distribution on the Offered Certificates. The economic interests of the holders of a class of Certificates may not other coincide with those of other holders of the same class or holders of other classes of Certificates. The holders of Certificates will not be required to consider any possible adverse effect of their actions on other holders of the same class or holders of other classes of Certificates.

The Ratings on the Offered Certificates Are Not a Recommendation to Buy, Sell or Hold the Offered Certificates and are Subject to Withdrawal at any Time, Which May Result in Losses on the Offered Certificates

It is a condition to the issuance of the Offered Certificates that the Offered Certificates be rated at least as high as the ratings set forth in the Certificates Tables. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time. No person is obligated to maintain the rating on any Offered Certificate, and, accordingly, there can be no assurance that the ratings assigned to any Offered Certificate on the Closing Date will not be lowered or withdrawn by a rating agency at any time thereafter, including as a result of the COVID-19 outbreak. In the event any rating is revised or withdrawn, the liquidity or the market value of the related Offered Certificates may be adversely affected.

The ratings of the Offered Certificates depend primarily on an assessment of the Mortgage Loans, the credit enhancement provided to the Offered Certificates and the ability of the Servicer 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 Certificates. 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 Certificates should make their own evaluation of the creditworthiness of the Mortgage Loans and the applicable credit enhancement on such Offered Certificates, and potential investors should not rely on the ratings assigned by any rating agency to any of the Offered Certificates.

The ratings of the Offered Certificates by a rating agency only address the likelihood of receipt by holders of such Certificates of distributions in the amount of Scheduled Payments on the Mortgage Loans. They do not take into consideration any of the tax aspects associated with the Offered Certificates. The ratings do not address the possibility that, as a result of principal prepayments, the yield on your Offered Certificates may be lower than anticipated. The ratings do not comment as to market price, marketability or suitability of the Offered Certificates 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 Certificates should note that the ratings of the Offered Certificates are not a guaranty of the value of the Mortgaged Properties related to the Mortgage Loans and Certificateholders may incur losses regardless of their rating. See "*Ratings*" in this Offering Memorandum.

Furthermore, the Securities and Exchange Commission may determine that any one or more of the rating agencies engaged by the Sponsor no longer qualifies as a nationally recognized statistical rating organization, or is no longer qualified to rate the Offered Certificates. Any such determination may adversely affect the liquidity, market value and regulatory characteristics of your Rated Certificates, and you may not be able to sell or obtain financing for your Offered Certificates, or you may be able to sell only at a substantial discount from the price you paid or obtain financing at interest rates in excess of current interest rates. No entity will be required to obtain a substitute rating from another rating agency.

Additional Ratings of the Offered Certificates or a Withdrawal of the Ratings May Adversely Affect Their Value and/or Limit Your Ability to Sell Your Offered Certificates

The Sponsor has hired Fitch (the "**Hired NRSRO**") and will pay the Hired NRSRO a fee to assign ratings on all or a portion of the Rated Certificates.

The Sponsor has not hired any other nationally recognized statistical rating organization (a "**Non-Hired NRSRO**") to assign ratings on all or a portion of the Certificates. However, under Securities and Exchange Commission rules, information provided to the Hired NRSRO for the purpose of assigning or monitoring the ratings on the Rated Certificates is required to be made available to any Non-Hired NRSRO in order to make it possible for such Non-Hired NRSRO to assign unsolicited ratings on one or more classes of Certificates. An unsolicited rating could be assigned at any time, including prior to the Closing Date, and none of the Sponsor, the Seller, the Depositor, the Initial Purchasers or any of their affiliates will have any obligation to inform you of any unsolicited ratings.

Rating agencies, including the Hired NRSRO, have different methodologies, criteria, models and requirements. If any Non-Hired NRSRO assigns an unsolicited rating on one or more classes of the Offered Certificates (or issues other commentary on one or more classes of the Offered Certificates), there can be no assurance that such rating will not be lower than the ratings provided by the Hired NRSRO (or that the commentary will not imply a lower rating), which could adversely affect the market value of your Offered Certificates and/or limit your ability to sell your Offered Certificates. In addition, if the Sponsor fails to make available on an internet website to the Non-Hired NRSROs any information provided to the Hired NRSRO for the purpose of assigning or monitoring the ratings on the Rated Certificates or fails to pay the Hired NRSRO its annual monitoring fee, the Hired NRSRO could withdraw its ratings on your Offered Certificates, which could adversely affect the market value of your Offered Certificates and/or limit your ability to sell your Offered Certificates.

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 herein. For example, information about owner occupancy is based primarily upon a representation made by the mortgagor in connection with the mortgagor's loan application. Limited procedures, if any, may have been taken by the related Originator to verify this representation prior to the closing of the Mortgage Loan. Except with respect to the Angel Oak Investor Cash Flow Mortgage Loans, there was no visit to the related Mortgaged Property or any other sort of diligence performed after the Mortgage Loan was originated by the Originator or any other party to ensure that the Mortgaged Property was occupied as the mortgagor indicated. With respect to the Angel Oak Investor Cash Flow Mortgage Loans, the applicable Securitization Diligence Provider conducted limited diligence to mitigate the risk of mortgagor

occupancy, but there can be no assurance that the applicable Securitization Diligence Provider's pre-offering review uncovered all instances of mortgagor occupancy.

Information about loan-to-value ratios included in this Offering Memorandum is based in part upon appraisals obtained when the Mortgage Loan was originated. 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-value ratios does not represent the actual value of the Mortgaged Property, only the value expressed in an appraisal obtained in connection with the origination of the Mortgage Loan, or a lower value if it was determined by the Sponsor that such lower value was warranted. See "*—Loan-to-Value Ratios Are Calculated Based on Appraised Value or Sales Price, Which May Not Be an Accurate Reflection of Current Market Value*" above. 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 Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date is subject to a variance of plus or minus 5%.

In addition, the characteristics of the Mortgage Loans may change over time. For example, with respect to owner occupancy, a mortgagor may move his or her primary residence to another location, as a result of a job transfer or otherwise, and rent the Mortgaged Property related to the Mortgage Loan. Moreover, the creditworthiness of the mortgagors will change over time, and any related information included in this Offering Memorandum, such as credit scores, may be different at any future date from the time it was obtained.

Mortgagors who are 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 home and move to a new mortgaged property, in each case resulting in a prepayment of their existing mortgage loan. As a result, the overall credit quality of the mortgagors for the Mortgage Loans included in the Mortgage Pool may decline over time if these mortgagors prepay more quickly than the other mortgagors.

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

The sensitivity tables set forth in this Offering Memorandum have been prepared on the basis of the Structuring Assumptions described under "*Prepayment and Yield Considerations*" in this Offering Memorandum. The model used in this Offering Memorandum for prepayments also does not purport to be an historical description of prepayment experience or a prediction of the anticipated rate of prepayment of any pool of mortgage loans, including the Mortgage Loans. It is highly unlikely that the Mortgage Loans will prepay at any of the rates specified or that the Mortgage Loans will have no delinquencies or losses. The assumed percentages of CPR and assumption of no delinquencies and losses are for illustrative purposes only. See "*Prepayment and Yield Consideration*" in this Offering Memorandum for a description of CPR. The actual rates of prepayment or performance of the Mortgage Loans may not correspond to any of the assumptions made in this Offering Memorandum. For these reasons, the Weighted Average Lives of your Offered Certificates may differ from the Weighted Average Lives shown in the sensitivity tables and could adversely affect the return on your Offered Certificates.

Cap Carryover Amounts Arising With Respect to the Class A Certificates On and After the Distribution Date in July 2026 May Not Be Paid in Full

As further described herein, on and after the Distribution Date in July 2026, amounts otherwise distributable to the Class B-3 Certificates with respect to their Interest Distribution Amount and Interest Carryforward Amount on a Distribution Date may be used to fund the Step-Up Cap Carryover Reserve Account in order to pay the Class A Certificates any outstanding Cap Carryover Amounts (to the extent not paid on such Distribution Date from the Cap Carryover Reserve Account). Amounts on deposit in the Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account on and after the Distribution Date in July 2026 may be insufficient to pay all (or any) unreimbursed Cap Carryover Amounts with respect to the Class A Certificates and such amounts will be paid sequentially to the Class A-1, Class A-2 and Class A-3 Certificates, in that order. For example, in certain slower prepayment scenarios and in certain high default scenarios, there is likely to be insufficient collections on the Mortgage Loans to reimburse all of the Cap Carryover Amounts with respect to each class of Class A Certificates and the sequential nature of any reimbursement of Cap Carryover Amounts to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, may cause the yield on the Class A Certificates,

especially the Class A-3 and Class A-2 Certificates, to be lower than expected. Investors in the Class A Certificates should carefully consider the effect that various scenarios related to the performance of the Mortgage Loans may have on the ability for all (or any) Cap Carryover Amounts to be reimbursed.

The Class B-3 Certificates May Receive Reduced or No Interest Distributions On and After the Distribution Date in July 2026 Which Will Adversely Affect Their Yield

As further described herein, on and after the Distribution Date in July 2026, amounts otherwise distributable to the Class B-3 Certificates with respect to their Interest Distribution Amount and any Interest Carryforward Amount on a Distribution Date may be used to fund the Step-Up Cap Carryover Reserve Account in order to pay the Class A Certificates any outstanding Cap Carryover Amounts (to the extent not paid on such Distribution Date from the Cap Carryover Reserve Account). Any amounts used to pay Cap Carryover Amounts to the Class A Certificates from the Step-Up Cap Carryover Reserve Account will result in reduced interest distributions to the Class B-3 Certificates (and the Class B-3 Certificates will not be entitled to be reimbursed for such amounts on any future Distribution Date), thereby reducing the yield on the Class B-3 Certificates. In addition, the Class B-3 Certificate will also accrue as income any such amounts for U.S. federal income tax purposes.

There are Additional Risks in Holding the Class XS Certificates

Prior to any purchase of the Class XS Certificates, consider the following factors that may adversely impact your yield:

- The Class XS Certificates are the most subordinated class of Offered Certificates and may only receive distributions, if Monthly Excess Cashflow is available therefor, after the P&I Certificates have been reimbursed for Applied Realized Loss Amounts, an amount up to the amount of any Realized Losses in the related Prepayment Period have been distributed to such classes and after any required deposits to the Cap Carryover Reserve Account. There can be no assurance that Monthly Excess Cashflow will be available for any Distribution Date and any Monthly Excess Cashflow is highly dependent on interest collections on the Mortgage Pool exceeding the amounts needed to pay fees and expenses (including amounts distributed to the Class A-IO-S Certificates) and to distribute to the P&I Certificates any Interest Distribution Amount and Interest Carryforward Amount thereon. In addition, any increase in the Certificate Rates of the Class A Certificates beginning in July 2026 would adversely affect the amount of Monthly Excess Cashflow available to the Class XS Certificates.

- The Class XS Certificates have an obligation to pay interest that they would otherwise receive to the Cap Carryover Reserve Account up to the aggregate Cap Carryover Amount for the Class A Certificates. Such amounts paid to the Cap Carryover Reserve Account will permanently reduce the amount of interest distributable on the Class XS Certificates. Any amounts so distributed will accrue to the Class XS Certificates for U.S. federal income tax purposes with no corresponding cash payment. Potential Investors in the Class XS Certificates should consult their tax advisors concerning a potential investment in the Class XS Certificates.

- If the Depositor exercises its Optional Redemption right or the Servicer exercises its Optional Termination right, the transaction will terminate. If the transaction is terminated via a redemption, the Class XS Certificates will not receive any amounts in respect of their Class XS Distribution Amount on redemption even though such Certificates would have accrued taxable income in respect of such unpaid Class XS Distribution Amount.

You should fully consider the risks of investing in a Class XS Certificate described in this Offering Memorandum, such as the extreme sensitivity of the Class XS Certificates to prepayments on the Mortgage Loans, including liquidations and defaults, changes in the Net WAC Rate, any increase in the Certificate Rates for the Class A Certificates on and after the Distribution Date in July 2026, repurchases, redemption or termination of the transaction by the Depositor and other factors that could affect the yield on the Class XS Certificates and could result in your failure to fully recover your initial investment. Also, investors in the Class XS Certificates are highly encouraged to review the disclosures under "*Certain U.S. Federal Income Tax Consequences*" in order to understand the U.S. federal income tax consequences of investing in the Class XS Certificates.

There are Additional Risks in Holding the Class A-IO-S Certificates

Distributions on the Class A-IO-S Certificates will be highly dependent on the size of the Excess Servicing Strip for each Distribution Date. Prepayments on the Mortgage Loans resulting in Compensating

Interest Payments will adversely affect the Excess Servicing Strip. On the other hand, prepayments on the Mortgage Loans resulting in Prepayment Interest Excess in excess of Prepayment Interest Shortfalls on such Mortgage Loans may result in greater distributions on the Class A-IO-S Certificates. The Excess Servicing Strip will also be highly dependent on the extent the Gross Administration Fees on the Mortgage Loans as such fees vary depending on the loan program under which such Mortgage Loans were originated. To the extent the mix of Mortgage Loans changes such that overall Gross Administration Fees decrease, the yield on the Class A-IO-S Certificates will be adversely affected. Additionally, to the extent the overall amount of Servicing Fees on the Mortgage Loans increases due to the performance of the Mortgage Pool or a servicing transfer results in an increase in Servicing Fees on the Mortgage Loans, the yield on the Class A-IO-S Certificates will be adversely affected and could be eliminated.

If the Depositor exercises its Optional Redemption right or the Servicer exercises its Optional Termination right, the transaction will terminate and the Class A-IO-S Certificates will not receive a distribution upon termination.

You should fully consider the risks of investing in the Class A-IO-S Certificates the risk that you may not fully recover your initial investment. Also, investors in the Class A-IO-S Certificates are highly encouraged to review the disclosures under "*Certain U.S. Federal Income Tax Consequences*" in order to understand the U.S. federal income tax consequences of investing in the Class A-IO-S Certificates.

Cyber-attacks or Other Security Breaches Could Have a Material Adverse Effect on the Business of the Sponsor, Its Affiliates, the Servicer and the Originators

In the normal course of business, the Sponsor, its affiliates, the Servicer and the Originators collect, process and retain sensitive and confidential information. Although the Sponsor, its affiliates, the Servicer and the Originators devote significant resources and management focus to ensuring the integrity of their systems through information security and business continuity programs, their facilities and systems, and those of their third-party service providers, are vulnerable to external or internal security breaches, acts of vandalism, computer viruses, misplaced or lost data, programming or human errors, or other similar events. In addition, due to the transition to remote working environments as a result of the COVID-19 outbreak, there is an elevated risk of such events occurring. See "*—The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum. These events could interrupt the business or operations of the Sponsor, its affiliates, the Servicer or the Originators, result in significant legal and financial exposure, supervisory liability, damage to the reputation of the Sponsor, its affiliates, the Servicer or the Originators or a loss of confidence in the security of the systems, products and services of the Sponsor, its affiliates, the Servicer or the Originators. Although the impact to date from these types of events has not had a material adverse effect on the Sponsor, its affiliates, the Servicer or the Originators, it cannot be assured that this will be the case in the future. Information security risks for organizations like the Sponsor, its affiliates, the Servicer and the Originators have increased recently in part because of new technologies, the use of the internet and telecommunications technologies (including mobile and other connected devices) to conduct financial and other business transactions and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists and others. In addition to cyber-attacks or other security breaches involving the theft of sensitive and confidential information, hackers recently have engaged in attacks against organizations that are designed to disrupt key business services. The Sponsor's, its affiliates', the Servicer's and the Originators' successful business performance and marketing efforts may increase their profile and therefore their risk of being targeted for cyber-attacks and other security breaches, including attacks targeting key business services. The Sponsor, its affiliates, the Servicer and the Originators are not able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. The access by unauthorized persons to, or the improper disclosure by the Sponsor, its affiliates, the Servicer or the Originators of, confidential information regarding their customers or their own proprietary information, software, methodologies and business secrets could interrupt the Sponsor's, its affiliates', the Servicer's or the Originators' business or operations, result in significant legal and financial exposure, supervisory liability, damage to their reputation or a loss of confidence in the security of their systems, products and services, all of which could have a material adverse impact on their business, financial condition and results of operations and the servicing of the Mortgage Loans. Cyber-attacks or other breaches, whether affecting the Sponsor, its affiliates, the Servicer, the Originators or others, could intensify consumer concern and regulatory focus and result in increased costs, which could have a material adverse effect on the Sponsor's, its affiliates', the Servicer's or the Originators' businesses. If the business of the Sponsor or any of its affiliates is materially adversely affected by such events, the Sponsor may not be able to fulfill its obligation to cure or repurchase the related Mortgage Loans following breaches of its representations and warranties. If the business of the Servicer

is materially adversely affected by such events, the Servicer may not be able to fulfill its obligations under the Pooling and Servicing Agreement.

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 Offered Certificates 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-value ratios but also may have other features such as lower FICO scores or are cash-out refinancings. Certain of these Mortgage Loans are 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 Offered Certificates 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 Offered Certificates.

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 Mortgage Loan Purchase Agreements and the Pooling and Servicing Agreement, which govern the transactions described herein, 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, to the statutes, rules and regulations applicable to the Mortgage Loans. A copy of such agreements will be made available by the Paying Agent upon request by any Certificateholder.

THE ANGEL OAK PARTIES

The Depositor, the Sponsor, the Representation Provider, the Servicing Administrator, the Angel Oak Originators, the Seller, and the Controlling Representative (collectively, the "**Angel Oak Parties**") are affiliates. The Angel Oak Parties are affiliated with Angel Oak Capital Partners, LLC ("**AOCP**") and Sreeniwas Prabhu, Managing Director and co-founder of Angel Oak Capital Advisors, LLC ("**AOCA**").

On February 16, 2017, the SEC accepted an offer of settlement from AOCP and entered an administrative order against it. The order, while recognizing that AOCP did not admit or deny any findings, concluded that AOCP operated as a broker-dealer from March 2010 until October 2014 without registering with the SEC. The SEC found that AOCP entered into an agreement with Peraza Capital & Investment, LLC ("**Peraza**") in late 2009 for the purpose of conducting a securities business, without registering as a broker-dealer. Traders employed by AOCP in its securities business were registered with the Financial Industry Regulatory Authority as registered representatives of Peraza, and AOCP and Peraza split the commission revenue generated as a result of AOCP trading activities. The SEC determined that AOCP and its owners or employees—who were not registered as broker-dealers or associated with a registered broker-dealer—were involved in the operations of the securities business and made key decisions regarding the business. As reflected in the order, the SEC accepted AOCP's offer to disgorge profits received from the operation of $3,054,288 plus interest, to pay a penalty of $375,000 and to cease and desist from that activity. The SEC further accepted an offer of settlement from Sreeniwas Prabhu and an employee of AOCA, based on the allegations of the SEC that they caused AOCP to operate as an unregistered broker dealer. They both agreed to a cease and desist order and an administrative penalty of $40,000 each.

On February 5, 2020, Angel Oak Mortgage, Inc. ("**AOMI**"), a publicly traded real estate investment trust, formed the Sponsor, through which substantially all of AOMI's assets are held and substantially all of AOMI's operations are conducted, either directly or through subsidiaries. AOMI holds all of the limited partnership interests in the Sponsor and indirectly holds the sole general partnership interest in the Sponsor through the general partner, which is AOMI's wholly-owned subsidiary.

At the end of May 2022, an amortization event occurred with respect to one of the financing facilities of the Seller due to a failure of the Seller's ultimate parent, AOMI, to maintain a required liquidity level under the terms of the facility. The amortization event, while not an event of default under the facility, resulted in an increased spread on the facility, the termination of the revolving period for the facility and the diversion of all income of the related financed loans to pay down the facility. AOMI is taking affirmative steps to cure the amortization event by increasing liquidity and decreasing debt. AOMI and its subsidiaries have additional financing facilities totaling approximately $1.4 billion, with an unused capacity of approximately $500 million.

THE SPONSOR

Angel Oak Mortgage Operating Partnership, LP (the "**Sponsor**") is a Delaware limited partnership and was formed on February 5, 2020. The Sponsor maintains its principal office at 3344 Peachtree Road NE, Suite 1725, Atlanta, Georgia 30326.

The Sponsor was organized for the principal purpose of acquiring and retaining, primarily through the Seller, residential mortgage loans, as well as, from time to time, securitizing residential mortgage loans originated by the Angel Oak Originators and unaffiliated third party mortgage loan originators and acquiring residential mortgage-backed securities. From time to time, the Sponsor, the Seller and their affiliates enter into financing arrangements with certain counterparties in connection with the foregoing. See "*The Angel Oak Parties*" in this Offering Memorandum for recent developments regarding a financing facility of the Seller and the Seller's ultimate parent, AOMI.

THE REPRESENTATION PROVIDER

Angel Oak Home Loans LLC (the "**Representation Provider**") is a Georgia limited liability company and was formed on October 25, 2010. The Representation Provider maintains its principal office at 980 Hammond Drive, Suite 850, Atlanta, Georgia 30328. The membership interests in AOHL are owned by affiliates, owners, directors, officers or employees of the Sponsor and its affiliates ("**Angel Oak Insiders**").

As of March 31, 2022, total members' equity in the Representation Provider is approximately $39,353,585. The Representation Provider has total unrestricted cash, as of March 31, 2022, of approximately $3,843,295.

As described under "*Mortgage Loan Representations and Warranties—Repurchase Requests and Arbitration*," the Representation Provider will make certain representations and warranties with respect to the Mortgage Loans pursuant to the Pooling and Servicing Agreement. If any of such representations or warranties are breached and such breach is a Material Breach, then subject to the terms of the Pooling and Servicing Agreement, the Representation Provider will be obligated to cure the related breach, substitute a mortgage loan for such affected Mortgage Loan, repurchase the affected Mortgage Loan from the Issuing Entity at the Repurchase Price or, with respect to a Liquidated Loan, make an indemnification payment equal to the Make-Whole Amount. See "*Risk Factors—Financial Condition of the Representation Provider" and "Risk Factors—The Review Process Is the Sole and Exclusive Process by which Any Breach of Representations and Warranties May Be Independently Identified and Remedied and No Assurance Can Be Made as to Its Effectiveness*" in this Offering Memorandum.

THE ORIGINATORS

The Mortgage Loans have been originated by Angel Oak Home Loans LLC and Angel Oak Mortgage Solutions LLC (together, the "**Angel Oak Originators**"), Impac Mortgage Corp., Greenbox Loans, Inc. and 11 other third party originators, each of which originated less than 10% of the Mortgage Pool (each, a "**Third Party Originator**," and collectively the "**Third Party Originators**") in accordance with the underwriting standards described under "*Description of the Mortgage Loans—Underwriting Guidelines*" in this Offering Memorandum. Impac Mortgage Corp. originated approximately 16.71% of the Mortgage Loans, Greenbox Loans, Inc. originated approximately 12.61% of the Mortgage Loans and the 11 other Third Party Originators each originated less than 10% of the Mortgage Loans.

Angel Oak Home Loans LLC

Angel Oak Home Loans LLC ("**AOHL**") is a Georgia limited liability company that originates mortgage loans. AOHL conducts lending primarily through retail loan production offices. As of March 31, 2022, AOHL operates 48 retail loan production offices located in 14 states and is licensed to make loans throughout 38 states and the District of Columbia. AOHL has been originating mortgage loans since its formation in 2011. The principal executive offices of AOHL are located at 980 Hammond Drive, Suite 200, Atlanta, Georgia 30328.

As of March 31, 2022, total members' equity in AOHL is approximately $39,353,585. AOHL has total liquid assets, as of March 31, 2022, of approximately $6,849,774, including approximately $3,843,295 in unrestricted cash.

The following table reflects AOHL's originations of mortgage loans for the past five years:

		Year Ended 12/31/21	**Year Ended 12/31/20**	**Year Ended 12/31/19**	**Year Ended 12/31/18**	**Year Ended 12/31/17**
Agency	Number of loans	7,011	7,021	3,051	1,446	1,020
	Principal Balance	$1,917,704,140	$1,834,014,424	$730,951,329	$369,922,368	$272,070,719
Non Agency	Number of loans	1,621	519	855	646	373
	Principal Balance	$892,847,741	$323,346,267	$401,457,318	$352,207,226	$177,947,679
Total	Number of loans	8,632	7,540	3,906	2,092	1,393
	Principal Balance	$2,810,551,881	$2,157,360,691	$1,132,408,647	$722,129,594	$450,018,398

AOHL originated approximately 7.20% of the Mortgage Loans.

AOHL is not aware of any material legal proceedings pending against it or against any of its property, including any proceedings known to be contemplated by governmental authorities material to the Certificateholders.

Angel Oak Mortgage Solutions LLC

Angel Oak Mortgage Solutions LLC ("**AOMS**") is a Delaware limited liability company that originates mortgage loans. AOMS conducts lending through wholesale loan production offices and utilizes both broker and correspondent channels. As of March 31, 2022, AOMS operates two wholesale loan production offices located in Atlanta, Georgia and Dallas, Texas and is licensed to make loans throughout 45 states and the District of Columbia. AOMS has been originating mortgage loans since 2014. The principal executive offices of AOMS are located at 980 Hammond Drive, Suite 850, Atlanta, Georgia 30328. The membership interests in AOMS are owned by the Angel Oak Insiders.

As of March 31, 2022, total members' equity in AOMS is approximately $68,673,068. AOMS has total unrestricted cash, as of March 31, 2022, of approximately $18,265,959.

The following table reflects AOMS's originations of mortgage loans for the past five years:

		Year Ended 12/31/21	**Year Ended 12/31/20**	**Year Ended 12/31/19**	**Year Ended 12/31/18**	**Year Ended 12/31/17**
Non Agency	Number of loans	6,742	3,023	7,699	4,979	2,400
	Principal Balance	$3,366,956,775	$1,393,970,608	$2,968,258,492	$1,870,079,165	$801,131,576
Agency	Number of loans	1,093	1,766	N/A	N/A	N/A
	Principal Balance	$323,406,921	$529,440,378	N/A	N/A	N/A
Total	Number of loans	7,835	4,789	7,699	4,979	2,400
	Principal Balance	$3,690,363,696	$1,923,410,986	$2,968,258,492	$1,870,079,165	$801,131,576

AOMS originated approximately 45.14% of the Mortgage Loans.

AOMS is not aware of any material legal proceedings pending against it or against any of its property, including any proceedings known to be contemplated by governmental authorities material to the Certificateholders.

Third Party Originators

Approximately 47.66% of the Mortgage Loans were originated by 13 third party originators, including Impac Mortgage Corp. and Greenbox Loans, Inc. (the "**Third Party Originator Mortgage Loans**"). All of the Third Party Originator Mortgage Loans were subject to a pre-offering review as described above under "*Description of the Mortgage Loans—Pre-Offering Review of the Mortgage Loans*" in this Offering Memorandum.

THE SERVICING ADMINISTRATOR

AO Servicing Manager, LLC will act as the servicing administrator (the "**Servicing Administrator**") pursuant to the Pooling and Servicing Agreement. The Servicing Administrator will have the right to direct the Servicer to purchase all of the Mortgage Loans from the Issuing Entity and cause the Certificates to be retired on any Distribution Date on or after the first Distribution Date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than 10% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date.

The Servicing Administrator is a newly-formed entity with limited financial resources. Employees of Angel Oak Home Loans LLC (the servicing administrator for Angel Oak-branded securitizations for the past several years), however, will continue to perform the servicing administration function for the Servicing

Administrator to provide continuity although the Servicing Administrator may hire new personnel in the future to perform such role.

THE SELLER

Angel Oak Mortgage Fund TRS (the "**Seller**") is a Delaware statutory trust. The Seller was formed on June 15, 2018. The Seller maintains its principal office at 3344 Peachtree Road NE, Suite 1725, Atlanta, Georgia 30326.

The Seller was formed for the principal purpose of acquiring residential mortgage loans originated by the Angel Oak Originators and unaffiliated third party mortgage loan originators and financing such mortgage loans through securitizations and other financing arrangements.

The Seller is a wholly-owned subsidiary of the Sponsor.

See "*The Angel Oak Parties*" in this Offering Memorandum for recent developments regarding a financing facility of the Seller and the Seller's ultimate parent, AOMI.

THE DEPOSITOR

AOMT II, LLC (the "**Depositor**"), a Delaware limited liability company, is the depositor of the transaction. The Depositor was organized on August 5, 2021. The Depositor maintains its principal office at 3344 Peachtree Road NE, Suite 1725, Atlanta, Georgia, 30326.

The Depositor was established to serve as depositor and is expected to engage in the business of acting as a depositor of one or more additional trusts that may issue or cause to be issued, sell and deliver bonds or other evidences of indebtedness or certificates of interest that are secured by, or represent a direct or indirect interest in mortgage loans. The Depositor will typically acquire mortgage loans and other assets for inclusion in securitizations from its affiliates, but may also acquire mortgage loans from unaffiliated sellers and originators.

The certificate of formation and operating agreement of the Depositor provide that the Depositor may not conduct any activities other than those related to the issue and sale of one or more series of securities and to act as Depositor of trusts that may issue and sell securities.

The Depositor does not have, nor is it expected in the future to have, any significant assets. We do not expect that the Depositor will have any business operations other than acquiring and pooling residential mortgage loans, mortgage securities and agency securities, offering mortgage-backed or other asset-backed securities, and related activities.

THE ISSUING ENTITY

The Depositor will establish the Issuing Entity as a common law trust under the laws of the State of New York, pursuant to a Pooling and Servicing Agreement, dated as of the Cut-off Date, among the Depositor, the Servicing Administrator, the Representation Provider, the Servicer, the Master Servicer, the Representation and Warranty Reviewer, the Paying Agent, the Certificate Registrar and the Trustee, referred to herein as the **"Pooling and Servicing Agreement**." On the Closing Date, pursuant to the Pooling and Servicing Agreement the Depositor will assign to the Trustee for the benefit of the Certificateholders without recourse all the right, title and interest of the Depositor in and to the Mortgage Loans. The Pooling and Servicing Agreement will state that, although it is intended that the conveyance by the Depositor to the Trustee of the Mortgage Loans be construed as a sale, the conveyance of the Mortgage Loans will also be deemed to be a grant by the Depositor to the Trustee of a security interest in the Mortgage Loans and related collateral. For a description of other provisions relating to amending the Pooling and Servicing Agreement, please see "*The Pooling and Servicing Agreement*" in this Offering Memorandum.

THE SERVICER

Select Portfolio Servicing, Inc. ("**SPS**" or the "**Servicer**") will service the Mortgage Loans.

The information provided in the following paragraphs has been provided by SPS and has not been verified by the Sponsor, the Seller, the Depositor, the Initial Purchasers or any other party.

Select Portfolio Servicing, Inc.

SPS was incorporated on February 24, 1989 under the laws of the State of Utah. SPS commenced mortgage servicing operations in 1989 for its own accounts and has managed and serviced third-party residential mortgage loan portfolios since 1994. On June 30, 2004, SPS changed its name from Fairbanks Capital Corp. to Select Portfolio Servicing, Inc. On October 4, 2005, Credit Suisse First Boston (USA), Inc., acquired all of the outstanding stock of SPS's parent from the prior shareholders. SPS's corporate offices are located at 3217 S Decker Lake Drive, Salt Lake City, Utah 84119. SPS conducts operations in Salt Lake City, Utah and Jacksonville, Florida. SPS will provide customary servicing functions with respect to the Mortgage Loans in its portfolio.

SPS maintains a "Strong" ranking for subprime, special, and subordinate-lien servicing with S&P Global Ratings. SPS maintains an "SQ2+" rating for subprime servicing and a "SQ2" rating for second lien servicing with Moody's Investors Service, Inc. Fitch has given SPS the following residential primary servicer ratings: "RPS1-" for subprime, Specialty Closed-End Second Lien, and Alt-A products and "RSS1-" for special servicing. On March 27, 2020 Fitch revised all U.S. RMBS servicer outlooks to "Negative," including SPS', citing concerns about the evolving economic stresses and operating conditions caused by the COVID-19 pandemic. On December 10, 2020, Fitch affirmed SPS' servicer rating and revised its outlook from "Negative" to "Stable."

SPS is approved by HUD as a non-supervised mortgagee with servicing approval, and is a Fannie Mae-approved seller/servicer and a Freddie Mac-approved servicer engaged in the servicing of senior and junior lien mortgage loans.

SPS has been a participant in the United States Treasury's MHA program, which includes HAMP and HAFA, and will continue to service loans modified under such programs.

To SPS's knowledge, during the past three years, no prior securitizations of mortgage loans serviced by SPS of a type similar to the assets included in the current transaction have experienced an event of default or an early amortization or other performance triggering event under the related securitization servicing agreement, because of SPS's servicing.

In the past three years, SPS has not failed to make any required advance with respect to any securitization of mortgage loans. In the past three years, SPS has not been terminated as servicer in a residential mortgage loan securitization, due to a servicing default or application of a servicing performance test or trigger under the related securitization servicing agreement.

SPS believes that there is not a material risk that its financial condition will have any adverse effect on any aspect of its servicing that could have a material impact on the Mortgage Loans or the performance of the Certificates.

SPS' Response to the COVID-19 Pandemic

SPS has in place a business continuity plan to respond to potential disruption caused by or resulting from the COVID-19 pandemic. SPS is closely monitoring rules, regulations, guidance and recommendations issued by federal, state and local governments, regulators, and clients and will ensure compliance with such rules and guidance as required.

SPS' Portfolio

As of March 31, 2022, SPS serviced a portfolio of over 935,000 non-performing, re-performing, and performing loans with an unpaid principal balance of over $176 billion. Below is the historical and current composition of SPS' residential mortgage loan portfolio categorized as (i) current, (ii) 30 days delinquent, (iii) 60 days delinquent, (iv) 90+ days delinquent, (v) in bankruptcy, (vi) in foreclosure, or (vii) real estate owned ("**REO**"):

Delinquency as of 12/31/2021	Units	% of Units	UPB (millions)	% of UPB
Current	811,829	84.8%	$149,114	84.8%
30 Days	46,626	4.9%	$7,404	4.2%

60 Days	16,395	1.7%	$2,719	1.5%
90+ Days	49,719	5.2%	$10,019	5.7%
Bankruptcy(1)	15,806	1.7%	$2,596	1.5%
Foreclosure	14,292	1.5%	$3,485	2.0%
REO	2,118	0.2%	$531	0.3%
Total	956,785	100.0%	$175,868	100.0%

Delinquency as of 3/31/2022	Units	% of Units	UPB (millions)	% of UPB
Current	799,289	85.5%	$151,174	85.9%
30 Days	42,823	4.6%	$6,888	3.9%
60 Days	16,098	1.7%	$2,682	1.5%
90+ Days	43,193	4.6%	$8,563	4.9%
Bankruptcy(1)	14,750	1.6%	$2,448	1.4%
Foreclosure	16,657	1.8%	$3,761	2.1%
REO	2,281	0.2%	$569	0.3%
Total	935,091	100.0%	$175,868	100.0%

(1) Bankruptcies include both non-performing and performing loans in which the related borrower is in bankruptcy. Amounts included for contractually current bankruptcies for the total servicing portfolio for December 31, 2021 and March 31, 2022 are $788 (millions) and $714 (millions) respectively.

SPS's Policies and Procedures

The following summary describes certain of SPS's relevant and current servicing operations and procedures and is included for informational purposes. SPS expects that from time to time its servicing operations and procedures will be modified and changed to address applicable legal and regulatory developments, as well as other economic and social factors that impact its servicing operations and procedures. There can be no assurance, and no representation is made, that the general servicing operations and procedures of SPS described below will apply to each Mortgage Loan in the Mortgage Pool during the term of such Mortgage Loan.

SPS posts mortgage loan payments on a daily basis. Funds are typically posted to a payment clearing account on the business day they are received. SPS transfers funds from the payment clearing account to individual custodial accounts within two business days of deposit into the payment clearing account.

SPS uses two methods of determining delinquencies, depending on whether the related servicing agreement requires (expressly or by implication) application of the "MBA delinquency method" or the "OTS delinquency method." The MBA delinquency method treats a loan as 30-59 days delinquent when a payment is contractually past due 30 to 59 days. For example, a loan due on the first of the month is considered 30 days delinquent at close of business on the last day of the same month. The OTS delinquency method includes a one month grace period for the purpose of reporting delinquencies. This method treats a loan as 30-59 days delinquent when a payment is contractually past due 60 to 89 days. For example, a loan due on the first of the month is considered 30 days delinquent at close of business on the last day of the following month.

SPS uses equity valuation and management experience to determine the point at which an asset should be charged off, unless different criteria are called for by the related servicing agreement. This evaluation considers the length of the delinquency, time elapsed since the last contact with the customer, any loss of security to the property, and the projected economic valuation of the asset. SPS uses multiple methods for determining the point of charge off, depending on the lien position of the related asset.

All SPS employees responsible for collection efforts are fully trained in all the loss mitigation solutions that SPS offers its borrowers (reinstatement, repayment plan, forbearance plan, loan modification, short sale, deed-in-lieu, and deferral) and use the same system, tools, and technology.

Based on loan specific risk scores, customer calling campaigns may start as early as the first day of delinquency and continue until the default has been resolved. SPS has a high degree of flexibility in structuring outbound customer calling campaigns to manage collection efforts and maximize loss mitigation efforts.

SPS also utilizes letter campaigns to contact customers who may be candidates for workout options.

All collections employees receive specialized training in various loss mitigation strategies and applicable state and federal laws and regulations. These employees are trained to identify potential causes for delinquency. Once contact with the customer is established, the staff will attempt to determine the customer's willingness and ability to pay using a proprietary loss mitigation model developed by SPS. SPS evaluates all loss mitigation options available to its customers consistent with applicable regulations and servicing agreement requirements. These options may include reinstatement, repayment plan, forbearance agreement, loan modification, deferral, short sale, and deed-in-lieu of foreclosure.

In connection with handling delinquencies, losses, bankruptcies and recoveries, SPS has developed a model, based upon updated property values, for projecting the anticipated net recovery on each asset. Property valuations are generally ordered starting at the 63rd day of the default recovery process of the delinquent loan and then at least every six months thereafter. The frequency of valuations may increase based on loss mitigation activity, foreclosure sale bid processing, or stop advance decisions. The projected "net present value" is part of SPS's proprietary loss mitigation automation and assists staff with determining an appropriate and reasonable strategy to resolve each defaulted loan on the basis of the information then available. For junior lien loans, SPS tracks the status and outstanding balances of any senior liens and incorporates this information into the model.

Before SPS refers any loan to foreclosure (or resumes foreclosure activity after a delay), the loan undergoes an extensive audit to ensure compliance with all state and federal laws and regulations, ensure that each loan has exhausted loss mitigation opportunities if the customer has a hardship, and identify any potential servicing errors or disputes. SPS utilizes automation tools to identify new bankruptcy filings.

SPS is responsible for property marketing and disposition, and coordinates property valuations, property inspections, and preservation work. Once a property has been acquired as REO and is in possession, a minimum of two property valuations are obtained to determine the asset value. All valuations are reviewed and reconciled by valuation specialists prior to listing the property. These specialists set the suggested sales price and make recommendations for property repairs. SPS asset managers have delegated approval to accept offers within pre-defined authority levels.

SPS has internal control governance to ensure that company policies and procedures are followed and that SPS operations are compliant with applicable laws and regulations. These include internal audits and compliance testing reviews conducted independent of loan servicing departments, reporting of audit and test results, and undertaking corrective action as appropriate. SPS has a risk assessment process wherein all loan servicing departments are responsible for identifying operational and financial risks and implementing and documenting controls relative to the identified risks, which process is reported and approved on an ongoing basis. The entire program is overseen by the senior management team.

SPS is not the document custodian of most of the loans that it services. SPS has an internal department which manages all document requests from staff and vendors. The Document Control department works closely with the foreclosure and bankruptcy units and with third party custodians to clear assignments and document exceptions.

In connection with the servicing of mortgage loans, SPS outsources certain tasks and business processes related to the following loan servicing functions to companies within the United States:

- Some print and mail services
- Title processing
- Tax payments and processing
- Insurance payments and claims processing

- Flood zone determination and tracking
- Property preservation and valuation services

In addition, SPS typically outsources certain non-customer contact tasks and business processes related to certain loan servicing functions to an outsourcing company operating in India. This outsourcing company has no direct contact with SPS's customers.

THE MASTER SERVICER

On March 23, 2021, Wells Fargo Bank and WFDTC entered into a definitive agreement with Computershare to sell substantially all of their CTS business. The sale to Computershare closed on November 1, 2021, and 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 November 1, 2021, for some of the transactions in its CTS business, Wells Fargo Bank transferred its roles, and the duties, rights, and liabilities for such roles, under the relevant transaction agreements to Computershare Trust Company. For other transactions in its CTS business, Wells Fargo Bank, since November 1, 2021, has been transferring, and intends to continue to transfer, such roles, duties, rights, and liabilities to Computershare Trust Company in stages. WFDTC also intends to transfer its roles, duties, rights, and liabilities to CDTC in stages. For any transaction where the roles of Wells Fargo Bank or WFDTC, as applicable, have not already transferred to Computershare Trust Company or CDTC, Computershare Trust Company or CDTC performs all or virtually all of the obligations of Wells Fargo Bank or WFDTC, respectively, as its agent as of such date.

Wells Fargo Bank will act as Master Servicer under the Pooling and Servicing Agreement. Wells Fargo Bank is a national banking association and a wholly-owned subsidiary of Wells Fargo & Company, a U.S. bank holding company with approximately $1.9 trillion in assets as of December 31, 2021. Wells Fargo Bank provides retail and commercial banking services and corporate trust, custody, securities lending, securities transfer, cash management, investment management and other financial and fiduciary services. The transaction parties may maintain banking and other commercial relationships with Wells Fargo Bank and its affiliates.

Because Wells Fargo Bank and certain of its affiliates closed the sale of its CTS business to Computershare on November 1, 2021 and Wells Fargo Bank no longer has a corporate trust business platform, it will perform virtually all of its obligations as Master Servicer under the Pooling and Servicing Agreement through Computershare Trust Company as its agent pursuant to the Second Amended and Restated Servicing Agreement dated October 31, 2021 (the "**WF/Computershare Servicing Agreement**"), by and among Wells Fargo Bank and certain of its affiliates and Computershare. Wells Fargo Bank may, in some limited circumstances, retain performance of certain of its duties as Master Servicer under the Pooling and Servicing Agreement. In those limited circumstances, Computershare Trust Company as agent for Wells Fargo Bank would not perform such duties. See "*—Summary of the WF/Computershare Servicing Agreement*," definition of "Retained Duties" below, and "*—Duties Retained by the Applicable Wells Fargo Entity*."

Computershare Trust Company will act as agent for Wells Fargo Bank as Master Servicer under the Pooling and Servicing Agreement. Computershare Trust Company is a national banking association and a wholly-owned subsidiary of Computershare Limited, an Australian financial services company with approximately $6.096 billion (USD) in assets as of December 31, 2021. 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 600 South 4th Street, 7th Floor, Minneapolis, Minnesota 55415.

Summary of the WF/Computershare Servicing Agreement

The summary below is not intended to summarize all the terms of the WF/Computershare Servicing Agreement. In this summary, the term "**Applicable Computershare Entity**" means Computershare Trust Company or CDTC, as applicable, and the term "**Applicable Wells Fargo Entity**" means Wells Fargo Bank or WFDTC, as applicable. Such terms are not used in the WF/Computershare Servicing Agreement.

Effectiveness. The WF/Computershare Servicing Agreement was effective as of November 1, 2021.

Certain Defined Terms in the WF/Computershare Servicing Agreement. Under the WF/Computershare Servicing Agreement,

(a) "Appointment" generally refers to the appointment of the Applicable Wells Fargo Entity to act in a Corporate Trust Capacity under any of the Corporate Trust Contracts of the corporate trust business,

(b) "Corporate Trust Contracts" generally refer to the corporate trust contracts for the Appointments,

(c) "Corporate Trust Capacity" generally refers to the Applicable Wells Fargo Entity's roles under a Corporate Trust Contract,

(d) "Excluded Appointments" and "Restricted Appointments," and together, "Serviced Appointments," generally describe those Appointments for which the Applicable Wells Fargo Entity has not transferred all of its roles, and the rights, interests, obligations and duties associated with such roles, to the Applicable Computershare Entity, and the Applicable Computershare Entity is performing the duties related to the Applicable Wells Fargo Entity's Corporate Trust Capacities in such Appointments as its agent pursuant to the WF/Computershare Servicing Agreement,

(e) "Serviced Duties" generally refers to the duties and obligations of the Applicable Wells Fargo Entity in certain Corporate Trust Capacities under the Serviced Appointments that are performed by the Applicable Computershare Entity pursuant to the WF/Computershare Servicing Agreement,

(f) a "Serviced Corporate Trust Contract" is generally a Corporate Trust Contract for which the Applicable Computershare Entity is performing the Serviced Duties related to the Applicable Wells Fargo Entity's Corporate Trust Capacities pursuant to the WF/Computershare Servicing Agreement, and

(g) "Retained Duties" generally refers to the duties of the Applicable Wells Fargo Entity in certain Corporate Trust Capacities under a Corporate Trust Contract that are not performed by the Applicable Computershare Entity as part of its Serviced Duties.

For purposes of the AOMT 2022-4 transaction and the WF/Computershare Servicing Agreement,

- Wells Fargo Bank's role as Master Servicer under the Pooling and Servicing Agreement will constitute a Corporate Trust Capacity,
- the Pooling and Servicing Agreement and other agreements related to the AOMT 2022-4 transaction to which Wells Fargo Bank as Master Servicer is a party will be Serviced Corporate Trust Contracts, and
- the Applicable Wells Fargo Entity will be Wells Fargo Bank.

General Duties of the Applicable Computershare Entity. The WF/Computershare Servicing Agreement obligates the Applicable Computershare Entities to supervise, manage, administer, and otherwise discharge the Applicable Wells Fargo Entity's Serviced Duties under a Serviced Corporate Trust Contract, to the fullest extent permitted by applicable law and the applicable Corporate Trust Contract. Under the WF/Computershare Servicing Agreement, the Applicable Wells Fargo Entities agreed to deliver necessary legal powers of attorney and to take other actions necessary to enable the Applicable Computershare Entity to perform the Applicable Wells Fargo Entity's Serviced Duties and exercise its rights under the Serviced Corporate Trust Contract. The Applicable Computershare Entity is authorized to take "Specified Actions" which generally means any action (including any determination to take no action) with respect to a Serviced Appointment, requiring or permitting the exercise of judgment in connection with decisions between or among alternative courses of action. As a general matter, any such action or inaction may be taken by the Applicable Computershare Entity only if the Applicable Wells Fargo Entity would be authorized to take (or omit to take) such action under the applicable Serviced Corporate Trust Contract.

Duties Retained by the Applicable Wells Fargo Entity. Under the WF/Computershare Servicing Agreement, the Applicable Computershare Entity will not perform the Retained Duties, which will be retained

and performed by the Applicable Wells Fargo Entity. Under the definition thereof, Retained Duties generally include the Applicable Wells Fargo Entity's duties set forth in a Corporate Trust Contract related to account bank, depositary/depository, depository agent, eligible lender trustee, master servicer, backup advancing agent, trustee (or other similar role), buyer, financial institution, or lender roles, in each case, to the extent that (a) any such role is required to be performed by a deposit-taking institution and no Applicable Computershare Entity is eligible to serve in such role, (b) any such role would require the Applicable Computershare Entity to fund or originate loans or other extensions of credit (except for any advancing obligations per the terms of the Corporate Trust Contract), or (c) with respect to any role requiring the Applicable Wells Fargo Entity to make backup advances, the Applicable Computershare Entity could not perform such role without causing a rating agency to downgrade (or place on watch for downgrade) the rating assigned to the securities issued pursuant to the related Corporate Trust Contract. With respect to the backup advancing Retained Duty described in clause (c) in the preceding sentence, the WF/Computershare Servicing Agreement sets forth backup advancing procedures that the Applicable Computershare Entity and the Applicable Wells Fargo Entity will follow for any required backup advance under a Serviced Corporate Trust Contract.

Servicing Standard. The WF/Computershare Servicing Agreement requires the Applicable Computershare Entity to perform the Serviced Duties under a Serviced Corporate Trust Contract as though it were a direct party to such contract (a) in compliance with the terms of the applicable Serviced Corporate Trust Contract, including any standard of care set forth therein, (b) in compliance with applicable law, and (c) consistent with (and with a standard of care no less than) its own practices in servicing its own corporate trust business.

Parent Guaranty. Computershare Limited, the parent of Computershare Trust Company and CDTC, is the guarantor under the WF/Computershare Servicing Agreement, and absolutely, unconditionally, and irrevocably guarantees for the benefit of the Applicable Wells Fargo Entities each and every covenant, agreement and other obligation of Computershare Trust Company and CDTC under the WF/Computershare Servicing Agreement. The Applicable Wells Fargo Entities are entitled to enforce such obligations directly against Computershare Limited.

Compensation & Expenses. The Applicable Computershare Entity is entitled under the WF/Computershare Servicing Agreement to receive all fees, compensation, reimbursement for expenses and other income related to the Serviced Appointments payable to or otherwise received by the Applicable Wells Fargo Entity pursuant to the Serviced Corporate Trust Contracts. The right of the Applicable Computershare Entity to receive all such fees, compensation, reimbursement for expenses and other income will terminate upon the earlier of (a) the date on which such Serviced Appointment is no longer subject to the WF/Computershare Servicing Agreement, or (b) the termination of the WF/Computershare Servicing Agreement.

Except as otherwise provided in the WF/Computershare Servicing Agreement, the Applicable Computershare Entity is generally responsible under the WF/Computershare Servicing Agreement to pay its own expenses and costs allocable to all aspects of performing Serviced Duties. The WF/Computershare Servicing Agreement generally authorizes the Applicable Computershare Entity to exercise any of the Applicable Wells Fargo Entity's rights under a Serviced Corporate Trust Contract related to a Serviced Appointment to any refunds, claims, causes of action, indemnity, contribution, reimbursement rights of set off and rights of recoupment recoverable from or against any third party, the Trust Assets (as defined in the WF/Computershare Servicing Agreement) or otherwise (including rights to insurance proceeds and rights under and pursuant to all warranties, representations and guarantees).

Termination of Serviced Duties for a Serviced Corporate Trust Contract. The WF/Computershare Servicing Agreement provides that the Applicable Computershare Entity's Serviced Duties under the WF/Computershare Servicing Agreement terminate for any Serviced Corporate Trust Contract at the "Appointment Expiration Time," which generally means the time that the Applicable Wells Fargo Entity's obligations under any Serviced Appointment are terminated or of no further force and effect, including upon the (a) valid termination or removal of the Applicable Wells Fargo Entity from all Corporate Trust Capacities with respect to a Serviced Appointment, or (b) with the prior consent of the Applicable Computershare Entity, the resignation by, assignment by, or succession of the Applicable Wells Fargo Entity from all Corporate Trust Capacities with respect to a Serviced Appointment.

Termination of WF/Computershare Servicing Agreement. The WF/Computershare Servicing Agreement terminates upon the first to occur of the date (a) the parties mutually agree to terminate the WF/Computershare Servicing Agreement, (b) the last Serviced Appointment is terminated, matured or expired under the terms of the applicable Serviced Corporate Trust Contract and all Trust Assets (as defined in the

WF/Computershare Servicing Agreement) in respect thereof have been fully distributed, (c) the Applicable Wells Fargo Entity transfers the last Serviced Appointment to the Applicable Computershare Entity, (d) the Applicable Wells Fargo Entity has resigned from the last Serviced Appointment if permitted under the WF/Computershare Servicing Agreement, and (e) the Applicable Wells Fargo Entity is removed from the Appointment or the Applicable Wells Fargo Entity is terminated in accordance with the WF/Computershare Servicing Agreement, the applicable Serviced Corporate Trust Contract, or any other agreement between the parties to the WF/Computershare Servicing Agreement.

The Applicable Computershare Entity has the right to instruct the Applicable Wells Fargo Entity to execute documents in connection with the resignation of the Applicable Wells Fargo Entity from any Corporate Trust Capacity and the appointment of a successor under the Serviced Appointments.

The Applicable Wells Fargo Entity can elect to terminate the WF/Computershare Servicing Agreement in the event that the remaining Serviced Appointments have generated LTM Fee Revenue that is less than 5% of the aggregate fee revenue generated by all Serviced Appointments as of January 1, 2024 in the twelve-month period prior to January 1, 2024. Under the WF/Computershare Servicing Agreement, "LTM Fee Revenue" means the fee revenue (excluding net interest income but including money market fund fees) generated by all remaining Serviced Appointments in the last full twelve-month period prior to the time the Applicable Wells Fargo Entity elects to exercise the termination right described in the preceding sentence.

The Applicable Wells Fargo Entities have a right to terminate the WF/Computershare Servicing Agreement with respect to a specific Serviced Appointment(s) in the event of certain "Major Defaults" by the Applicable Computershare Entities following Computershare's failure to remediate the Major Default. The Applicable Wells Fargo Entities may also terminate the WF/Computershare Servicing Agreement upon the Applicable Computershare Entity's insolvency or pursuant to applicable laws.

Computershare Trust Company will act as agent for Wells Fargo Bank as the Master Servicer under the Pooling and Servicing Agreement. The Master Servicer is responsible for the aggregation of monthly Servicer reports and remittances and for monitoring the Servicer under the terms of Pooling and Servicing Agreement. In particular, the master servicer independently calculates monthly loan balances based on Servicer data, compares its results to Servicer loan-level reports, and reconciles any discrepancies with the Servicer. In addition, upon the occurrence of certain Servicer Events of Default under the terms of Pooling and Servicing Agreement, the Master Servicer may be required to enforce certain remedies on behalf of the Issuing Entity against such defaulting Servicer. 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 master servicing since June 30, 1995. As of December 31, 2021, Computershare Trust Company was acting in some cases as the master servicer, and in most cases, as agent for the master servicer, on approximately 1,809 residential mortgage-backed securities transactions with an aggregate outstanding principal balance of approximately $205 billion (USD).

As a result of Computershare Trust Company not being a deposit-taking institution, any accounts that the Master Servicer is required to maintain pursuant to Pooling and Servicing Agreement will be established and maintained with one or more institutions in a manner satisfying the requirements of the Pooling and Servicing Agreement, including any applicable eligibility criteria for account banks set forth in the Pooling and Servicing Agreement.

Computershare Trust Company: Currently, there are no legal proceedings pending before any court or governmental authority against Computershare Trust Company that would have a material adverse effect on the ability of Computershare Trust Company as agent to perform the obligations of Wells Fargo Bank as Master Servicer under the Pooling and Servicing Agreement.

Wells Fargo Bank: In December 2014, Phoenix Light SF Limited and certain related entities filed a complaint in the United States District Court for the Southern District of New York, alleging claims against Wells Fargo Bank in its capacity as trustee for a number of RMBS trusts. Complaints raising similar allegations have been filed by Commerzbank AG in the Southern District of New York and by IKB International and IKB Deutsche Industriebank in New York state court. In each case, the plaintiffs allege that Wells Fargo Bank, as trustee, caused losses to investors, and plaintiffs assert causes of action based upon, among other things, the trustee's alleged failure to notify and enforce repurchase obligations of mortgage loan sellers for purported breaches of representations and warranties, notify investors of alleged events of default, and abide by appropriate standards of care following alleged events of default. Wells Fargo & Company previously settled two class actions filed by institutional investors and an action filed by the National Credit Union Administration with similar allegations. In

addition, Park Royal I LLC and Park Royal II LLC have filed complaints that were consolidated in New York state court alleging Wells Fargo Bank, as trustee, failed to take appropriate actions upon learning of defective mortgage loan documentation.

In August 2014 and August 2015, Nomura Credit & Capital Inc. ("**Nomura**") and Natixis Real Estate Holdings, LLC ("**Natixis**") filed a total of seven third-party complaints against Wells Fargo Bank in New York state court. In the underlying first-party actions, Nomura and Natixis have been sued for alleged breaches of representations and warranties made in connection with residential mortgage-backed securities sponsored by them. In the third-party actions, Nomura and Natixis allege that Wells Fargo Bank, as master servicer, primary servicer or securities administrator, failed to notify Nomura and Natixis of their own breaches, failed to properly oversee the primary servicers, and failed to adhere to accepted servicing practices. Natixis additionally alleges that Wells Fargo Bank failed to perform default oversight duties. In March 2022, Wells Fargo Bank entered into an agreement to settle the six actions filed by Nomura, and the actions have been voluntarily dismissed. In the remaining action filed by Natixis, Wells Fargo Bank has asserted counterclaims alleging that Natixis failed to provide Wells Fargo Bank notice of its representation and warranty breaches.

With respect to each of the foregoing litigations, Wells Fargo Bank believes plaintiffs' claims are without merit and intends to contest the claims vigorously, but there can be no assurances as to the outcome of the litigations or the possible impact of the litigations on Wells Fargo Bank or the related RMBS trusts.

The assessment of compliance with applicable servicing criteria as of and for the period from November 1, 2021 to and including December 31, 2021 (the "**Post-CTS Sale Period**"), furnished pursuant to Item 1122 of Regulation AB by the Computershare Corporate Trust division of Computershare Trust Company for its RMBS master servicing platform (the "**2021 CTC RMBS Master Servicing Assessment**"), disclosed that a material instance of noncompliance occurred with respect to the servicing criterion set forth in Item 1122(d)(2)(v) of Regulation AB. Similarly, the assessment of compliance with applicable servicing criteria as of and for the period from January 1, 2021 to and including October 31, 2021 (the "**Pre-CTS Sale Period**," and together with the Post-CTS Sale Period, the "**Period**"), furnished pursuant to Item 1122 of Regulation AB by the Corporate Trust Services division of Wells Fargo Bank for its RMBS master servicing platform (the "**2021 WF RMBS Master Servicing Assessment**," and together with the 2021 CTC RMBS Master Servicing Assessment, the "**2021 WF/CTC RMBS Master Servicing Assessments**"), also disclosed that a material instance of noncompliance occurred with respect to the servicing criterion set forth in Item 1122(d)(2)(v) of Regulation AB.

Specifically, as set forth in the 2021 WF/CTC RMBS Master Servicing Assessments, custodial accounts for certain transactions in the RMBS master servicing platforms maintained by Wells Fargo Bank and Computershare Trust Company were not "maintained at a federally insured depository institution as set forth in the transaction agreements" as required by Item 1122(d)(2)(v), because they did not satisfy account eligibility requirements. Each of the 2021 WF/CTC RMBS Master Servicing Assessments further states that such custodial accounts, which were maintained at Wells Fargo Bank during the Period, did not satisfy account eligibility requirements because (i) Wells Fargo Bank's, or its holding company's, as applicable, long-term and/or short-term issuer ratings during the Period were lower than the related ratings thresholds required by the transaction agreements for such transactions, and (ii) there was no alternative means during the Period to satisfy account eligibility requirements for such transactions.

The 2021 CTC RMBS Master Servicing Assessment states that Computershare Trust Company is currently pursuing corrective action to remediate account eligibility noncompliance for any affected transactions in the RMBS master servicing platform. In the discussion of the material instance of noncompliance in the 2021 CTC RMBS Master Servicing Assessment, Computershare Trust Company further states that it believes that such technical noncompliance does not have a material impact on either (i) the ability of Computershare Trust Company to master service the transactions in accordance with the transaction agreements, or (ii) the securities issued in connection with the related transactions or the investors holding such securities. The 2021 WF RMBS Master Servicing Assessment states that with the sale of the Corporate Trust Services division to Computershare on November 1, 2021, Computershare either as Wells Fargo's agent or as successor to Wells Fargo's master servicing role (when and if such succession occurs), has taken responsibility for remediating RMBS master servicing platform transactions with account eligibility noncompliance since, in either capacity, it is performing the activities related to Item 1122(d)(2)(v).

Other than the above 28 paragraphs (such numbering, for the avoidance of doubt, including in a given paragraph any bullet points or definitions related thereto), neither Wells Fargo Bank nor Computershare Trust

Company, as applicable, have participated in the preparation of, and neither is responsible for, any other information contained in this Offering Memorandum.

THE PAYING AGENT AND CERTIFICATE REGISTRAR

Computershare Trust Company will act as Paying Agent and Certificate Registrar under the Pooling and Servicing Agreement. Computershare Trust Company is a national banking association and a wholly-owned subsidiary of Computershare Limited, an Australian financial services company with approximately $6.096 billion (USD) in assets as of December 31, 2021. 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 600 South 4th Street, 7th Floor, Minneapolis, Minnesota 55415.

On March 23, 2021, Wells Fargo Bank and WFDTC entered into a definitive agreement with Computershare to sell substantially all of its CTS business. The sale to Computershare closed on November 1, 2021, and 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 November 1, 2021, for some of the transactions in its CTS business, Wells Fargo Bank transferred its roles, and the duties, rights, and liabilities for such roles, under the relevant transaction agreements to Computershare Trust Company. For other transactions in its CTS business, Wells Fargo Bank, since November 1, 2021, has been transferring, and intends to continue to transfer, such roles, duties, rights, and liabilities to Computershare Trust Company in stages. WFDTC also intends to transfer its roles, duties, rights, and liabilities to CDTC in stages. For any transaction where the roles of Wells Fargo Bank or WFDTC, as applicable, have not already transferred to Computershare Trust Company or CDTC, Computershare Trust Company or CDTC performs all or virtually all of the obligations of Wells Fargo Bank or WFDTC, respectively, 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 Issuer or an affiliate of the Issuer 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 Issuer or an affiliate of the Issuer 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 Paying Agent pursuant to the Pooling and Servicing Agreement. Under the terms of the Pooling and Servicing Agreement, 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, 2021, 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 4,870 residential mortgage-backed securities transactions with an aggregate outstanding principal balance of approximately $355 billion (USD).

As a result of Computershare Trust Company not being a deposit-taking institution, any accounts that the Paying Agent is required to maintain pursuant to the Pooling and Servicing Agreement will be established and maintained with one or more institutions in a manner satisfying the requirements of the Pooling and Servicing Agreement, including any applicable eligibility criteria for account banks set forth in the Pooling and Servicing Agreement.

The assessment of compliance with applicable servicing criteria as of and for the period from November 1, 2021 to and including December 31, 2021 (the "**2021 Period**"), furnished pursuant to Item 1122 of Regulation AB by the Computershare Corporate Trust division of Computershare Trust Company for its RMBS bond administration platform (the "**2021 CTC RMBS Bond Administration Assessment**"), disclosed that a material instance of noncompliance occurred with respect to the servicing criterion set forth in Item 1122(d)(2)(v) of Regulation AB. The corresponding assessment of compliance issued by Wells Fargo Bank through its CTS business for its RMBS bond administration platform disclosed the same material instance of noncompliance for the period from January 1, 2021 to and including October 31, 2021.

Specifically, as set forth in the 2021 CTC RMBS Bond Administration Assessment, custodial accounts for certain transactions in Computershare Trust Company's RMBS bond administration platform were not "maintained at a federally insured depository institution as set forth in the transaction agreements" as required by Item 1122(d)(2)(v), because they did not satisfy account eligibility requirements. The 2021 CTC RMBS Bond Administration Assessment further states that such custodial accounts, which were maintained at Wells Fargo Bank during the 2021 Period, did not satisfy account eligibility requirements because (i) Wells Fargo Bank's, or its holding company's, as applicable, long-term and/or short-term issuer ratings during the 2021 Period were lower than the related ratings thresholds required by the transaction agreements for such transactions, and (ii) there was no alternative means during the 2021 Period to satisfy account eligibility requirements for such transactions.

The 2021 CTC RMBS Bond Administration Assessment states that Computershare Trust Company is currently pursuing corrective action to remediate account eligibility noncompliance for any affected transactions in the RMBS bond administration platform. In the discussion of the material instance of noncompliance in the 2021 CTC RMBS Bond Administration Assessment, Computershare Trust Company further states that it believes that such technical noncompliance does not have a material impact on either (i) the ability of Computershare Trust Company to administer the transactions in accordance with the transaction agreements, or (ii) the securities issued in connection with the related transactions or the investors holding such securities.

Other than the above nine paragraphs, Computershare Trust Company has not participated in the preparation of, and is not responsible for, any other information contained in this Offering Memorandum.

THE TRUSTEE

Wilmington Savings Fund Society, FSB ("**WSFS Bank**"), a federal savings bank, is the trustee (the "**Trustee**") under the Pooling and Servicing Agreement.

WSFS Financial Corporation is a multi-billion-dollar financial services company. Its primary subsidiary, WSFS Bank, is the oldest and largest locally managed bank and trust company headquartered in Delaware and the Greater Philadelphia region. As of March 31, 2022, WSFS Financial Corporation had $21.0 billion in assets on its balance sheet and $58.1 billion in assets under management and administration. WSFS operates from 122 offices, 94 of which are banking offices, located in Pennsylvania (63), Delaware (39), New Jersey (18), Virginia (1) and Nevada (1) and provides comprehensive financial services including commercial banking, retail banking, cash management and trust and wealth management. Other subsidiaries or divisions include Arrow Land Transfer, Cash Connect®, Cypress Capital Management, LLC, NewLane Finance®, Powdermill® Financial Solutions, West Capital Management®, WSFS Institutional Services®, WSFS Mortgage®, WSFS Wealth® Investments, and The Bryn Mawr Trust Company of Delaware. 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, 2022, 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 Trustee's knowledge, contemplated by governmental authorities, against the Trustee or any property of the Trustee that would be material to Certificateholders.

As compensation for its duties under the Pooling and Servicing Agreement, the Trustee will be entitled to such compensation and indemnity as described in "*The Pooling and Servicing Agreement—Fees and Expenses; Indemnification*."

THE REPRESENTATION AND WARRANTY REVIEWER

Recovco is the representation and warranty reviewer under the Pooling and Servicing Agreement. Recovco is a Delaware limited liability company headquartered in Irving, Texas. Founded in 2009, Recovco provides due diligence, valuation, quality control, underwriting and auditing services for banks, mortgage companies, and other market participants.

At the date of this Offering Memorandum, there are no legal proceedings pending, or to the best of Recovco's knowledge, contemplated against Recovco that would be material to Certificateholders.

THE CUSTODIAN

U.S. Bank National Association ("**U.S. Bank**"), a national banking association, will act as Custodian under the custody agreement (the "**Custody Agreement**"), among the Depositor, the Trustee and the Custodian.

U.S. Bancorp, with total assets exceeding $587 billion as of March 31, 2022, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. As of March 31, 2022, U.S. Bancorp operated over 2,200 branch offices in 26 states. A network of specialized U.S. Bancorp offices across the nation provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses, and institutions.

As custodian, U.S. Bank is responsible for holding the Mortgage Loan files on behalf of the Trustee. U.S. Bank will hold the Mortgage Loan files in one of its custodial vaults, which are located at 1133 Rankin Street, Suite 100, Saint Paul, Minnesota 55116. The Mortgage Loan files are tracked electronically to identify that they are held by U.S. Bank pursuant to the Custody Agreement. U.S. Bank uses a barcode tracking system to track the location of, and owner or secured party with respect to, each file that it holds as custodian, including the Mortgage Loan files held on behalf of the Trustee. As of March 31, 2022, U.S. Bank holds approximately 12,738,000 document files for approximately 980 entities and has been acting as a custodian for over 35 years.

As compensation for its activities under the transaction documents, U.S. Bank is entitled to receive the Custodian Fee described under "*The Pooling and Servicing Agreement—Fees and Expenses; Indemnification*." In addition, the Custodian will be entitled to indemnification as described in "*The Pooling and Servicing Agreement—Fees and Expenses; Indemnification*."

AFFILIATES AND RELATED TRANSACTIONS

In this section, we describe certain affiliations and relationships between a legal entity that is a 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. 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. In this section, we do 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—Potential Conflicts of Interest Relating to the Angel Oak Originators, the Sponsor, the Seller, the Representation Provider, the Depositor, the Servicing Administrator and the Certificateholders*" in this Offering Memorandum.

The Representation Provider, the Sponsor, the Seller, the Depositor, the Angel Oak Originators and the Servicing Administrator are all affiliates. In addition, it is expected that the initial holder of a majority of the Class XS Certificates will be the Sponsor and that the initial Controlling Representative will be the Sponsor or an affiliate of the Sponsor and an affiliate of the Seller, the Depositor, the Angel Oak Originators, the Representation Provider and the Servicing Administrator.

Computershare Trust Company is the Paying Agent and the Certificate Registrar.

U.S. Bank acts as administrator for the public mutual fund and custodian for the managed accounts of an affiliate of the Sponsor, the Representation Provider, the Servicing Administrator, the Seller, the Depositor and the Angel Oak Originators.

In the normal course of conducting its business, the Representation and Warranty Reviewer, 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. These parties have included the Initial

Purchasers and may have included certain other transaction parties and any of the transaction parties' respective affiliates. These relationships could continue in the future.

It is expected that the Sponsor will use a portion of the proceeds from the sale of the Purchased Certificates to the Initial Purchasers to pay off a portion of amounts owed by the Sponsor, its affiliates and certain unaffiliated parties under secured financing facilities maintained with one or more Initial Purchasers and/or their affiliates. Proceeds of the offering of the Certificates will be used by the Sponsor, in part, to pay off the financing these Mortgage Loans. The Initial Purchasers may or may not acquire as principal or finance any particular type of mortgage loan that is included in the Mortgage Pool, and the criteria of the Initial Purchasers and their affiliates for their acquisition or financing of mortgage loans may change from time to time. See "*Risk Factors—Potential Conflicts of Interest Relating to the Initial Purchasers*" in this Offering Memorandum.

DESCRIPTION OF THE MORTGAGE LOANS

General

The Mortgage Pool consists of 407 Mortgage Loans having an aggregate Scheduled Principal Balance of $184,749,934.71, as of the Cut-off Date. Of the 407 Mortgage Loans, 207 Mortgage Loans representing approximately 52.34% of the Mortgage Pool, were originated by Angel Oak Originators (the "**Angel Oak Mortgage Loans**") and 200 Mortgage Loans, representing approximately 47.66% of the Mortgage Pool, were originated by the Third Party Originators (the "**Third Party Originator Mortgage Loans**").

The Mortgage Loans are fixed and adjustable rate mortgage loans. Each Mortgage Loan is secured by a first lien on the related Mortgaged Property. Each Mortgage Loan has an original term to maturity of 30 to 40 years. As of the Cut-off Date (unless stated otherwise), the Mortgage Loans in the Mortgage Pool had the aggregate characteristics as set forth in Annex A attached to this Offering Memorandum. The balances and percentages set forth in Annex A may not be exact due to rounding.

The statistical information presented in this Offering Memorandum is based on the Scheduled Principal Balances of the Mortgage Loans as of the Cut-off Date (unless stated otherwise). After the Cut-off Date, Mortgage Loans may be removed from the Mortgage Pool as a result of prepayments of Mortgage Loans and, consequently the aggregate characteristics of the Mortgage Loans transferred to the Trustee for the benefit of the Certificateholders on the Closing Date may vary from the information presented herein with respect to the Mortgage Pool, though such variance is not expected to be material. No other Mortgage Loans will be substituted for mortgage loans removed from the Mortgage Pool.

Any percentages or weighted averages presented in this Offering Memorandum of all or any portion of the Mortgage Loans are measured as a percentage of the aggregate Scheduled Principal Balance of such Mortgage Loans in the Mortgage Pool as of the Cut-off Date.

For more information regarding the Originators and their mortgage loan origination processes, see "*The Originators*" and "*Description of the Mortgage Loans—Angel Oak Mortgage Loan Origination Process*."

As of the Cut-off Date, the Mortgage Pool contains 224 Non-Qualified Mortgage Loans, representing approximately 65.58% of the Mortgage Pool and 183 Exempted Mortgage Loans, representing approximately 34.42% of the Mortgage Pool. The Exempted Mortgage Loans include 145 Mortgage Loans, representing approximately 23.74% of the Mortgage Pool, underwritten to a debt service coverage ratio (the "**Investor DSCR Mortgage Loans**").

Each Mortgage Loan is evidenced by a Mortgage Note that is secured by either a mortgage or a deed of trust or an instrument creating a first lien (each, a "**Mortgage**") on a Mortgaged Property, depending upon the prevailing practice in the state in which the underlying property is located. See "*Certain Legal Aspects of the Mortgage Loans—Types of Mortgage Instruments*."

Interest on each Mortgage Loan will be calculated based on a 360-day year consisting of twelve 30-day months.

When a Full Prepayment of principal is made on a Mortgage Loan during a month, the mortgagor is charged interest only on the days of the month actually elapsed up to the date of such prepayment, at a daily interest rate that is applied to the principal amount of the Mortgage Loan so prepaid. When a Partial Prepayment

of principal is made on a Mortgage Loan during a month, the mortgagor generally is not charged interest on the amount of the Partial Prepayment during the month in which such prepayment is made.

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 the mortgagor 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 Cut-off Date, 405 of the Mortgage Loans, representing approximately 99.40% of the Mortgage Pool, are contractually current under the MBA Method.

Angel Oak Mortgage Loan Origination Process

Angel Oak Home Loans

General. Angel Oak Home Loans LLC is a retail mortgage lender that originates self-generated mortgage loans. As of March 31, 2022, AOHL employs 222 licensed mortgage advisors who utilize a referral network consisting of realtors, builders, financial planners, CPAs and past and present clients to market AOHL's mortgage products to mortgagors.

Loan Application. Each mortgagor must complete a mortgage loan application that includes information with respect to the applicant's liabilities, income, credit history, employment history and other personal information. AOHL also requires independent documentation as part of its underwriting process, including a credit report from an independent, nationally recognized credit reporting company, a third-party appraisal of the related subject property and other asset and income verification documentation. Licensed mortgage advisors obtain and review each mortgage loan application and other required documentation for completeness, price the mortgage loan and prequalify the mortgage loan.

Loan Setup. Once a mortgage loan has been prequalified by a licensed mortgage advisor, a member of AOHL's Disclosure Team reviews the mortgage loan application and supporting documentation to ensure compliance with Federal and state law, inclusive of adherence to TRID policy and procedures, and certain internal and investor underwriting requirements. The Disclosure Team issues federally required disclosures, including the initial Loan Estimate, to the mortgagor within the required regulatory timeframe. Any subsequent re-disclosures of the Loan Estimate are triggered to the disclosure team, who will assess the file for applicable changes in circumstance and issue revised Loan Estimates accordingly. The pre-processing team also orders a third-party appraisal of the related subject property, initial fraud and verification reports and evaluates minimum submission standards. The licensed mortgage advisor is notified of any missing minimum standards that are required prior to submission of the loan application to the Client Advocate for review.

Underwriting and Processing. The client advocate ("**Client Advocate**") reviews the mortgage loan file to ensure that all critical components have been completed, that each appraisal delivery complies with the requirements of the Dodd-Frank Act and the Consumer Protection Act and that all required compliance and fraud reports have been completed. Upon completion of the Client Advocate's review, the loan is submitted to the underwriting team for review and issuance of a credit decision.

The underwriter performs a comprehensive review of income, assets, credit and collateral documentation in order to assess the mortgagor's creditworthiness and ability to repay (except with respect to mortgagors under the Angel Oak Investor Cash Flow Program) and to accurately value the related property. AOHL underwriters either grant a conditional approval on the terms requested, provide a counteroffer approval on the best terms AOHL is willing to offer the mortgagor, or deny the application.

In the course of their review, AOHL underwriters review the output of an automated underwriting system to ensure that the mortgagor does not meet the requirements for agency loan approval. Mortgage loan approvals are granted only by internal AOHL underwriting personnel with a minimum of seven years of experience. AOHL does not delegate underwriting authority to any broker or third-party. AOHL's underwriters have an average of 16 years of experience.

Once a mortgage loan receives a conditional approval or counteroffer approval, the loan is returned to a Client Advocate to process the mortgage loan in accordance with the terms and conditions of the conditional approval or counteroffer approval, as applicable. The Client Advocate reviews the mortgage loan file to ensure that all critical components have been completed, that each appraisal delivery complies with the requirements of

the Dodd-Frank Act and the Consumer Protection Act and that all required compliance and fraud reports have been completed. This includes assessment of all required TRID components to determine if a loan can be submitted for review of Closing Disclosure issuance. If all eligibility requirements have been met, the Client Advocate will trigger loan notification to the closing team, who is solely responsible for the issuance of the Closing Disclosure to the consumer. The Client Advocate returns the loan file to the AOHL underwriter to determine that the conditions specified in the conditional approval have all been met.

Prior to issuance of a final approval and authorization to close, the loan is submitted to the AOHL pre-funding quality control department and evaluated for compliance with Federal, state, and investor requirements. Such evaluation includes adherence with TRID requirements as well as regulatory timeframes for disclosure issuance. The loan documentation is evaluated for file integrity and an assessment of the mortgagor's ability to repay (except with respect to mortgagors under the Angel Oak Investor Cash Flow Program). This includes an additional review of total income and obligations for loan qualification. Any deficiencies uncovered during the audit are addressed by an AOHL underwriter. For additional information regarding the underwriting of the Mortgage Loans, see "*Description of the Mortgage Loans—Underwriting Guidelines*" in this Offering Memorandum.

Pre-Funding Quality Control Audit. AOHL conducts pre-funding quality assurance audits on a targeted sample of the mortgage loans it originates prior to closing. The key aspects of an audit include evaluation for compliance with federal and state laws, evaluation for compliance with underwriting criteria and investor requirements, verification of the completeness of the mortgage loan application and (except with respect to mortgagors under the Angel Oak Investor Cash Flow Program) an assessment of the mortgagor's ability to repay the mortgage loan. AOHL's pre-funding quality control auditors (the "**Pre-Funding Quality Control Auditors**") have an average of 12 years of experience conducting forensic underwriting.

In addition to identifying potential problems with an individual mortgage loan prior to closing and funding, quality assurance audits allow management to identify trends in the origination and underwriting process in order to institute appropriate system and workflow enhancements and develop employee training programs.

Closing. The AOHL closer is the only role approved to issue the Closing Disclosure to the consumer. The closer completes a specialized review of the loan relative to TRID adherence. An extensive audit of all Loan Estimates and disclosure timeframes is completed. In addition, the closer reviews all fees in accordance with baseline tolerance thresholds and appropriately documents any fee variances. In conjunction with the TRID review, AOHL performs a comprehensive legal audit of each mortgage loan to ensure that all documentation is accurate and complies with federal and state law as well as with internal and investor requirements. The closing legal audit includes a review of title, lien and judgment searches, final compliance reports for APR and finance charge tolerance and MERS property ownership reports. AOHL issues Closing Disclosures and completes Closing Disclosure reconciliations. Finally, AOHL requires satisfactory review of critical executed documents prior to issuing authorization to disburse funds to the mortgagor.

Angel Oak Mortgage Solutions

General. Angel Oak Mortgage Solutions LLC is a wholesale mortgage lender. AOMS utilizes a network of internally approved third-party originators (each, a "**TPO**") to provide mortgage loans to mortgagors who generally do not meet standard Fannie Mae and Freddie Mac underwriting guidelines. AOMS has engaged Comergence Compliance Monitoring, LLC ("**Comergence**") to facilitate the documentation process for the application, approval and review of TPOs. AOMS is solely responsible for the approval of a TPO. Every mortgage loan originated by AOMS is underwritten and reviewed for regulatory compliance by AOMS.

Loan Application. To ensure adherence with TRID disclosure requirements, AOMS controls the review and issuance of all initial Loan Estimates and applicable disclosures, with exception to approved correspondent clients who are permitted to issue their own disclosures, on behalf of the TPO. Therefore, following request of loan prequalification review, AOMS requires the TPO to submit application data within two business days of receipt. The TPO completes fee sheet data on the secure web portal and submits their request for initial disclosures. The compliance analyst reviews the initial file to ensure regulatory timeframes are met and that fees are compliant as requested. The compliance analyst will issue the Loan Estimate and initial disclosure package to the consumer, following validation of data entry for the Loan Estimate with the TPO. The TPO will then ensure the consumer signs all disclosures as applicable and collects any required loan submission documents. Approved Correspondent clients are permitted to issue their own disclosures. However, the accuracy of these disclosures are also audited by the compliance team prior to loan application acceptance. Each mortgage loan application package includes

information with respect to the applicant's liabilities, income, credit history, employment history and other personal information. AOMS also requires independent documentation as part of its underwriting process, including (except with respect to a foreign national) a credit report from an independent, nationally recognized credit reporting company, a third-party appraisal of the related subject property and other asset and income verification documentation.

Loan Setup. The AOMS loan setup team (the "**AOMS Loan Setup Team**") reviews each mortgage loan application submitted by a TPO to ensure compliance with Federal and state laws and certain internal and investor underwriting requirements. The AOMS Loan Setup Team orders initial fraud and verification reports. The AOMS Loan Setup Team is also responsible for ensuring that loans submitted contain all required minimum standard documentation prior to submission to the Underwriting Department. Authorization for the TPO to order an appraisal on behalf of AOMS is issued after the mortgagor executes an "Intent to Proceed."

Underwriting and Processing. Following a comprehensive review of income, assets, credit and collateral documentation in order to assess the mortgagor's creditworthiness and (except with respect to mortgagors under the Angel Oak Investor Cash Flow Program) ability to repay and to accurately value the related property, AOMS underwriters either grant a conditional approval on the terms requested, provide a counteroffer approval on the best terms AOMS is willing to offer the mortgagor, or deny the application.

Once a mortgage loan receives a conditional approval or counteroffer approval, a TPO loan processor processes the mortgage loan in accordance with the terms and conditions of the conditional approval or counteroffer approval, as applicable and submits it to the AOMS underwriting assistant who reviews the re-submission package for completeness and evaluates the eligibility criteria for issuance of the Closing Disclosure. If all eligibility requirements have been met, the underwriting assistant will trigger loan notification to the closing team, who is solely responsible for the issuance of the Closing Disclosure to the consumer. The loan will be forwarded to the AOMS mortgage underwriter to review the remainder of the re-submission package. The loan is reviewed to ensure all critical components have been competed, that each appraisal complies with the requirements of Dodd-Frank Act and the Consumer Protection Act and that all required compliance and fraud reports have been completed. Prior to issuance of a final approval and authorization to close, the loan is submitted to the AOMS pre-funding quality control department and evaluated for compliance with Federal, state, and investor requirements. The loan documentation is evaluated for file integrity and (except with respect to mortgagors under the Angel Oak Investor Cash Flow Program) an assessment of the mortgagor's ability to repay. Mortgage loan approvals are granted only by internal AOMS underwriting personnel with a minimum of seven years of experience. Lenders approved through AOMS's delegated correspondent channel are approved to underwrite and deliver closed loan production to AOMS for consideration to purchase. AOMS controls acceptance of the guidelines utilized and maintains a comprehensive pre-purchase review of the loans within its underwriting team. AOMS's underwriters have an average of 16 years of experience.

For additional information regarding the underwriting of the Mortgage Loans, see "*Description of the Mortgage Loans—Underwriting Guidelines*" in this Offering Memorandum.

Pre-Funding Quality Control Audit. AOHL's Lending Services department, on behalf of AOMS, conducts pre-funding quality assurance audits on a target sample of the mortgage loans it originates prior to closing. The key aspects of an audit include evaluation for compliance with federal and state laws, evaluation for compliance with underwriting criteria and investor requirements, verification of the completeness of the mortgage loan application and (except with respect to mortgagors under the Angel Oak Investor Cash Flow Program) assessment of the mortgagor's ability to repay the mortgage loan. Pre-Funding Quality Control Auditors of AOHL reviewing files on behalf of AOMS have an average of 12 years of experience conducting forensic underwriting.

In addition to identifying potential problems with an individual mortgage loan prior to closing and funding, quality assurance audits allow management to identify trends in the origination and underwriting process in order to institute appropriate system and workflow enhancements and develop employee training programs.

Closing. The AOMS pre-closer and closer are the only roles approved to issue the Closing Disclosure to the consumer. The closing team completes a specialized review of the loan relative to TRID adherence. An extensive audit of all Loan Estimates and disclosure time frames is completed. In addition, the closing team reviews all fees in accordance with baseline tolerance thresholds and appropriately documents any fee variances. In conjunction with the TRID review, a comprehensive legal audit of each mortgage loan is performed to ensure that all documentation is accurate and complies with federal and state law as well as with internal and investor requirements. The closing legal audit includes a review of title, lien and judgment searches, final compliance

reports for APR and finance charge tolerance and MERS property ownership reports. AOMS issues Closing Disclosure approvals and completes Closing Disclosure reconciliations. Finally, AOMS requires satisfactory review of critical executed documents prior to issuing authorization to disburse on wired funds.

Mortgage Loan Products and Programs

The Mortgage Loans are "non-conforming" in that they may not conform to the maximum mortgage loan amounts and, in some cases, to the underwriting guidelines of Fannie Mae and Freddie Mac, particularly with respect to the credit history of the mortgagor. These non-conforming mortgage loans may not conform to or be insurable by the Federal Housing Administration and may be ineligible to be guaranteed by the Department of Veterans Affairs. Descriptions of the various mortgage loan products and programs offered by the Angel Oak Originators and Impac are set forth below.

Angel Oak Bank Statement Program

The Angel Oak Bank Statement Program (the "**Angel Oak Bank Statement Program**") is designed for a prime or near prime self-employed borrower who needs an alternative way to calculate their income. The typical borrower has been self-employed for a minimum of two years and utilizes 12 or 24 months of personal or business bank statements to calculate income based on cash flow from those accounts. A typical Angel Oak Bank Statement Program mortgagor may have a credit score that is lower than that required by Fannie Mae and Freddie Mac underwriting guidelines or may have been subject to a bankruptcy or foreclosure not less than 24 months prior to origination. The Angel Oak Bank Statement Program also allows for mortgagors to qualify using the Angel Oak 1099 Program.

Effective generally on September 20, 2019, the Angel Oak Bank Statement Program was used to qualify all mortgagors whose income was calculated using 12 or 24 months of bank statements. Prior to that, such mortgagors were qualified under the Angel Oak Portfolio Select Program or Angel Oak Platinum Program.

Angel Oak Investor Cash Flow Program

The Angel Oak Investor Cash Flow Program (the "**Angel Oak Investor Cash Flow Program**") is designed for real estate investors who are experienced in purchasing, renting and managing investment properties. Potential mortgagors have an established two year credit history and at least 24 months of clean housing payment history but are unable to obtain financing through conventional or governmental channels because they fail to satisfy the credit requirements of such programs or may be over the maximum number of properties allowed. Mortgagors are financing the properties solely for investment purposes, including, but not limited to (i) retaining the properties as a stabilized rental and (ii) monetizing the investment for capital gains purposes. Mortgagors are required to sign a certification at application which states that the properties are not owner occupied and are owned solely for investment purposes. Mortgagors are qualified based on a debt service coverage ratio (the market rent (on a monthly basis) if a lease is not in place for the related property (and, in certain instances, when a lease is in place)) divided by the sum of monthly principal, interest, taxes, insurance, and homeowners association dues (if applicable). Mortgage Loans originated under the Angel Oak Investor Cash Flow Program (each, an "**Angel Oak Investor Cash Flow Mortgage Loan**") have a business purpose and are thus not covered by the ability to repay rules promulgated under the ATR Rules or the TRID rule.

Angel Oak Platinum Program

The Angel Oak Platinum Program (the "**Angel Oak Platinum Program**") is designed for mortgagors who do not qualify for the Originators' program for mortgagors with prime credit scores and excellent housing history. The product is designed for mortgagors that have prime or near prime credit scores but who are unable to obtain financing through conventional or governmental channels because they fail to satisfy the credit requirements or are self-employed and need alternate income calculations using 12 or 24 months of bank statements or the most recent Federal income tax return. A typical Angel Oak Platinum Program mortgagor may have a credit score that is lower than that required by Fannie Mae and Freddie Mac underwriting guidelines or may have been subject to a bankruptcy or foreclosure not less than 48 months prior to closing. The Angel Oak Platinum Program also allows for mortgagors to qualify using the Angel Oak Asset Qualifier Program.

Angel Oak Portfolio Select Program

The Angel Oak Portfolio Select Program (the "**Angel Oak Portfolio Select Program**") is designed for mortgagors who have near-prime credit scores but are unable to obtain financing through conventional or governmental channels because they fail to satisfy credit requirements or are self-employed and need an alternate income calculation using 12 or 24- months of bank statements or the most recent Federal income tax return to qualify. A typical Angel Oak Portfolio Select Program mortgagor may have a credit score that is lower than that required by Fannie Mae and Freddie Mac underwriting guidelines or may have been subject to a bankruptcy or foreclosure not less than 24 months prior to origination. The Angel Oak Portfolio Select Program also allows for mortgagors to qualify using the Angel Oak Asset Qualifier Program.

Angel Oak Asset Qualifier Program

The Angel Oak Asset Qualifier Program (the "**Angel Oak Asset Qualifier Program**") is available on both the Angel Oak Platinum Program and Angel Oak Portfolio Select Program. The Angel Oak Asset Qualifier Program is designed for mortgagors with prime credit and significant assets who can purchase the properties with their assets but choose to use a financing instrument for cash flow purposes. Significant assets are defined as enough assets to purchase the home plus assets to cover 60 months of debt service and four months of reserves. The mortgagor is qualified based on the mortgagor's credit score (minimum score 700) and satisfaction of significant asset requirements and no income documentation is required. Rate/term and cash-out refinancings are also permitted under the Angel Oak Asset Qualifier Program.

Angel Oak 1099 Program

The Angel Oak 1099 Program (the "**Angel Oak 1099 Program**") is available on the Angel Oak Bank Statement Program and is designed for a Prime or Near Prime self-employed borrower who needs an alternative way to calculate their income. The typical borrower has been an employee for the same company for a minimum of two years and utilizes one or two years of 1099 statements along with personal or business bank statements to calculate income based on cash flow from those accounts. A typical Angel Oak 1099 Program mortgagor may have a credit score that is lower than that required by Fannie Mae and Freddie Mac underwriting guidelines or may have been subject to a bankruptcy or foreclosure not less than 48 months prior to origination.

Third Party Originator Mortgage Loan Underwriting Programs

The Third Party Originator Mortgage Loans are generally designed for mortgagors who do not generally qualify for an agency loan, government loan or non-agency prime jumbo product due to factors including, but not limited to: a principal balance at origination in excess of GSE or government guidelines, a credit score lower than that required by the GSEs, the mortgagor is self-employed and needs alternate income calculations generally using between 12 and 24 months of bank statements or the mortgagor chooses not to pursue an agency loan, government loan or non-agency prime jumbo product given that the requirements and process for obtaining such a loan does not fit their circumstances and objectives. The guidelines and eligibility criteria from third-party originators used by the Seller and the Sponsor in their process of acquiring third-party originated mortgage loans are substantially similar to the Angel Oak Originators' Underwriting Guidelines.

Underwriting Guidelines

General. The Mortgage Loans have been originated, underwritten and documented in accordance with the guidelines established by the Angel Oak Originators for the Angel Oak Bank Statement Program, the Angel Oak Investor Cash Flow Program, the Angel Oak Platinum Program, the Angel Oak Agency Program, the Angel Oak Portfolio Select Program and the guidelines established by each Third Party Originator for its program (collectively, the "**Underwriting Guidelines**"). See "*Risk Factors—The Mortgage Loans Are Underwritten to Newly-Created Non-Agency Standards Which May Impact Their Performance*" in this Offering Memorandum. The Mortgage Loans are "non-conforming" in that they may not conform to the maximum mortgage loan amounts and, in some cases, to the underwriting guidelines of Fannie Mae and Freddie Mac, particularly with respect to the credit history of the mortgagor, waiting periods following certain bankruptcy and credit events and debt-to-income ratio requirements. These non-conforming mortgage loans may not conform to or be insurable by the Federal Housing Administration and may be ineligible to be guaranteed by the Department of Veterans Affairs.

Underwriting Criteria by Angel Oak Mortgage Loan Program. The following chart sets forth a summary of the key underwriting criteria for each of the Angel Oak Bank Statement Program, the Angel Oak Investor Cash Flow Program, the Angel Oak Platinum Program, the Angel Oak Prime Jumbo Program and the Angel Oak Portfolio Select Program. The Angel Oak Agency Program follows applicable agency guidelines.

Criteria	Angel Oak Bank Statement	Angel Oak Investor Cash Flow	Angel Oak Platinum	Angel Oak Portfolio Select
Maximum Loan Amount	$3,000,000	$1,000,000	$3,000,000	$2,500,000
Loan Term/ Mortgage Rate Type	30-Year Fixed 5/1 or 7/1 ARM 30-Year or 40- Year Interest Only 5/1 -30/40 Interest Only 7/1- 30/40 Interest Only (with a 10 Year Interest Only Option)	30-Year Fixed 7/1 Year ARM	30-Year Fixed 7/1 or 5/1 Year ARM	30-Year Fixed 7/1 or 5/1 Year ARM 5/1 Year Interest Only (with a 10 Year Interest Only option)
Bankruptcy Seasoning[1]	24 months	24 months	48 months	24 months
DTI (Back End)[2]	50%	N/A	50%	40/50% (Front/Back End)
Minimum Credit Score	640	640	660	600
Foreclosure, Short Sale, Deed-in-Lieu	24 months seasoning	24 months seasoning	48 months seasoning	24 months seasoning
Occupancy	Owner-Occupied Second Home Investment Property	Investment Property	Owner-occupied, Second Home or Investment Property	Owner-occupied, Second Home, or Investment Property
Reserves	6 months	6 months	6 months	6 months[3]
Residual Income	$1,500	N/A	$3,000	$2,000
Mortgage Payment History	1 x 30 x 12 2 x 30 x 24 3 x 30 x 24	0 x 30 x 24	1 x 30 x 24	1 x 30 x 12
LTV	90%	80%	90%	85%

(1) Chapter 7 bankruptcy seasoning is calculated as the number of months elapsed since the date of discharge. Chapter 13 bankruptcy seasoning is calculated as the number of months elapsed since the date of filing.

(2) Front-end DTI is calculated by dividing the mortgagor's housing costs (including payments of principal and interest, mortgage insurance and taxes and any HOA payments, if applicable) by the mortgagor's gross income. Back-end DTI is calculated by dividing all of the mortgagor's required payments on indebtedness (including, without limitation, housing costs, car payments, student loan payments, other installment payments and minimum credit card payments) by the mortgagor's gross income.

(3) Additional reserves are also required for loans originated under the Angel Oak Portfolio Select Program in the following situations: Multiple financed properties require two months for each additional property; Use of rental income without a lease requires three months additional reserves; Conversion of departure residence requires six months reserves for both properties; First time homebuyers require six months reserves; Limited trade lines requires six months reserves; Pending sales of current residence require six months reserves for both properties.

The Angel Oak Originators

Income and Employment Verification—Generally. The Angel Oak Originators' underwriting includes a complete assessment of the eight factors set forth in the ATR Rules. Consideration of the mortgagor's length of employment, time in the same line of work, income stability and review of continuance of the mortgagor's employment and income earnings are evaluated. To qualify, the mortgagor's income must be from a source that is likely to generate sufficient income to repay the debt and must demonstrate consistency, such that the amounts and sources used to qualify the mortgagor are reasonably expected to remain stable and continue. Income and employment are verified via third party verification resources.

Employment Verification. The employment of salaried and wage earner mortgagors is verified within ten days of closing by verbal verification from the mortgagor's employer. The employment of self-employed mortgagors is verified through verification of the existence of the mortgagor's business within ten days of closing.

Income Verification of Salaried and Wage-Earner Mortgagors; Self-Employed Mortgagors Utilizing Bank Statement Program. In order to verify income, mortgagors (other than self-employed mortgagors who utilize bank statements to demonstrate income) must complete IRS Form 4506 both at application and closing. The form must request the appropriate documentation type (W-2s, full tax transcripts, etc.). For mortgagors with qualifying income from only salaried wage sources and fully documented through W-2s, the 4506 need only be executed for W-2s. For self-employed mortgagors or mortgagors with taxable income other than from salaried wage sources, the 4506 must be executed for full transcripts. Documentation received from executing the 4506 is reviewed and compared to the qualifying income to confirm consistency.

Income Verification of Self-Employed Mortgagors. The income of self-employed mortgagors is analyzed using either the Federal income tax returns or personal or business bank statements of the mortgagor. In the case of income tax returns, the mortgagor's tax returns for the most recent one or two years are analyzed to determine the recurring nature of business income, measure year-to-year trends in the gross income, expenses and taxable income of the mortgagor's business, determine the percentage of gross income attributed to expenses and taxable income and to determine any trends for the mortgagor's business based on changes in the percentage of gross income attributed to expenses and taxable income. In lieu of providing tax returns, the Angel Oak Originators also permit a self-employed mortgagor to demonstrate income through use of the mortgagor's bank statements. An underwriter of the Angel Oak Originator reviews either 12 or 24 months of personal or business bank statements in order to determine an average flow of income from the business. With respect to the self-employed mortgagors with an application date generally on or after January 19, 2021 and where the Angel Oak Originators used the mortgagor's business bank account statements to verify income, or to the extent the mortgagor used its personal bank account statements without the use of a separate business bank account to operate its business, the Angel Oak Originators applied a fixed 50% expense ratio to calculate the personal income of the mortgagor (without requiring any additional documentation from the mortgagor). Exceptions to this included certain business industries where a fixed 70% expense ratio was applied or cases where an expense ratio less than 50% was used which required additional documentation from a third-party CPA or tax preparer (subject to a minimum floor of 30%). With respect to the self-employed mortgagors with an application date generally on or after September 20, 2019 and generally before May 8, 2020 and where the Angel Oak Originators used the mortgagor's business bank account statements to verify income, or to the extent the mortgagor used its personal bank account statements without the use of a separate business bank account to operate its business, the Angel Oak Originators applied a fixed 50% expense ratio to calculate the personal income of the mortgagor (without requiring any additional documentation from the mortgagor). For business bank accounts, any expense ratio less than 50% (subject to a minimum floor of 35%) would require either a third party prepared business expense letter or a third party prepared profit and loss statement. For personal bank accounts, any expense ratio less than 50% would require proof of specific business parameters (separate business account or home business with no employees), a third party prepared business expense letter or a third party prepared profit and loss statement.

Of the 407 Mortgage Loans, 16 Angel Oak Mortgage Loans (underwritten to personal bank account statements), totaling $6,556,909.68 in Scheduled Principal Balance (representing approximately 3.55% of the Mortgage Pool) as of the Cut-off Date, have an application date on or after January 19, 2021.

Of the 407 Mortgage Loans, 102 Angel Oak Mortgage Loans (underwritten to business bank account statements), totaling $61,025,095.68 in Scheduled Principal Balance (representing approximately 33.03% of the Mortgage Pool) as of the Cut-off Date, have an application date on or after January 19, 2021.

Residual Income Calculation. In order to assess a mortgagor's ability to repay a mortgage loan, underwriters consider, among other factors, the mortgagor's residual income. A mortgagor's residual income is calculated generally based on gross monthly income minus monthly debt service. Residual income evaluation applies to owner-occupied properties only.

Assets Verification. The Angel Oak Originators' Underwriting Guidelines require asset documentation of both funds to close and reserves. All funds used for closing and reserves must be sourced and seasoned no less than 30 days. Assets used for down payment and closing require evidence of the sale or redemption of the asset. In each case, the Originator requires comprehensive information regarding the assets and accounts, including ensuring the asset documentation is recent relative to the date of the loan application, and employs controls to ensure the validity of all such information, including without limitation potentially requiring additional documentation to explain or document disparities or irregularities.

Credit History. Among other factors, the Angel Oak Originators consider a mortgagor's credit score in determining eligibility for one of their mortgage loan origination programs. The Angel Oak Originators obtain a credit report for each mortgagor that summarizes the mortgagor's credit history from one or more of the three major credit repositories: Equifax, Experian and TransUnion. These companies have developed scoring models to identify the comparative risk of delinquency among applicants based on characteristics within the applicant's credit report. Credit scores are generated by models developed by a third party and are made available to lenders through Equifax, Experian and TransUnion. The models were derived by analyzing data on consumers in order to establish patterns which are believed to be indicative of the mortgagor's probability of default. A credit score is based on a mortgagor'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 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. If only two credit scores are available, the Angel Oak Originator utilizes the lower of the two credit scores in determining whether the mortgagor satisfies the minimum requirements for the Angel Oak Bank Statement Program, the Angel Oak Investor Cash Flow Program, the Angel Oak Platinum Program, the Angel Oak Portfolio Select Program or the Angel Oak Prime Jumbo Program, as applicable. If the Angel Oak Originator is able to obtain scores from each of the three major credit repositories, the middle score is utilized. The representative credit score for the primary wage-earner will be used for the transaction when all of the following requirements are met: (i) the primary wage-earner contributes 51% of the qualifying income and (ii) the middle FICO score of primary wage-earner is used for qualifying. For the Angel Oak Bank Statement Program, the minimum credit score, absent compensating factors, is 640. For the Angel Oak Investor Cash Flow Program, the minimum credit score, absent compensating factors, is 640. For the Angel Oak Platinum Program, the minimum credit score, absent compensating factors, is 660. For the Angel Oak Portfolio Select Program, the minimum credit score, absent compensating factors, is 600. Applicants who have higher credit scores are expected, as a group, to have fewer defaults than those who have lower credit scores.

In addition to reviewing the mortgagor's credit history and credit score, the Angel Oak Originators' underwriters closely review the mortgagor's housing payment history. In general, in order to qualify for the Angel Oak Portfolio Select Program, the mortgagor may have no more than one payment that was made over 30 days after the Due Date for the most recent twelve months. All serious derogatory credit items, such as bankruptcies or foreclosures, must be satisfactorily addressed by the mortgagor.

ATR/QM Management Tool. The underwriters of the Angel Oak Originators review each mortgage loan application (other than applications submitted under the Angel Oak Investor Cash Flow Program) for compliance with ability-to-repay standards and eligibility for Qualified Mortgage status. The automated mortgage loan origination system utilized by the Angel Oak Originators during the mortgage loan origination, processing and approval process includes a tool (the "**ATR/QM Management Tool**"). The three primary functions of the ATR/QM Management Tool are to identify and document the factors (including mortgage loan term, lien position, note amount, points and fees, monthly payments and certain other underwriting criteria) necessary to assess ability-to-repay and Qualified Mortgage eligibility, to determine compliance with general ability-to-repay standards, eligibility for Qualified Mortgage status or exemption from CFPB requirements and safe harbor eligibility and to document debt-to-income ratio calculations consistent with Qualified Mortgage standards and the requirements of Regulation Z.

Angel Oak Mortgage Solutions LLC has adopted a credit risk summary and exception approval form in lieu of a ATR/QM worksheet. This form is embedded with the eight pillars of credit review relative to ATR as well as verification sign off for program suitability (mortgagor is not eligible for any other program) and

confirmation of qualified mortgage or non-qualified mortgage status. In addition, any exception details and supporting compensating factors are included, as applicable.

Following completion of the ATR/QM worksheet or credit risk summary and exception approval form by the respective Angel Oak Originator, the applicable Angel Oak Originator issues a certification statement to the related mortgagor, which includes an acknowledgement of the Angel Oak Originator's good faith determination to assess ability to repay, validation of documented monthly income and obligations of the mortgagor and confirmation of remaining income after payment of monthly obligations to include additional living expenses.

For additional information on CFPB requirements, safe harbor eligibility, Qualified Mortgages and ability-to repay standards, see "*Risk Factors—Risks Associated With New Laws Relating to Mortgage Loan Origination: A Substantial Majority of the Mortgage Loans are Not Qualified Mortgages.*"

Appraisals. The Angel Oak Originators require each mortgage loan originated by it to be secured by a property that has been appraised by a third-party licensed appraiser in accordance with both the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements governing appraisal independence set forth in Section 129E of TILA as applicable. The appraisers perform on-site inspections of the property and report on the neighborhood and property condition in factual and specific terms. Each appraisal contains an opinion of value that represents the appraiser's professional conclusion based on market data of sales of comparable properties, a logical analysis with adjustments for differences between the comparable sales and the subject property and the appraiser's judgment. An appraisal may not be more than 120 days old on the day the mortgage loan is funded.

The Angel Oak Originators routinely evaluate an appraiser's work through normal underwriting review of all appraisal reports and, in addition, conduct a spot-check field review of certain appraisals as part of their quality control program. The Angel Oak Originators review appraisals to ensure that the applicable appraiser provides evidence to support the methodology used with respect to its value opinion and that the appraiser does not use unsupported assumptions or use race, color, religion, sex, handicap, familial status or national origin for any party in the transaction as the basis for market value.

The Angel Oak Originators maintain a list of ineligible appraisers whose appraisals they will not accept. Appraisers on the ineligible list must resolve the issues that caused them to be classified as ineligible prior to being approved for use. The Angel Oak Originators utilize a third-party appraisal management company or network for certain due diligence and appraiser oversight functions. The Angel Oak Originators appraisal policies require annual audits of the appraisal management company. Depending on the results of the annual audit, the Angel Oak Originators may require and enforce a plan of corrective action, report violations of law to the appropriate authorities or terminate the relationship with the appraisal management company. The approval and oversight of all third-party appraisers and appraisal management companies is managed by executive operational leadership or a compliance manager of the applicable Angel Oak Originator.

Pre-Offering Review of the Mortgage Loans

The Sponsor, prior to including the Mortgage Loans in this securitization, engaged AMC Diligence, LLC, Canopy Financial Technology Partners, LLC, Consolidated Analytics, Inc., Covius Real Estate Services, LLC, Evolve Mortgage Services, LLC, Infinity IPS, Inc., Inglet Blair, LLC, Recovco and Selene Diligence LLC (the "**Securitization Diligence Providers**") to conduct a review of each of the Mortgage Loans. The Sponsor also engaged other third parties to assist it with certain elements of the review of the Mortgage Loans.

The Sponsor determined the nature, extent and timing of the pre-offering review and the level of assistance provided by any third party. The pre-offering review was conducted for the purpose of providing reasonable assurance that the disclosure regarding the Mortgage Pool in this Offering Memorandum is accurate in all material respects. The results of the pre-offering review were shared with the Initial Purchasers. The Initial Purchasers reviewed these findings in connection with their preparation for the offering of the Offered Certificates. The Sponsor caused the Depositor to file a Form ABS-15G with the findings and conclusions of the Securitization Diligence Providers on May 24, 2022 for an initial pool of 832 mortgage loans but the Sponsor decided to securitize a smaller pool of 407 Mortgage Loans due to market conditions.

As more fully described below, the review conducted by the Securitization Diligence Providers of the Mortgage Loans consisted of (a) a regulatory compliance review for all Mortgage Loans other than certain of the

Investor DSCR Mortgage Loans, (b) a credit review, (c) an appraisal review, (d) a data collection and data integrity review and (e) a document review. None of the procedures conducted as part of the pre-offering review constituted, either separately or in combination, an independent underwriting of the Mortgage Loans. In addition, the procedures conducted as part of the review of the original appraisals were not re-appraisals of the mortgaged properties. To the extent that valuation tools other than a full appraisal were used as part of the appraisal review process, they should not be relied upon as providing an assessment of value of the mortgaged properties comparable to that which an appraisal might provide.

The pre-offering review is not a guarantee of the future performance of any of the Mortgage Loans. There can be no assurance that the pre-offering review uncovered all relevant factors relating to the origination of the Mortgage Loans, their compliance with applicable law and regulation, and the original appraisals relating to the mortgaged properties. The Securitization Diligence Providers do not make any representation or warranty as to the value of any Mortgage Loan or loan collateral that was reviewed as part of the pre-offering review.

The Securitization Diligence Providers also evaluated each Mortgage Loan according to the credit, compliance and valuation grading standards of Fitch. Grade "A" generally indicates compliance with all applicable guidelines, compliance laws and regulations and valuation within a 10% variance of a third-party valuation product with a compliant appraisal. Grade "B" indicates the loan meets most underwriting standards with documented, significant compensating factors, compliant with compliance laws and regulations but with minor evidentiary issues, or the loan contains open TRID exceptions that do not carry statutory damages, or the loan contains an identified exception with respect to which a remedy to cure or reasonable good faith effort to re-disclose was made, and valuation within a 10% variance of a third-party valuation product with a compliant appraisal. Also see "*Risk Factors—Risks Associated With New Laws Relating to Mortgage Loan Origination; A Substantial Majority of the Mortgage Loans are Not Qualified Mortgages*," "*—Underwriting Guidelines That Do Not Identify or Appropriately Assess Repayment Risks and Exceptions to Those Guidelines Could Result in Losses on Your Offered Certificates*," "*—The Mortgage Loans Are Underwritten to Newly-Created Non-Agency Standards Which May Impact Their Performance*," "*—Certain of the Mortgage Loans Are Subject to the New "Know Before You Owe" TRID Disclosures*" and "*—Violations of Various Federal, State and Local Laws May Result in Losses on the Mortgage Loans*" in this Offering Memorandum. Grade "C" indicates the loan does not meet every applicable guideline for the program and most of the loan characteristics are outside the guidelines; there are weak or no compensating factors for exceeding guidelines or the originator did not provide documentation to confirm it met all guidelines of the ATR Rules; or the loan's designation under the ATR Rules cannot be confirmed; or the loan contains one or more compliance exceptions that cannot be cured or impacts the ability to foreclose and/or assignee liability, including open TRID exceptions that carry statutory damages in connection with a remedy to cure or a reasonable good faith effort to re-disclose which occurred more than 60 days from the consummation date or closing date; or the value cannot be supported within 10% of the original appraisal amount. Grade "D" generally indicates the loan file was not delivered to the applicable Securitization Diligence Provider or the file is not sufficiently complete to perform the review.

The percentages in the table below were based on the number of Mortgage Loans and the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date. The overall grades set forth below are reflective of the findings based on the scope of the overall review performed by the Securitization Diligence Providers.

Final Overall Grades				
Grade	**Number of Mortgage Loans**	**% of Mortgage Loans (by loan count)**	**Aggregate Scheduled Principal Balance**	**% of Mortgage Loans (by aggregate Scheduled Principal Balance)**
A	327	80.34%	$145,914,563.59	78.98%
B	80	19.66%	$38,835,371.12	21.02%

Scope of the Review

Regulatory Compliance Review

The Securitization Diligence Providers performed a regulatory compliance review of each Mortgage Loan (other than an Investor DSCR Mortgage Loan) to determine compliance with certain applicable federal and state disclosure requirements, appraisal and valuation requirements, points and fees limitations, counseling requirements and predatory lending laws. This review included, for example, the accuracy and completeness of

information required to be included in the federal and other disclosures required by the Truth-in-Lending Act, including the TRID rule (if applicable and as further described below), and whether any of the Mortgage Loans (other than an Investor DSCR Mortgage Loan) meet the definition of "high cost" loans under HOEPA or similar state or local law. In addition, the Securitization Diligence Providers reviewed the documentation in the loan files as provided to the Securitization Diligence Providers, and determined that such information supported the Originators' determination that the Mortgage Loan (other than an Investor DSCR Mortgage Loan) met the appropriate requirements under Appendix Q of Regulation Z under TILA or the ATR Rules of the Dodd-Frank Act. The Securitization Diligence Providers also verified if each Mortgage Loan (other than an Investor DSCR Mortgage Loan) was correctly characterized as a Non-Qualified Mortgage Loan or an Exempted Mortgage Loan.

The Securitization Diligence Providers' regulatory compliance review scope is based on (i) SFA Compliance Review Scope and (ii) outside counsel's interpretation of the published regulations as of the date of review of each Mortgage Loan.

The SFA Compliance Review Scope is intended to be based on a reasoned legal analysis that expressly assumes that courts will interpret TRID in accordance with the principles of liability set forth in the letter to the MBA from Richard Cordray, the Director of the CFPB. No assurances can be provided that the courts in question will interpret TRID in accordance with the SFA Compliance Review Scope.

The Securitization Diligence Providers worked with outside counsel and continue to obtain updated interpretations relative to the informal guidance provided by the CFPB which has caused alterations in the review scope and severity of TRID related exceptions, including applicable cures. This process will continue as additional information guidance or additional rulemaking occurs. While the Securitization Diligence Providers continue to make a good faith effort to identify material TRID exceptions and apply the appropriate grading, the implementation of new and evolving regulations (including TRID) carries certain interpretive risks that may impact future scopes of review and the severity of exceptions found during the Securitization Diligence Providers' review. The Securitization Diligence Providers have worked closely with nationally recognized statistical rating organizations ("**NRSROs**" and each individually an "**NRSRO**") and clients to disclose, as mutually agreed upon by the parties, the relevant exceptions per the Securitization Diligence Provider's suggested review implementation as reviewed by outside counsel; however, no assurances can be provided and/or are given that the Securitization Diligence Providers have included within their review all areas that may represent risk to the Issuing Entity, or that areas of risk identified by the Securitization Diligence Providers will result in the potential level of risk indicated by a loan level grade assigned by the applicable Securitization Diligence Provider or an NRSRO grade.

Of the 407 Mortgage Loans, 224 Mortgage Loans, representing approximately 65.58% of the Mortgage Pool are subject to the TRID rule ("**TRID Mortgage Loans**"). The 183 investor purpose Mortgage Loans, representing approximately 34.42% of the Mortgage Pool, are not subject to the TRID rule. The Securitization Diligence Providers reviewed each TRID Mortgage Loan to determine whether such Mortgage Loan contained a violation of TRID, whether such violation is able to be cured and whether such violation of TRID was cured in the manner required by Section 1026.19(f)(2)(iv) or Section 1026.19(f)(2)(v) of Regulation Z, Section 130(b) of TILA, or through good faith re-disclosure to provide the consumer with accurate information.

Examples of issues relating to compliance with TRID include delivery timing, formatting and terminology issues with respect to the loan estimate disclosure form and inaccurate or missing data in the closing disclosure form. The Originators believed they made a good faith effort to address all TRID violations through the issuance of revised disclosures or other applicable remediation processes. However, certain instances of the TRID exceptions may not be curable due to timing or other factors and certain actions taken by the Originators to remediate TRID violations may not have been sufficient to cure such violation. The Sponsor independently decided to include certain Mortgage Loans subject to potential TRID violations in the Mortgage Pool with the understanding that any Angel Oak Mortgage Loans found, by judicial determination, to have violated the TRID rule may be subject to remedy by the Representation Provider in accordance with and to the extent set forth under "*Representations and Warranties Enforcement*" below.

The Securitization Diligence Providers found certain instances of non-compliance violations in connection with the regulatory compliance review described above. The Mortgage Loans (other than an Investor DSCR Mortgage Loan) found by the Securitization Diligence Providers to have a non-compliance violation in connection with the regulatory compliance review were included in the Mortgage Pool because the Sponsor determined these instances of non-compliance to be immaterial and/or corrected disclosures were issued with

respect to each related Mortgage Loan (other than an Investor DSCR Mortgage Loan) prior to closing or after closing of such Mortgage Loan.

The percentages in the table below were based on the number of Mortgage Loans and the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date. The regulatory compliance review grades set forth in the table below display the Securitization Diligence Providers' findings based on the scope of the regulatory compliance review.

Final Regulatory Compliance Review Grades*				
Grade	**Number of Mortgage Loans**	**% of Mortgage Loans (by loan count)**	**Aggregate Scheduled Principal Balance**	**% of Mortgage Loans (by aggregate Scheduled Principal Balance)**
A	362	88.94%	$163,520,681.70	88.51%
B	36	8.85%	$14,958,813.46	8.10%
N/A**	9	2.21%	$6,270,439.55	3.39%

*While the Investor DSCR Mortgage Loans are not subject to the TRID rule, RESPA or the ATR Rules, certain of these Mortgage Loans were reviewed for compliance under those rules regardless.
**Investor DSCR Mortgage Loans not reviewed for compliance with the TRID rule, RESPA or the ATR Rules.

Credit Review

The Securitization Diligence Providers reviewed the credit application of each mortgagor and analyzed the income and assets of each mortgagor to determine compliance with the ATR Rules and an assessment of whether the characteristics of the Mortgage Loans and the mortgagors reasonably conformed to the applicable Underwriting Guidelines of the Originators. As part of this credit review, any exceptions to the applicable Underwriting Guidelines that were permitted by the Originator and related compensating factors were reviewed. The Securitization Diligence Providers do not make any representation or warranty as to any mortgagor's ability or willingness to repay any indebtedness. Additionally, the Securitization Diligence Providers reviewed each mortgagor's credit report to determine past history of debt repayment. As part of the credit review, the Securitization Diligence Providers reviewed employment and income, assets, hazard/flood insurance and title, in each case, to the extent applicable. In addition, the Securitization Diligence Providers reviewed fraud reports in order to identify any variations in name, variations in social security number, occupancy issues, employment issues and other "red flag" issues.

The percentages in the table below were based on the number of Mortgage Loans and the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date. The credit review grades set forth below are reflective of the findings based on the scope of the credit review performed by the Securitization Diligence Providers.

Final Credit Review Grades				
Grade	**Number of Mortgage Loans**	**% of Mortgage Loans (by loan count)**	**Aggregate Scheduled Principal Balance**	**% of Mortgage Loans (by aggregate Scheduled Principal Balance)**
A	357	87.71%	$158,902,883.59	86.01%
B	50	12.29%	$25,847,051.12	13.99%

Appraisal Review

The Securitization Diligence Providers conducted a review of the appraisal related to each Mortgage Loan including the age of the appraisal, verification of address, completeness of the appraisal form, analysis of demand, supply and marketing time, review of comments regarding lot size, zoning and other issues, comparable sales analysis and analysis of photos. Other than in circumstances where there were two appraisals in the Mortgage Loan file and the second appraisal value was at least 90% of the original appraisal value, the appraisal was either (i) compared to a secondary valuation product to determine whether there was support for the reasonableness of the original appraised value, including comparisons to publicly available market data, or (ii) run through Fannie Mae's Collateral Underwriter® and Freddie Mac's Loan Collateral Advisor®. If Fannie Mae's Collateral Underwriter® risk score is in excess of 2.50 and Freddie Mac's Loan Collateral Advisor® report does not indicate "Collateral R&W Relief Eligible," the Sponsor must validate the appraisal by obtaining either

an automated valuation model value, a desk review, a broker's price opinion or a field review. A desk review is a valuation analysis performed by a certified appraiser who reviews the original appraisal to determine if the original value is supported. That appraiser makes a separate selection of comparable sales, which may be the same as those used in the original appraisal and, using a rules-based valuation model, makes an independent determination as to whether the original appraised value is supported. A field review is a valuation analysis performed by a certified appraiser who reviews the original appraisal and performs a visual inspection of the exterior areas of the property, inspects the neighborhood, performs a visual analysis of each of the comparable sales, searches public records, performs data research and analysis to determine the appropriateness and accuracy of the data in the original appraisal and presents an opinion as to whether the appraised value is supported.

In the event that the secondary valuation stated in such review was at least 90% of the original appraised value and the secondary valuation vendor met rating agency criteria, no further action was taken. If the Securitization Diligence Provider determined, based on its review of the original appraisal and the applicable secondary valuation product, that the value in the original appraisal was not supported, or if the secondary valuation product indicated a more than -10% variance from the value identified on the original appraisal or if the secondary valuation vendor did not meet rating agency criteria, then an additional secondary valuation product was ordered by the Sponsor and reviewed by the Securitization Diligence Provider.

The percentages in the table below were based on the number of Mortgage Loans and the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date. The valuation review grades set forth below are reflective of the findings based on the scope of the valuation review performed by the Securitization Diligence Providers.

Final Valuation Review Grades				
Grade	**Number of Mortgage Loans**	**% of Mortgage Loans (by loan count)**	**Aggregate Scheduled Principal Balance**	**% of Mortgage Loans (by aggregate Scheduled Principal**
A	406	99.75%	$184,506,184.71	99.87%
B	1	0.25%	$243,750.00	0.13%

Data Integrity Review

The Securitization Diligence Providers performed a data integrity review on a majority of the data fields to be included on the Mortgage Loan Schedule for the Mortgage Loans. The Securitization Diligence Providers were provided a Mortgage Loan data tape that included certain characteristics of all of the Mortgage Loans. The Securitization Diligence Providers' review of the information in the data tape was based on a review of electronic copies of the original Mortgage Loan Documents. The Securitization Diligence Providers reviewed certain fields on the mortgage loan tape that were populated by the related Originator, and, in addition, populated other fields on the data tape.

As a result of the data integrity review conducted by the Securitization Diligence Providers, variances in data were discovered in connection with the Mortgage Loans and corrections were made in the data tape, except with respect to values which the Sponsor considered accurate. The corrected data tape, including any other adjustments made by the Sponsor as a result of the Pre-Offering Review, was used to generate the numerical information regarding the Mortgage Loans included in this Offering Memorandum.

The Securitization Diligence Providers noted differences in DTI ratio calculations greater than 2% for 43 Mortgage Loans based on its review. The Sponsor did not update the DTI values for these Mortgage Loans. The non-zero weighted average DTI ratio of the Mortgage Pool would change from approximately 32.12% to approximately 32.03% if the Securitization Diligence Providers' values were used on such 43 Mortgage Loans. The Sponsor decided not to update the data tape for the related DTI variances because the DTI ratio calculations fell within the Originators' Underwriting Guidelines. In addition, there were a lesser number of discrepancies noted by the Securitization Diligence Providers for certain data fields. However, the Sponsor elected to use its own values to populate such fields in the Mortgage Loan Schedule based on its findings. An additional component of the pre-offering review consisted of recalculations by a third party engaged by the Sponsor of the numerical disclosures selected by the Sponsor and appearing in this Offering Memorandum. These disclosures include the percentages of Mortgage Loans with certain characteristics, which are included under the caption "*The Mortgage Loans*," and the numerical information contained in "*Annex A – Certain Characteristics of the Mortgage Loans*" (together, the "**Mortgage Pool Disclosures**"). The recalculations were performed using the data tape, including

any adjustments made by the Sponsor, and the results of those recalculations were compared to, or incorporated in (other than above), the corresponding Mortgage Pool Disclosures.

Document Review

For each Mortgage Loan, the Securitization Diligence Providers reviewed the loan file and verified the presence of required documents (including the Note, Mortgage, Title, HUD, Initial TIL, Final TIL, Loan Estimate, Closing Disclosure, Appraisal, Application, Credit Report, and applicable disclosures).

The Securitization Diligence Providers found that no material documents were missing on the Mortgage Loans other than those that may have been noted as an exception on Annex B.

Review of Investor DSCR Mortgage Loans

In addition to the credit, compliance, valuation, and data integrity scopes described herein, the Securitization Diligence Providers performed an incremental review of certain underwriting requirements for the Angel Oak Investor Cash Flow Mortgage Loans. The review was checked against the Underwriting Guidelines of the applicable Originator at the time of each Mortgage Loan origination. Of the 407 Mortgage Loans included in the Mortgage Pool, 145 of the Mortgage Loans, representing approximately 23.74% of the Mortgage Loans, are Investor DSCR Mortgage Loans. The review included: (a) confirmation that the non-owner occupied certificate required by the Underwriting Guidelines was executed by all mortgagors and all signatures are consistent across the documents, (b) additional checks to mitigate the risk of mortgagor occupancy, (c) confirmation that any Investor DSCR Mortgage Loan used to refinance existing loans had an active lease in place at the time of origination (where required as part of the applicable Underwriting Guidelines), (d) confirmation that mortgagors with more than four investment properties had evidence of landlord experience, and (e) a review of evidence of a 1-4 family rider and confirmation of the assignment of rents/leases and cross-default provisions.

Custodial File Review

The Custodian will perform a loan file documentation review and provide a certification as to such review on the Closing Date. As part of its certification, the Custodian will confirm that it has reviewed each Mortgage Loan file and determined that, other than as set forth in an exception report, (i) no documents required to be delivered to the Custodian were missing and (ii) such documents have been reviewed by it and appear regular on their face and purport to relate to such Mortgage Loan. The Custodian's review of the Mortgage Loan files and its certification with respect thereto is not intended to and will not be deemed to constitute "due diligence services" or a "third party due diligence report" as such terms are defined in Rules 17g-10 and 15Ga-2, respectively, as promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended.

Limitations of the Pre-Offering Review

As noted under "*Risk Factors—Pre-Offering Review of the Mortgage Loans May Not Reveal Aspects of the Mortgage Loans Which Could Lead to Losses*," there can be no assurance that the pre-offering review uncovered all the relevant factors relating to the origination of the Mortgage Loans, their compliance with applicable laws and regulations and the original appraisals relating to the Mortgaged Properties or uncovered all relevant factors that could affect the future performance of the Mortgage Loans.

Any comparison of the information on the loan tape to the information in the related loan files that was performed by the Securitization Diligence Providers did not cover all fields of information on the loan tape that may relate to characteristics of the Mortgage Loans that are disclosed in this Offering Memorandum, so prospective investors should not rely on that review as having validated all of the statistical information regarding the Mortgage Loans that appears in this Offering Memorandum to the related information that appears in the related loan files.

It is the Sponsor's opinion that the pre-offering review did not constitute an independent re-underwriting of the Mortgage Loans. The pre-offering review is not a guarantee of the future performance of any of the Mortgage Loans.

Investors should note the following with respect to the property valuation review by the Securitization Diligence Providers that was conducted as part of the pre-offering review:

- The procedures stated in the Securitization Diligence Providers' review as being conducted pursuant to the property valuation reviews were not appraisals or re-appraisals of the Mortgaged Properties. To the Depositor's knowledge, the individuals performing such reviews were not persons providing valuations for purposes of the Uniform Standards of Professional Appraisal Practice ("**USPAP**") or Federal or State law, and the services being performed by such persons did not constitute "appraisal reviews" for purposes of USPAP or Federal or State law. Such reviews should not be construed as or relied upon as providing an assessment of value of the Mortgaged Properties comparable to that which an appraisal might provide.

- The property valuation review conducted by the Securitization Diligence Providers was not an assessment of the current value of any of the Mortgaged Properties.

- Differences may exist among and between estimated valuations due to the subjective nature of estimated valuations and appraisals, particularly between different appraisers estimating valuations or performing appraisals at different points in time, as well as among appraisers and other persons reviewing the appraisals or other valuations.

- Estimating or appraising the value of, and performing other analyses of, high-value properties (such as some of the Mortgaged Properties) can involve challenges that may not generally be present with respect to properties whose values fall within the average price range of their respective markets. There may be fewer substitute properties available (from which to derive comparative values) in the high-value residential property market, unique buyer attitudes and preferences, and more difficult to quantify "appeal" issues, any of which can make valuations in the high-value home segment less precise than for more average-priced housing.

- Estimates of value for high-value properties are imprecise. The unique nature of some of these properties, the use in some cases of highly customized and top-quality materials, overall interior design/appeal issues, and in many cases limited notations in the original appraisal report regarding key elements that drove the original property valuation, pose challenges for a subsequent reviewer. Also, the Securitization Diligence Providers do not have, among other things, independent access to an interior inspection of the property and therefore are not able to independently analyze the interior appointments and amenities associated with the valuation of these types of properties.

- Appraisals and other valuations and reviews of those appraisals and valuations represent the analysis and opinion of the person performing the appraisal, valuation or review at the time it is prepared, and are not guarantees of, and may not be indicative of, the present or future value of the Mortgaged Property.

Investors are advised that the aforementioned review procedures carried out by the Securitization Diligence Providers were performed for the benefit of the Sponsor and its affiliates. The Securitization Diligence Providers make no representation and provide no advice to any investor or future investor concerning the suitability of any transaction or investment strategy. The Securitization Diligence Providers are not responsible for any decision to include any Mortgage Loan in the Issuing Entity.

Investors should make their own determination as the extent to which they place reliance on the limited review procedures carried out by the Securitization Diligence Providers as part of the pre-offering review.

Assignment of Mortgage Loans

Pursuant to a mortgage loan purchase agreement, dated as of the Closing Date (the "**First Step Mortgage Loan Purchase Agreement**") among the Seller and certain affiliated entities, the Seller will purchase the Mortgage Loans. Pursuant to a mortgage loan purchase agreement, dated as of the Closing Date (the "**Second Step Mortgage Loan Purchase Agreement**," and together with the First Step Mortgage Loan Purchase Agreement, the "**Mortgage Loan Purchase Agreements**"), between the Seller, as seller, and the Depositor, as purchaser, the Seller will sell the Mortgage Loans to the Depositor. Pursuant to the Pooling and Servicing Agreement, the Depositor will convey the Mortgage Loans to the Trustee for the benefit of the Certificateholders

and the Representation Provider will make the representations and warranties with respect to the Angel Oak Mortgage Loans described below under "*Mortgage Loan Representations and Warranties*" and the representations and warranties set forth in Annex D with respect to the Third Party Originator Mortgage Loans.

Pursuant to the Pooling and Servicing Agreement, the Depositor will convey the Mortgage Loans to the Trustee for the benefit of the Certificateholders. In connection with the conveyances of the Mortgage Loans from affiliated entities to the Seller and from the Seller to the Depositor, the Seller will agree to deliver or cause to be delivered to the Depositor all of the documents relating to the Mortgage Loans which the Depositor is required to deliver to the Custodian on behalf of the Trustee.

MORTGAGE LOAN REPRESENTATIONS AND WARRANTIES

General

Pursuant to the Pooling and Servicing Agreement, the Representation Provider will make certain representations and warranties with respect to the Mortgage Loans to the Trustee for the benefit of the Certificateholders.

The representations and warranties made by the Representation Provider are based on the Representation Provider's diligence of the Mortgage Loans or review or knowledge of the Mortgage Loan Documents. Subject to the procedures described below under "*—Review Process,*" the Representation Provider will be required to repurchase Mortgage Loans with respect to which a Material Breach has occurred, substitute an additional mortgage loan for such Mortgage Loan or make an indemnity payment equal to the Make-Whole Amount to the Issuing Entity in respect of any such Mortgage Loan that is a Liquidated Loan. See "*Risk Factors—Financial Condition of the Representation Provider*" in this Offering Memorandum.

Representations and Warranties of the Representation Provider With Respect to the Angel Oak Mortgage Loans

In connection with the transfer of the Angel Oak Mortgage Loans by the Depositor to the Trustee (for the benefit of the Certificateholders), the Representation Provider will make, with respect to each Angel Oak Mortgage Loan, the following representations and warranties as of the Closing Date (or as of such other date specifically set forth in the particular representation and warranty):

1. Each Mortgage Loan with a written appraisal, as indicated on the Mortgage Loan Schedule, contains a written appraisal prepared by an appraiser licensed or certified by the applicable governmental body in which the Mortgaged Property is located and in accordance with the requirements of Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 ("**FIRREA**"). The appraisal, and any or all supporting schedules required per the applicable guidelines, were written in form and substance to customary Fannie Mae or Freddie Mac standards for Mortgage Loans of the same type as the Mortgage Loans and USPAP standards and satisfies applicable legal and regulatory requirements. The appraisal was made and signed prior to the final approval of the Mortgage Loan application. The person performing any property valuation (including an appraiser) received no benefit from, and such person's compensation or flow of business from the Originator was not affected by, the approval or disapproval of the Mortgage Loan.

2. With respect to each Mortgage Loan whose document type on the Mortgage Loan Schedule indicates documented income, employment and/or assets, the applicable Originator verified the mortgagor's income, employment and/or assets in accordance with its written Underwriting Guidelines. With respect to each Mortgage Loan other than a Mortgage Loan for which the mortgagor documented his or her income by providing Form W-2 or tax returns, the applicable Originator employed a process designed to verify the income with third party documentation (including bank statements).

3. With respect to each Mortgage Loan, the applicable Originator gave due consideration at the time of origination to factors, including but not limited to, other real estate owned by the mortgagor, commuting distance to work and appraiser comments and notes, to evaluate whether the occupancy status of the property as represented by the mortgagor was reasonable.

4. With respect to each Mortgage Loan, no portion of the loan proceeds has been escrowed for the purpose of making monthly payments on behalf of the mortgagor and no payments due and payable under the terms of the Mortgage Note and mortgage or deed of trust, except for seller or builder concessions or amounts paid or escrowed for payment by the mortgagor's employer, have been paid by any person (other than a guarantor) who was involved in or benefited from the sale of the Mortgaged Property or the origination, refinancing, sale or servicing of the Mortgage Loan.

5. The information on the Mortgage Loan Schedule correctly and accurately reflects the information contained in the applicable Originator's records (including, without limitation, the Mortgage Loan file) in all material respects. In addition, the information contained under each of the headings in the Mortgage Loan Schedule (e.g. mortgagor's income, employment and occupancy, among others) is true and correct in all material respects. With respect to each Mortgage Loan, any seller or builder concession in excess of the allowable limits established by Fannie Mae or Freddie Mac has been subtracted from the Appraised Value of the Mortgaged Property for purposes of determining the loan-to-value ratio and combined loan-to-value ratio. As of the Closing Date, the most recent FICO score listed on the Mortgage Loan Schedule was no more than six months old, unless disclosed on the Mortgage Loan Schedule. As of the date of funding of the Mortgage Loan to the mortgagor, no appraisal or other property valuation listed on the Mortgage Loan Schedule was more than twelve months old.

6. Each Mortgage Loan was either underwritten in substantial conformance to the applicable Originator's Underwriting Guidelines in effect at the time of origination taking into account the compensating factors set forth in such Originator's Underwriting Guidelines as of the Closing Date, without regard to any underwriter discretion or, if not underwritten in substantial conformance to the applicable Originator's guidelines, has reasonable and documented compensating factors.

7. Other than with respect to the TRID rule, compliance with which is covered by representation and warranty number 40 below, at the time of origination or the date of modification each Mortgage Loan complied in all material respects with all then-applicable federal, state and local laws, including (without limitation) truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws and disclosure laws or such noncompliance was cured subsequent to origination, as permitted by applicable law. The servicing of each Mortgage Loan prior to the Closing Date complied in all material respects with all then-applicable federal, state and local laws; provided, however, that the Representation Provider will only be deemed to be in breach of this representation in the event that the noncompliance resulted in foreclosure or ultimate realization on the note being precluded or where, upon foreclosure, specific costs could be attributed to noncompliance. The Mortgage Loan meets or is exempt from applicable state, federal or local laws, regulations and other requirements pertaining to usury.

8. With respect to each Mortgage Loan, unless otherwise indicated on the Mortgage Loan Schedule, each mortgagor is a natural person or other acceptable forms (e.g. land trust), and at the time of origination, the mortgagor was legally entitled to reside in or enter the U.S.

9. Immediately prior to the transfer and assignment to the Depositor contemplated herein, the Seller was the sole owner and holder of the Mortgage Loan free and clear of any and all liens, pledges, charges or security interests of any nature, and the Seller has good and marketable title and full right and authority to sell and assign the same.

10. The Mortgage is a valid, subsisting and enforceable first lien on the property therein described, and, except as noted in the Mortgage Loan Schedule, the Mortgaged Property is free and clear of all encumbrances and liens having priority over the lien of the Mortgage, except for: the lien of current real property taxes and assessments not yet due and payable; covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of

hazardous substances or hazardous wastes or for other environmental protection purposes; and such other matters to which like properties are commonly subject that do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage; and any security agreement, chattel mortgage or equivalent document related to and delivered to the Custodian with any Mortgage establishes in the Seller a valid and subsisting first lien on the property described therein, and the Seller has full right to sell and assign the same to the Trustee.

11. All taxes, governmental assessments, insurance premiums and water, sewer and municipal charges that previously became due and payable have been paid or an escrow of funds has been established, to the extent permitted by law, in an amount sufficient to pay for any such item that remains unpaid.

12. The Mortgaged Property is undamaged by water, fire, earthquake, earth movement other than earthquake, windstorm, flood, tornado or similar casualty (excluding casualty from the presence of hazardous wastes or hazardous substances) to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises was intended or would render the property uninhabitable. Additionally, there is no proceeding (pending or threatened) for the total or partial condemnation of the Mortgaged Property.

13. The Mortgaged Property is free and clear of all mechanics' and materialmen's liens or a title policy affording, in substance, the same protection afforded by this warranty has been furnished to the Trustee by the Depositor or the Seller.

14. Except for Mortgage Loans secured by cooperative shares and Mortgage Loans secured by residential long-term leases, the Mortgaged Property consists of a fee-simple estate in real property; all the improvements included for the purpose of determining the Appraised Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such property and no improvements on adjoining properties encroach on the Mortgaged Property (unless insured against under the related title insurance policy); and the Mortgaged Property and all improvements thereon comply with all requirements of any applicable zoning and subdivision laws and ordinances.

15. All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

16. The Mortgage Note, the related Mortgage and other agreements executed in connection therewith are genuine, and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law). Additionally, all parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the Mortgage, and each Mortgage Note and Mortgage has been duly and properly executed by the mortgagor.

17. The proceeds of the Mortgage Loan have been fully disbursed, there is no requirement for future advances thereunder, and any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds have been complied with (except for escrow funds for exterior items, which could not be completed due to weather, and escrow funds for the completion of swimming pools). Additionally, all costs, fees and expenses incurred in making, closing or recording the Mortgage Loan have been paid, except recording fees with respect to Mortgages not recorded as of the Closing Date.

18. The Mortgage Loan (except any Mortgage Loan secured by a Mortgaged Property located in any jurisdiction for which an opinion of counsel of the type customarily rendered in such jurisdiction in lieu of title insurance is instead received and any Mortgage Loan secured by cooperative shares) is covered by an American Land Title Association mortgagee title insurance

policy or other generally acceptable form of policy or insurance acceptable to Fannie Mae or Freddie Mac, issued by a title insurer acceptable to Fannie Mae or Freddie Mac insuring each Originator or its successors and assigns as to the first- or second-priority lien of the Mortgage in the original principal amount of the Mortgage Loan and subject only to the following: (a) the lien of current real property taxes and assessments not yet due and payable; (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; (c) liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of hazardous substances or hazardous wastes or for other environmental protection purposes and (d) such other matters to which like properties are commonly subject that do not individually, or in the aggregate, materially interfere with the benefits of the security intended to be provided by the Mortgage. The related Originator is the sole insured of such mortgagee title insurance policy, the assignments to the Seller by the Originator, to the Depositor by the Seller and to the Trustee by the Depositor of such Originator's interest in such mortgagee title insurance policy does not require any consent of or notification to the insurer that has not been obtained or made, such mortgagee title insurance policy is in full force and effect and will be in full force and effect and inure to the benefit of the Trustee, no claims have been made under such mortgagee title insurance policy and no prior holder of the related mortgage, including the seller, has done, by act or omission, anything that would impair the coverage of such mortgagee title insurance policy.

19. The Mortgaged Property securing each Mortgage Loan is insured by an insurer acceptable to Fannie Mae or Freddie Mac against loss by fire and such hazards as covered under a standard extended coverage endorsement in an amount not less than the lesser of 100% of the insurable value of the Mortgaged Property or the outstanding principal balance of the Mortgage Loan. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the project. If, upon origination of the Mortgage Loan, the improvements on the Mortgaged Property were in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, 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 in an amount representing coverage not less than the least of the outstanding principal balance of the Mortgage Loan, the full insurable value of the Mortgaged Property, or the maximum amount of insurance that was available under the National Flood Insurance Act of 1968, as amended. Additionally, each Mortgage obligates the mortgagor thereunder to maintain all such insurance at the mortgagor's cost and expense.

20. There is no monetary default (including any related event of acceleration), monetary breach or monetary violation existing under the Mortgage or the related Mortgage Note and no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a monetary default, monetary breach, monetary violation or event of acceleration. Additionally, the Seller has not waived any such default, breach, violation or event of acceleration, and no foreclosure action is currently threatened or has been commenced with respect to the Mortgage Loan.

21. No Mortgage Note or Mortgage is subject to any right of rescission, set-off, counterclaim or defense, including the defense of usury, nor will the operation of any of the terms of the Mortgage Note or Mortgage or the exercise of any right thereunder render the Mortgage Note or Mortgage unenforceable in whole or in part or subject it to any right of rescission, set-off, counterclaim or defense, including the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto.

22. Each Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security, including realization by judicial foreclosure (subject to any limitation arising from any bankruptcy, insolvency or other law for the relief of debtors), and there is no homestead or other exemption available to the mortgagor that would interfere with such right of foreclosure.

23. Each Mortgage Loan is a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code (but determined without regard to the rule in Treasury Regulations Section 1.860G-2(f)(2) that treats certain defective mortgage loans as qualified mortgages), and, accordingly, such Mortgage Loan is secured by an interest in real property having a fair market value either (i) at the date the Mortgage Loan was originated at least equal to 80% of the adjusted issue price of the Mortgage Loan on the date such Mortgage Loan was originated or (ii) at the Closing Date at least equal to 80% of the adjusted issue price of the Mortgage Loan on the Closing Date, provided that, in each case, (1) the fair market value of the real property interest must first be reduced by (A) the amount of any lien on the real property interest that is senior to the Mortgage Loan and (B) a proportionate amount of any lien that is in parity with the Mortgage Loan and (2) if the Mortgage Loan was "significantly modified" prior to the Closing Date so as to result in a taxable exchange under Section 1001 of the Code, it either (x) was modified as a result of the default or reasonably foreseeable default of such Mortgage Loan or (y) satisfies the provisions of clause (i) above (substituting the date of the last such modification for the date the Mortgage Loan was originated) or clause (ii), including the proviso thereto. With respect to any partial release of all or a portion of a Mortgaged Property from the lien of the related Mortgage Loan, including due to a partial condemnation, either: (x) such release (A)(i) would not constitute a "significant modification" of the subject Mortgage Loan within the meaning of Section 1.860G-2(b)(2) of the Treasury Regulations and (ii) would not cause the subject Mortgage Loan to fail to be a "qualified mortgage" within the meaning of Section 860G(a)(3)(A) of the Code or (B) would comply with Section 1.860G-2(b)(3) of the Treasury Regulations including by extension pursuant to a qualified paydown transaction in compliance with IRS Revenue Procedure 2010-30 or (y) the mortgagee or servicer can condition such release on an opinion of tax counsel to the effect specified in the immediately preceding clause (x)(A) or (x)(B).

24. With respect to each Mortgage where a lost note affidavit has been delivered to the Custodian in place of the related Mortgage Note, the related Mortgage Note is no longer in existence.

25. With respect to each Mortgage Loan, all parties that have had any interest in such Mortgage Loan, whether as mortgagee, assignee, pledge or otherwise, are (or, during the period in which they held and disposed of such interest, were) in compliance with any and all applicable licensing requirements of the laws of the state wherein the related Mortgaged Property is located, except to the extent that failure to be so licensed would not give rise to any claim against the Issuing Entity.

26. No fraud or material error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of any Originator, any correspondent or mortgage broker involved in the origination of such Mortgage Loan, the mortgagor or any appraiser, builder, developer or other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan.

27. With respect to any insurance policy, including, but not limited to, hazard or title insurance, covering a Mortgage Loan and the related Mortgaged Property, none of the Representation Provider, the Originators or the Seller has engaged in, and the mortgagor has not engaged in, any act or omission that would impair the coverage of any such policy, the benefits of the endorsement or the validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind as has been or will be received, retained or realized by any attorney, firm, or other person or entity, and no such unlawful items have been received, retained or realized by the Originator or the Seller.

28. In the event the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently serves and is named in the Mortgage, and no fees or expenses are or will become payable by the Representation Provider or the Seller to such trustee under the deed of trust, except in connection with a trustee's sale after default by the mortgagor under the Mortgage.

29. Each original Mortgage was recorded, and all subsequent assignments of the original mortgage have been recorded in the appropriate jurisdictions in which such recordation is necessary to perfect the liens against creditors of the Seller or are being recorded.

30. The Mortgage contains an enforceable provision for the acceleration of the payment of the Unpaid Principal Balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee.

31. The Mortgaged Property is either a fee-simple estate or a long-term residential lease. If the Mortgage Loan is secured by a long-term residential lease: (i) the terms of such lease expressly permit the mortgaging of the leasehold estate, the assignment of the lease without the lessor's consent (or the lessor's consent has been obtained and such consent is in the Mortgage Loan file) and the acquisition by the holder of the Mortgage of the rights of the lessee upon foreclosure or assignment in lieu of foreclosure or provide the holder of the Mortgage with substantially similar protection; (ii) the terms of such lease do not allow the termination thereof upon the lessee's default without the holder of the Mortgage being entitled to receive written notice of, and opportunity to cure, such default or prohibit the holder of the Mortgage from being insured under the hazard insurance policy related to the Mortgaged Property; (iii) the original term of such lease is not less than 15 years; (iv) the term of such lease does not terminate earlier than five years after the maturity date of the Mortgage Note; and (v) the Mortgaged Property is located in a jurisdiction in which the use of leasehold estates for residential properties is an accepted practice.

32. No Mortgage Loan in the Issuing Entity is a "high-cost" loan, "covered" loan or any other similarly designated loan as defined under any state, local or federal law, as defined by applicable predatory and abusive lending laws*; provided,* that, for the avoidance of doubt, no representation or warranty is made as to whether a Mortgage Loan constitutes a highly-priced mortgage loan, as permitted by specific state or federal laws.

33. The instruments and documents with respect to each Mortgage Loan required to be delivered to the Custodian pursuant to Section 2.01 of the Pooling and Servicing Agreement on or prior to the Closing Date have been delivered to the Custodian.

34. Unless otherwise indicated on the Mortgage Loan Schedule, none of the Depositor, the Seller nor any prior holder of the mortgage or the related Mortgage Note has modified the mortgage or the related Mortgage Note in any material respect, satisfied, canceled or subordinated the Mortgage in whole or in part, released the Mortgaged Property in whole or in part from the lien of the Mortgage or executed any instrument of release, cancellation, modification or satisfaction, except in each case as reflected in an agreement included in the Mortgage Loan file.

35. Each Mortgaged Property is located in the U.S. or a territory of the U.S. and consists of a one- to four-unit property, which may include, but is not limited to, a single-family dwelling, townhouse, condominium unit, mixed-use property or unit in a planned unit development.

36. Each Mortgage Loan is less than 60 days MBA delinquent as of the Closing Date.

37. No Originator has received notice that the mortgagor is a debtor in any state or federal bankruptcy or insolvency proceeding as of the Cut-off Date.

38. Other than with respect to Exempted Mortgage Loans, the applicable Originator made a reasonable and good faith determination that the mortgagor would have a reasonable ability to repay the Mortgage Loan according to its terms, in accordance with, at a minimum, the eight underwriting factors set forth in 12 C.F.R 1026.43(c)(2).

39. With respect to each Mortgage Loan, the proceeds of which were used to purchase the related Mortgaged Property, either (1) the mortgagor paid with his/her own funds a purchase price equal to at least the lesser of (i) 100% minus the combined loan-to-value ratio of the Mortgage Loan and (ii) 5% of the purchase price or (2) the mortgagor received a gift to fund the purchase price in accordance with the Underwriting Guidelines.

40. With respect to each Mortgage Loan for which an application was taken on or after October 3, 2015, either: (i) the Mortgage Loan was originated in compliance with TRID; (ii) the Mortgage Loan is exempt from TRID; or (iii) with respect to each TRID compliance exception with respect to a Mortgage Loan, such TRID compliance exception will not result in civil liability or has been cured in a manner which negates the associated civil liability.

41. As of the Closing Date, each Mortgaged Property complied in all material respects with all environmental laws, rules, and regulations that were applicable to such Mortgaged Property.

42. Any Prepayment Premium or yield maintenance charge applicable to any Mortgage Loan constitutes a "customary prepayment penalty" within the meaning of Treasury Regulations Section 1.860G-1(b)(2).

In connection with the transfer of the Third Party Originator Mortgage Loans by the Depositor to the Trustee (for the benefit of the Certificateholders), the Representation Provider will make, with respect to each such Mortgage Loan, the applicable representations and warranties set forth in Annex D as of the Closing Date (or as of such other date specifically set forth in the particular representation and warranty).

The Review Process

The review process described below, together with any arbitration proceeding related to such review, will be the sole method to determine the occurrence of any breach by the Representation Provider of any representation or warranty in respect of any Mortgage Loan, and none of the parties to the Pooling and Servicing Agreement or the Certificateholders may seek judicial review of any such determination. Certificateholders will not be able to change the scope of a review conducted by the Representation and Warranty Reviewer. Additionally, the Representation and Warranty Reviewer will conduct a review based on information in the Review Materials and other generally available information and, to the extent such information is insufficient, may not be able to make a determination of a Material Breach.

On or prior to the Closing Date, the Representation Provider will prepare electronic copies of the credit file with respect to each Angel Oak Mortgage Loan, the closing file with respect to each Angel Oak Mortgage Loan and the applicable Underwriting Guidelines (each, a "**Reviewer File**"). Upon the occurrence of a Review Trigger (as defined below) with respect to a Mortgage Loan, the Representation Provider will deliver to the Representation and Warranty Reviewer the Reviewer File and the Custodian or the Servicer will deliver to the Representation and Warranty Reviewer copies of the related Mortgage Loan file, the Mortgage Loan Schedule and any Servicing Notes with respect to such Mortgage Loan (such material, together with the Reviewer File and any additional materials provided to the Representation and Warranty Reviewer by the Representation Provider, the "**Review Materials**").

As further described herein, the Representation and Warranty Reviewer will conduct a review of a Mortgage Loan (a) if a Realized Loss has occurred with respect to an ATR Notice Loan or (b) upon the failure to deliver any related Mortgage Loan Document required to be delivered to the Custodian as part of the Mortgage Loan files, which failure remains uncured for one year following the Closing Date (each, an "**Automatic Review Trigger**"). Additionally, if a Realized Loss occurs with respect to any Mortgage Loan (other than an ATR Notice Loan), holders of greater than 25% of the aggregate outstanding Certificate Principal Balance (such holders, the "**Review Triggering Certificateholders**") may, nevertheless, notify the Trustee, in accordance with the provisions of the Pooling and Servicing Agreement, to engage the Representation and Warranty Reviewer to commence a review of the related Mortgage Loan ("**Certificateholder Review Trigger**," and together with the Automatic Review Trigger, the "**Review Triggers**" and each a "**Review Trigger**"). No direction related to a Certificateholder Review Trigger may be provided to the Trustee until 60 business days have elapsed since the date of notice of the related Realized Loss. If a Review Trigger occurs, then the Representation and Warranty Reviewer will conduct the applicable Tests set forth in Annex C with respect to an Angel Oak Mortgage Loan, and will determine, in its commercially reasonable judgment and based solely on such Tests and the Review Materials, (1) whether a representation and warranty has been breached and (2) whether such breach is a Material Breach. With respect to an Angel Oak Mortgage Loan, the Representation and Warranty Reviewer will only make a determination that a representation or warranty has been breached if a Test results in a determination of a Test Failure. If a Review Trigger occurs with respect to a Third Party Originator Mortgage Loan, the Representation and Warranty Reviewer will conduct a review to determine, in its commercially reasonable judgment and based solely on such review, (1) whether a representation and warranty has been breached and (2) whether such breach is a Material Breach. The Representation and Warranty Reviewer will not perform any Test related to

representation and warranty number 40 set forth under "*—Representations and Warranties of the Representation Provider*" with respect to any Angel Oak Mortgage Loan or, for any Third Party Originator Mortgage Loan, any review related to the representation and warranty that is substantially similar to representation and warranty number 40 set forth under "*—Representations and Warranties of the Representation Provider*," and will therefore make no determination of a Material Breach with respect thereto. The Representation and Warranty Reviewer will not perform any Test related to representation and warranty number 6 set forth under "*—Representations and Warranties of the Representation Provider*" with respect to any Angel Oak Mortgage Loan or, for any Third Party Originator Mortgage Loan, a review with respect to the representation and warranty that is substantially similar to representation and warranty number 6 set forth under "*—Representations and Warranties of the Representation Provider,*" for which a Review Trigger occurred on any date after the date on which the Certificate Principal Balances of the Rated Certificates are reduced to zero, and consequently, the Issuing Entity will have no remedies with respect to breaches of such representation or warranty in respect of Mortgage Loans for which a Review Trigger occurred on any date after the Certificate Principal Balances of the Rated Certificates are reduced to zero. In the event that the Representation and Warranty Reviewer receives notice of a Review Trigger, which includes a Mortgage Loan which has been previously reviewed by the Representation and Warranty Reviewer and for which a final determination has been previously been provided, the Representation and Warranty Reviewer will not perform any additional review or Tests on the duplicate Mortgage Loan.

If the Review Materials made available to the Representation and Warranty Reviewer are, in the Representation and Warranty Reviewer's commercially reasonable judgment, missing documents required to complete its review, or if the Review Materials received by the Representation and Warranty Reviewer are, in the Representation and Warranty Reviewer's commercially reasonable judgment, too defective to undertake any review, the Representation and Warranty Reviewer will notify the Trustee and the Representation Provider of such missing documents. None of the Trustee, the Custodian nor the Representation and Warranty Reviewer will have any obligation to obtain corrected or missing documents from any party or any other source, although the Trustee will be required to provide notice to Certificateholders in accordance with the Pooling and Servicing Agreement. If any such documentation deficiency has not been remedied to the Representation and Warranty Reviewer's reasonable satisfaction within ten days after notification to the Trustee and the Representation Provider (unless such uncured document deficiency relates to any document that is prepared, or required to be prepared, by the Servicer), then a Material Breach will be deemed to exist with respect to the related Mortgage Loan.

The Representation and Warranty Reviewer will, within 30 days of receiving all necessary Review Materials for a Mortgage Loan, complete its review and provide a preliminary determination in writing to the Trustee and the Representation Provider. For an Angel Oak Mortgage Loan, preliminary determination will include: (i) a statement as to (x) whether a Test Failure occurred and consequently whether a breach of any of the representations or warranties of the Representation Provider occurred with respect to such Mortgage Loan and (y) if any Test Failure occurred, whether the related breach is a Material Breach, as determined by the Representation and Warranty Reviewer in its commercially reasonable judgment, (ii) a certification that the conclusions made by the Representation and Warranty Reviewer were arrived at independently and not influenced by a third party, (iii) an explanation of the specific Tests and procedures utilized by the Representation and Warranty Reviewer in reaching such conclusion and the results thereof and (iv) a list of the documents and other information, including without limitation, the Review Materials, examined and/or relied upon in reaching such determination. For a Third Party Originator Mortgage Loan, the preliminary determination will include: (i) a statement as to whether the Representation and Warranty Reviewer made a determination of a breach of any of the representations or warranties of the Representation Provider, and whether such breach is a Material Breach, as determined by the Representation and Warranty Reviewer in its commercially reasonable judgment, (ii) a certification that the conclusions made by the Representation and Warranty Reviewer were arrived at independently and not influenced by a third party, (iii) an explanation of the specific criteria and procedures utilized by the Representation and Warranty Reviewer in reaching such conclusion and the results thereof and (iv) a list of the documents and other information, including without limitation, the Review Materials, examined and/or relied upon in reaching such determination.

With respect to an Angel Oak Mortgage Loan, the Representation Provider will have 30 days following receipt of a preliminary determination that a Test Failure occurred and a Material Breach exists to provide additional documentation to the Trustee and the Representation and Warranty Reviewer in order to cure such Material Breach or refute such preliminary determination. With respect to a Third Party Originator Mortgage Loan, the Representation Provider will have thirty (30) days following receipt of a preliminary determination that a Material Breach exists to provide additional documentation to the Trustee and the Representation and Warranty Reviewer in order to cure such Material Breach or refute such preliminary determination. The Representation and

Warranty Reviewer will review any additional documentation provided by the Representation Provider and provide to the Trustee and the Representation Provider a final determination, in writing, which either confirms or reverses its preliminary determination, within 30 days of the Representation and Warranty Reviewer's receipt of such additional documentation from the Representation Provider. In the event that the Representation Provider does not provide any such additional documentation, then the preliminary determination of the Representation and Warranty Reviewer will automatically become the final determination upon the expiration of such 30 day period and the Representation and Warranty Reviewer will notify the Trustee, in writing, of such final determination.

The Pooling and Servicing Agreement will require that Representation and Warranty Reviewer to perform its duties under the Pooling and Servicing Agreement in a manner consistent with the same level of skill and diligence that it would employ in reviews of mortgage loans that it conducts for other clients in the normal course of its business. Except as described below, the Representation and Warranty Reviewer may assume, without independent investigation or verification, that the Review Materials are accurate and complete in all material respects and the Representation and Warranty Reviewer may rely on such written information and documentation in connection with any review without independent verification. The Representation and Warranty Reviewer will have no duty to verify or determine whether any document that it reviews is forged or fraudulent and the Representation and Warranty Reviewer will not be liable for, any inaccurate, incomplete, forged or fraudulent Review Materials.

In making either a preliminary determination or a final determination, the Representation and Warranty Reviewer may, but is under no obligation to, consider information in addition to the Review Materials, which was obtained by the Representation and Warranty Reviewer including, without limitation, generic publicly accessible websites and information collected from third-parties. The Representation and Warranty Reviewer will disclose any such additional information in the related preliminary determination and/or final determination, as applicable. In the event the Representation and Warranty Reviewer obtains products or information from third parties, including without limitation, valuations or valuation reports, fraud reports, or tax and title reports, the Representation and Warranty Reviewer will be entitled to reimbursement for such costs, not to exceed $20,000 annually, from the Issuing Entity. Any amounts in excess of such annual cap to be incurred by the Representation and Warranty Reviewer in obtaining third-party products or reports shall be at the mutual agreement of the Representation and Warranty Reviewer and the Sponsor. In no event will the Representation and Warranty Reviewer consider information provided by a mortgagor unless such information was included in the Review Materials or was otherwise obtained from the Servicer, the Servicing Administrator, the Representation Provider or the applicable Originator.

The Representation and Warranty Reviewer, in its sole discretion and at its sole expense, may engage one or more subcontractors to perform its obligations under the Pooling and Servicing Agreement, however, the Representation and Warranty Reviewer will not be released of any of its obligations or responsibilities and will be liable for any action or omission of a subcontractor as if such action or omission were an action or omission of the Representation and Warranty Reviewer.

The Trustee will have no obligation to monitor or ensure compliance by the Representation and Warranty Reviewer, the Representation Provider, the Angel Oak Originators and/or the applicable Third Party Originator, if applicable, with the timelines for performance of their respective duties in connection with any review. The duty of the Trustee to provide any notice or information in connection with a review will be contingent on its timely receipt of any relevant information or materials from the party responsible for delivery thereof.

See "*Risk Factors—The Review Process Is the Sole and Exclusive Process by which Any Breach of Representations and Warranties May Be Independently Identified and Remedied and No Assurance Can Be Made as to Its Effectiveness*" in this Offering Memorandum.

Repurchase Requests and Arbitration

If the Representation and Warranty Reviewer makes a final determination that a Material Breach exists with respect to any Mortgage Loan, the Representation and Warranty Reviewer will provide a statement thereof to the Paying Agent. Upon receipt of such statement from the Representation and Warranty Reviewer, the Paying Agent will make such statement available on the Paying Agent's website at www.ctslink.com and the Trustee will request that the Representation Provider either (i) in the case of any Mortgage Loan other than a Liquidated Loan (A) cure such Material Breach, (B) repurchase the related Mortgage Loan at the Repurchase Price from the Issuing Entity or (C) prior to the date that is two years following the Closing Date, substitute a Substitute Mortgage Loan

for such Mortgage Loan and remit the related Substitution Adjustment Amount, if any, to the Paying Agent for deposit in the Distribution Account or (ii) in the case of any Liquidated Loan, make an indemnity payment to the Issuing Entity equal to the Make-Whole Amount.

If the Representation Provider does not dispute the finding of a Material Breach, the Representation Provider will take any of the actions set forth in the immediately preceding paragraph within 30 days of the Representation Provider's receipt of the final determination of a Material Breach.

Within the first two years following the Closing Date, in lieu of repurchasing a Mortgage Loan, the Representation Provider may cause such Mortgage Loan to be removed from the Issuing Entity (such Mortgage Loan, a "**Deleted Mortgage Loan**") and substitute one or more Substitute Mortgage Loans.

A "**Substitute Mortgage Loan**" is a Mortgage Loan that is substituted for a Deleted Mortgage Loan, which must, on the date of such substitution (i) have an Unpaid Principal Balance, after deduction of the principal portion of the Scheduled Payment due in the month of substitution, not less than 90% of the Unpaid Principal Balance of the Deleted Mortgage Loan; (ii) have a Mortgage Interest Rate not less than the Mortgage Interest Rate of the Deleted Mortgage Loan; (iii) have the same or higher credit quality characteristics than that of the Deleted Mortgage Loan; (iv) have a loan-to-value ratio no higher than that of the Deleted Mortgage Loan; (v) have a remaining term to maturity not greater than (and not more than one year less than) that of the Deleted Mortgage Loan; (vi) have the same occupancy type and lien priority as the Deleted Mortgage Loan and (vii) comply with each representation and warranty set forth in the Pooling and Servicing Agreement as of the date of substitution. For any month in which the Representation Provider substitutes one or more Substitute Mortgage Loans for one or more Deleted Mortgage Loans, the Representation Provider will deliver, or cause to be delivered, to the Paying Agent for deposit in the Distribution Account, the related Substitution Adjustment Amount.

If any of the Representation Provider, the Controlling Representative or the Review Triggering Certificateholders disputes the results of any final determination, such disputing party will notify the other party within ten days of receipt of a final determination of a Material Breach. Any such dispute and any matters related to such dispute will be resolved by arbitration conducted in accordance with the rules of the American Arbitration Association. The finding of the arbitrator will be final and binding upon all parties, including the Certificateholders, and such binding arbitration will be the sole mechanism to resolve any such dispute or such related matters. The costs and expenses of arbitration will be borne by (i) the Representation Provider if such arbitration is initiated by the Representation Provider; provided that if the Representation Provider prevails in such arbitration, the costs and expenses of such arbitration will be reimbursable to the Representation Provider (and consequently borne by Certificateholders), subject to the Annual Cap, (ii) the Controlling Representative if such arbitration is initiated by the Controlling Representative; provided that if the Controlling Representative prevails in such arbitration, the costs and expenses of such arbitration will be reimbursable to the Controlling Representative (and consequently borne by Certificateholders), subject to the Annual Cap or (iii) the Review Triggering Certificateholders if such arbitration is initiated by the Review Triggering Certificateholders; provided that if such Review Triggering Certificateholders prevail in the arbitration, the costs and expenses of such arbitration will be reimbursable to the Review Triggering Certificateholders (and consequently borne by all Certificateholders), subject to the Annual Cap.

In addition to the foregoing, only with respect to Angel Oak Mortgage Loans that were originated within 90 days of the Closing Date, the Representation Provider will be required to repurchase such Angel Oak Mortgage Loan in the event that the Mortgage Loan becomes 60 or more days delinquent (based on the MBA Method) within the first three months following the date of origination of such Mortgage Loan, unless the default was the result of (a) a servicing issue that has subsequently been or will be corrected or (b) death or serious illness that resulted in full disability or the termination of employment of the mortgagor (or, if the co-mortgagor is the primary wage earner, the co-mortgagor) (an "**Early Payment Default**").

In addition to the foregoing, the Representation Provider may, at its option, repurchase any Mortgage Loan from the Issuing Entity at the Repurchase Price in order to facilitate the enforcement of the Seller's (or an affiliate's) remedies against an Originator or third-party seller.

The Representation and Warranty Reviewer will not be required to conduct any review procedures to determine whether there has been a breach related to representation and warranty number 40 set forth above under "*—Representations and Warranties of the Representation Provider With Respect to the Angel Oak Mortgage Loans*" with respect to an Angel Oak Mortgage Loan or, for any Third Party Originator Mortgage Loan, the representation and warranty that is substantially similar to representation and warranty number 40 set forth under

"*—Representations and Warranties of the Representation Provider*" and will therefore make no determination of a Material Breach with respect thereto. Notwithstanding the foregoing, in the event that a judicial determination has been made that (a) a violation of the TRID rule exists with respect to such Mortgage Loan, (b) assignee liability applies to such violation and (c) statutory damages and/or out-of-pocket attorneys' fees in excess of $400 are payable with respect to such violation, the Servicer will be required to provide the Servicing Administrator, the Trustee, the Representation and Warranty Reviewer and the Representation Provider with written notice thereof within 30 business days and the Representation Provider will have 60 business days from the first date on which the events described in clauses (a), (b) and (c) have all occurred to (A) cure the breach (including by making an indemnity payment to the Issuing Entity sufficient to compensate it for any amounts payable by the Issuing Entity that are described in clause (c) above), (B) repurchase the related Mortgage Loan from the Issuing Entity at the Repurchase Price, (C) in some circumstances, substitute another mortgage loan for the related Mortgage Loan or (D) make an indemnity payment equal to the Make-Whole Amount with respect to a Liquidated Loan, in all cases without regard to whether the related TRID rule violation materially and adversely affects the value of such Mortgage Loan or the interests of the Certificateholders therein. In furtherance of the foregoing, the Servicer will be required to provide the Servicing Administrator, the Trustee, the Representation and Warranty Reviewer and the Representation Provider, with written notice within 30 business days after a judicial determination has been made that fulfills clauses (a), (b) and (c) of the preceding sentence, regardless of whether a TRID rule violation has been identified with respect to such Mortgage Loan at such time.

The Trustee will enforce the representations and warranties concerning the Mortgage Loans made by the Representation Provider for the benefit of the Certificateholders pursuant to the Pooling and Servicing Agreement.

Resignation and Removal of the Representation and Warranty Reviewer

If at any time (i) the Representation and Warranty Reviewer becomes incapable of acting, suffers certain bankruptcy or receivership events or admits in writing its inability to pay its debts as they become due, (ii) the Representation and Warranty Reviewer materially breaches any of its representations, warranties or covenants made by it in the Pooling and Servicing Agreement and such breach continues for 30 days or (iii) the Representation and Warranty Reviewer delays or fails to perform its obligations as result of a force majeure for a period of 60 business days, then the Trustee will, if directed by the Controlling Representative, remove the Representation and Warranty Reviewer and appoint a successor Representation and Warranty Reviewer acceptable to the Trustee. The terminated Representation and Warranty Reviewer will remain entitled to receive any amounts payable to the Representation and Warranty Reviewer that arose prior to the termination of its duties under the Pooling and Servicing Agreement.

The Representation and Warranty Reviewer may resign from its obligations under the Pooling and Servicing Agreement by providing at least 30 days' written notice. Such resignation will not become effective until a successor to the Representation and Warranty Reviewer, acceptable to the Trustee (acting at the written direction of the Controlling Representative), has been appointed and such successor has executed and delivered to the Trustee an agreement accepting its engagement and agreeing to perform the obligations of the Representation and Warranty Reviewer under the Pooling and Servicing Agreement.

Limitation on Liability; Indemnification

Neither the Representation and Warranty Reviewer nor any of its members, directors, officers, employees or agents will bear any monetary, financial or economic liability to any person or entity for any claim, injury, damage or loss resulting from any act or omission, mistake of judgment, or any recommendation made by them, or any matter arising under the Pooling and Servicing Agreement, except to the extent that such claim, injury, damage or loss has occurred due to the bad faith, fraud or knowing and willful misconduct of such party. Other than for third-party claims arising from the Representation and Warranty Reviewer's bad faith, fraud or willful misconduct, in no event, will the Representation and Warranty Reviewer, nor any of its members, directors, officers, employees or agents, be liable under the Pooling and Servicing Agreement for an amount in excess of the Representation and Warranty Reviewer Fee actually received by the Representation and Warranty Reviewer (excluding reimbursed expenses). Neither the Representation and Warranty Reviewer nor any of its members, officers, employees or agents will be liable to any person or entity for any special, indirect, incidental, consequential, punitive or exemplary damages, including, but not limited to, damage to business profits, lost business or lost profits, even if such person or entity alleged to be liable has knowledge of the possibility of such damages.

The Representation and Warranty Reviewer, and its respective directors, officers, employees and agents will be indemnified and held harmless by, and entitled to reimbursement from, the Issuing Entity for any and all suits, claims and civil, regulatory and/or criminal proceedings resulting in liabilities, damages, costs, losses and expenses, including court costs and reasonable attorneys' fees, incurred or expended (without negligence or willful misconduct on its or their part) in connection with claims asserted by a third-party arising out of or relating to the services performed by the Representation and Warranty Reviewer in accordance with the Pooling and Servicing Agreement (subject to the Annual Cap), except to the extent arising from the Representation and Warranty Reviewer's bad faith, fraud or willful misconduct or the Pooling and Servicing Agreement expressly provides such third party with the right to assert the claim.

DESCRIPTION OF THE CERTIFICATES

General

Angel Oak Mortgage Trust 2022-4, Mortgage-Backed Certificates, Series 2022-4 will consist of the Certificates described in the Certificates Tables.

The Certificates will be issued on the Closing Date pursuant to the Pooling and Servicing Agreement. Set forth below are summaries of the material terms and provisions pursuant to which the Certificates will be issued. The following summaries are subject to, and are qualified in their entirety by reference to, the provisions of the Pooling and Servicing Agreement.

The Certificates will have the approximate Initial Certificate Principal Balances and Initial Class Notional Amount specified in the Certificates Tables. Any difference between the Certificate Principal Balances and Class Notional Amount as of the date of issuance of the Certificates and the approximate Initial Certificate Principal Balances and Initial Class Notional Amount set forth in the Certificates Tables will not exceed 5% of the Initial Certificate Principal Balance or Initial Class Notional Amount, as applicable, for each class of Certificates. The Certificates will be issued initially in the denominations set forth in the Certificates Tables.

The Certificates will represent interests in all of the Issuing Entity's right, title and interest in and to, whether now existing or hereafter created, the following assets (the "**Trust Estate**"):

(i) the Mortgage Loans (including the servicing rights thereto and all payments received in respect of Scheduled Payments on the Mortgage Loans due after the Cut-off Date) and any REO property created in respect thereof;

(ii) the Collection Account, the Master Servicer Collection Account, the Distribution Account, the Cap Carryover Reserve Account, the Step-Up Cap Carryover Reserve Account and all funds on deposit from time to time in such accounts, including any amounts deposited in such account by any party as a result of losses due to investments, but excluding any investment income from such funds;

(iii) the Trustee's rights under the Mortgage Loan Purchase Agreements as assignee of the Depositor; and

(iv) proceeds of any of the foregoing.

Distributions on the Certificates will be made by the Paying Agent, on each Distribution Date to the persons in whose names such Certificates are registered at the close of business on the applicable Record Date. All distributions with respect to each class of Certificates on each Distribution Date will be allocated *pro rata* among the outstanding Certificateholders of such class of Certificates.

Expected Final Distribution Date

The Expected Final Distribution Date for each class of Offered Certificates is the Distribution Date set forth in the Certificates Tables, which is based upon the Structuring Assumptions and assuming that the Mortgage Loans prepay at 25% CPR as described under "*Prepayment and Yield Considerations—Structuring Assumptions*."

The actual final Distribution Date of any class of Offered Certificates may be earlier or later than such class of Certificates' Expected Final Distribution Date.

Final Scheduled Distribution Date

The "**Final Scheduled Distribution Date**" for the Certificates is the Distribution Date in May 2067, which is the Distribution Date 61 months following the scheduled maturity date for the latest maturing related Mortgage Loan. The actual final Distribution Date of any class of Certificates may be earlier or later, and may be substantially earlier or later, than the Final Scheduled Distribution Date.

Book-Entry Certificates

The Certificates (other than the Class R Certificates) will be issuable in book-entry form only (the "**Book-Entry Certificates**"). Persons acquiring beneficial ownership interests in the Book-Entry Certificates ("**Certificate Owners**") will hold such Certificates through The Depository Trust Company ("**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 which are participants in such systems (the "**Indirect Participants**"). Each class of Book-Entry Certificates will be issued in one or more certificates which equal the aggregate Certificate Principal Balance of such Certificates 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. Citibank, N.A. will act as depositary for Clearstream and JPMorgan Chase Bank, National Association will act as depositary for Euroclear (in such capacities, individually the "**Relevant Depositary**" and collectively the "**European Depositaries**"). Investors may hold such beneficial interests in the Book-Entry Certificates in minimum denominations of $50,000 and integral multiples of $1 in excess thereof. Except as described below, no person acquiring a Book-Entry Certificate (each, a "**beneficial owner**") will be entitled to receive a physical security representing such Certificate (a "**Definitive Certificate**").

Unless and until Definitive Certificates are issued, it is anticipated that the only "**Certificateholder**" of the Book-Entry Certificates will be Cede & Co., as nominee of DTC. For the Definitive Certificates, the "**Certificateholders**" will be beneficial owners of such Certificates. Certificate Owners will not be Certificateholders as that term is used in the Pooling and Servicing Agreement. Certificate Owners are only permitted to exercise their rights indirectly through Participants and DTC.

The beneficial owner's ownership of a Book-Entry Certificate 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 Certificate 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).

Certificate Owners will receive all distributions of principal of and interest on the Book-Entry Certificates from the Paying Agent through DTC and DTC Participants. While the Book-Entry Certificates 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 Certificates and is required to receive and transmit distributions of principal of, and interest on, the Book-Entry Certificates. Participants and Indirect Participants with whom Certificate Owners have accounts with respect to Book-Entry Certificates are similarly required to make book-entry transfers and receive and transmit such distributions on behalf of their respective Certificate Owners. Accordingly, although Certificate Owners will not possess certificates representing their respective interests in the Book-Entry Certificates, the Rules provide a mechanism by which Certificate Owners will receive distributions and will be able to transfer their interest.

Certificateholders will not receive or be entitled to receive certificates representing their respective interests in the Book-Entry Certificates, except under the limited circumstances described below. Unless and until Definitive Certificates are issued, Certificateholders who are not Participants may transfer ownership of Book-Entry Certificates only through Participants and Indirect Participants by instructing such Participants and Indirect Participants to transfer Book-Entry Certificates, by book-entry transfer, through DTC for the account of the purchasers of such Book-Entry Certificates, 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 Certificates

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 Certificateholders.

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 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 Certificates, whether held for its own account or as a nominee for another person. In general, beneficial ownership of Book-Entry Certificates 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.

Distributions on the Book-Entry Certificates will be made on each Distribution Date by the Paying Agent to Cede & Co., as nominee of DTC. DTC will be responsible for crediting the amount of such distributions to the accounts of the applicable DTC Participants in accordance with DTC's normal procedures. Each DTC Participant will be responsible for disbursing such distributions to the Beneficial Owners of the Book-Entry Certificates 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 Certificates that it represents.

Under a book-entry format, Beneficial Owners of the Book-Entry Certificates may experience some delay in their receipt of distributions, since such distributions will be forwarded by the Paying Agent to Cede & Co. Distributions with respect to Certificates 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 distributions will be subject to tax reporting in accordance with relevant United States tax laws and regulations. See "*Certain U.S. Federal Income Tax Consequences—Reporting and Other Administrative Matters*" and "*—Backup Withholding With Respect to Offered Certificates*" in this Offering Memorandum. Because DTC can only act on behalf of DTC Participants, the ability of a beneficial owner to pledge Book-Entry Certificates to persons or entities that do not participate in the book-entry system, or otherwise take actions in respect of such Book-Entry Certificates, may be limited due to the lack of physical securities for such Book-Entry Certificates. In addition, issuance of the Book-Entry Certificates in book-entry form may reduce the liquidity of such Certificates in the secondary market since certain potential investors may be unwilling to purchase Certificates for which they cannot obtain physical securities.

Monthly and annual reports on the Certificates 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 Certificates of such beneficial owners are credited.

DTC has advised the Paying Agent that, unless and until Definitive Certificates are issued, DTC will take any action the holders of the Book-Entry Certificates are permitted to take under the Pooling and Servicing Agreement only at the direction of one or more DTC Participants to whose DTC accounts the Book-Entry Certificates are credited, to the extent that such actions are taken on behalf of Financial Intermediaries whose holdings include such Book-Entry Certificates. Clearstream or the Euroclear Operator, as the case may be, will take any other action permitted to be taken by a Certificateholder under the Pooling and Servicing Agreement 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 Certificates which conflict with actions taken with respect to other Book-Entry Certificates.

Definitive Certificates will be issued to beneficial owners of the Book-Entry Certificates, or their nominees, rather than to DTC, only if DTC advises the Paying Agent 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 Certificates.

Upon the occurrence of the event described in the immediately preceding paragraph, the Paying Agent will be required to notify all beneficial owners of the occurrence of such event and the availability through DTC of Definitive Certificates. Upon surrender by DTC of the global note or certificates representing the Book-Entry Certificates and instructions for re-registration, the Issuing Entity will issue Definitive Certificates, and thereafter the Issuing Entity, the Trustee, the Certificate Registrar and the Paying Agent will recognize the holders of such Definitive Certificates as Certificateholders under the Pooling and Servicing Agreement.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of Book-Entry Certificates 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 Seller, the Depositor, the Issuing Entity, the Servicing Administrator, the Servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Master Servicer or the Initial Purchasers will have any responsibility for any aspect of the records relating to or distributions made on account of beneficial ownership interests of the Book-Entry Certificates held by Cede & Co., as nominee for DTC, or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Certain U.S. Federal Income Tax Documentation Requirements

A beneficial owner of Book-Entry Certificates that is not a U.S. Tax Person (a "**Non-U.S. Tax Person**") holding a Book-Entry Certificate through Clearstream, Euroclear or DTC may be subject to U.S. withholding tax unless it provides certain documentation to the Issuing Entity of the Book-Entry Certificates, 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. Tax Person may be subject to withholding unless each U.S. Withholding Agent receives:

(i) from a Non-U.S. Tax Person 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-E or IRS Form W-8BEN (or any successor form);

(ii) from a Non-U.S. Tax Person that is eligible for an exemption on the basis that the holder's income from the Book-Entry Certificates 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. Tax Person 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. Tax Person 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 Certificates):

(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 Form W-8 and IRS Form 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. Tax Person that is a trust, depending on whether the Issuing Entity is classified for U.S. federal income tax purposes as the beneficial owner of Book-Entry Certificates, either an IRS Form W-8BEN-E or IRS Form W-8IMY (with all supporting documentation (as specified in the Treasury regulations)); any Non-U.S. Tax Person that is a trust should consult its tax advisors to determine which of these forms it should provide.

All Non-U.S. Tax Persons 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. Tax Persons, holding Book-Entry Certificates 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. Tax Person; (b) provides a duly completed and executed IRS Form W-9, if the holder is a U.S. Tax Person; or (c) can be treated as a "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 withholding tax that may be relevant to investors, including withholding tax under sections 1471 through 1474 of the Code or "FATCA." FATCA generally imposes withholding tax of 30% on "withholdable payments" made to certain foreign entities (including financial intermediaries), unless the appropriate IRS Form described above certifies to an exemption from withholding tax under FATCA, such IRS Form is provided to the U.S. Withholding Agent, and certain information reporting, diligence and other requirements are satisfied. For this purpose, "withholdable payments" include U.S.-source interest. For additional tax information, see "*Certain U.S. Federal Income Tax Consequences*" in this Offering Memorandum. Prospective investors are advised to consult their tax advisors for specific tax advice (including with respect to FATCA) concerning their holding and disposing of Book-Entry Certificates.

Limitations on Transfers of Certificates

The Certificates are being offered in a private placement to 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 no party is obligated to register the Certificates under the Securities Act or any such other laws. No transfer or sale of the Certificates 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, Certificates may be resold or transferred only to (i) "qualified institutional buyers" as defined in Rule 144A under the Securities Act and in compliance therewith or (ii) non-"U.S. Persons" (as defined in Regulation S under the Securities Act) and in compliance therewith. The Pooling and Servicing Agreement provides that the Certificates may not be acquired by a Plan or with assets of a Plan and no transfer of a Certificate to a Plan or any other plan subject to Similar Law will be permitted.

In addition, the Class R Certificates will be subject to the restrictions on transfer described in this Offering Memorandum under "*Certain U.S. Federal Income Tax Consequences*." The Class R Certificates may not be transferred unless the proposed transferee delivers to the Certificate Registrar a transfer affidavit in accordance with the provisions of the Pooling and Servicing Agreement.

Prior to any transfer of a Definitive Certificate, the proposed transferee will be required to represent to the Certificate Registrar and the Depositor in writing that the applicable conditions to transfer set forth under "Notice to Investors" herein are satisfied. Such representations will be set forth in an investment letter substantially in the form set forth in the Pooling and Servicing Agreement. A transferee of an interest in a book-entry certificate, by acceptance of its interest therein, will be deemed to have made all applicable representations set forth in an investment letter and set forth herein under "Notice to Investors." Each transferee will agree to indemnify the Issuing Entity, the Trustee, the Paying Agent, the Certificate Registrar, the Servicing Administrator and the Depositor against any liability that may result from a transfer by such Certificateholder that is not made in accordance with such laws or the provisions of the Pooling and Servicing Agreement.

The Certificate Registrar will not have the ability to monitor transfers of the Certificates while they are in book-entry form and will have no liability for transfers of the Certificates in violation of any of the transfer restrictions described in this Offering Memorandum.

The Pooling and Servicing Agreement 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 Certificate 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 Certificates 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 Certificates, and investors should be aware that they may be required to bear the financial risks of any investment in the Certificates for an indefinite period of time.

Priority of Distributions

Interest Distributions

Interest distributions to holders of the P&I Certificates will be made on each Distribution Date from the Interest Remittance Amount. On each Distribution Date, the Paying Agent, based on information provided by the Servicer, will allocate the Interest Remittance Amount, sequentially, in the following order of priority to the extent available:

first, to the Class A-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

second, to the Class A-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

third, to the Class A-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

fourth, to the Class M-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

fifth, to the Class B-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

sixth, to the Class B-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates;

seventh, (a) prior to the Distribution Date in July 2026 or on any Distribution Date on which the Class A Certificates are no longer outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is zero, to the Class B-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount thereon and (b) on and after the Distribution Date in July 2026 (and for so long as any class of Class A Certificates is outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is greater than zero), an amount up to the Interest Distribution Amount and Interest Carryforward Amount for the Class B-3 Certificates for such Distribution Date, first, to the Step-Up Cap Carryover Reserve Account, in an amount up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date (after giving effect to any expected distributions in reduction thereof from the Cap Carryover Reserve Account pursuant to priority *third* under "*—Monthly Excess Cashflow*" below), second, from such amounts on deposit in the Step-Up Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon, and third, any remaining amount to the Class B-3 Certificates in respect of any Interest Distribution Amount and any Interest Carryforward Amount thereon; and

eighth, any remaining Interest Remittance Amount to be applied as part of Monthly Excess Cashflow.

Principal Distributions

Principal distributions to holders of the P&I Certificates will be made on each Distribution Date from the Principal Remittance Amount.

On each Distribution Date that a Credit Event is not in effect, the Paying Agent, based on information provided to it by the Servicer, will allocate the Principal Remittance Amount, sequentially, in the following order of priority to the extent available:

first, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any Interest Distribution Amount and Interest Carryforward Amount for each such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

second, concurrently, to the Class A-1, Class A-2 and Class A-3 Certificates, *pro rata* based on the Certificate Principal Balance of each such class of Certificates, in reduction of the Certificate Principal Balances thereof, until the Certificate Principal Balance of each such class of Certificates is reduced to zero;

third, to the Class M-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

fourth, to the Class M-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-1 Certificates is reduced to zero;

fifth, to the Class B-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

sixth, to the Class B-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-1 Certificates is reduced to zero;

seventh, to the Class B-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

eighth, to the Class B-2 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-2 Certificates is reduced to zero;

ninth, (a) prior to the Distribution Date in July 2026 or on any Distribution Date on which the Class A Certificates are no longer outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is zero, to the Class B-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount thereon and (b) on and after the Distribution Date in July 2026 (and for so long as any class of Class A Certificates is outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is greater than zero), an amount up to the Interest Distribution Amount and Interest Carryforward Amount for the Class B-3 Certificates for such Distribution Date, first to the Step-Up Cap Carryover Reserve Account, in an amount up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date (after giving effect to any expected distributions in reduction thereof from the Cap Carryover Reserve Account pursuant to priority *third* under "*—Monthly Excess Cashflow*" below and any deposit to the Step-Up Cap Carryover Reserve Account pursuant to priority seventh under "*—Interest Distributions*" above), second, from such amounts on deposit in the Step-Up Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon, and third, any remaining amount to the Class B-3 Certificates in respect to any unpaid Interest Distribution Amount and any Interest Carryforward Amount thereon;

tenth, to the Class B-3 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-3 Certificates is reduced to zero;

eleventh, sequentially, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, to reimburse such classes of Certificates for any Applied Realized Loss Amounts previously allocated thereto; and

twelfth, any remaining Principal Remittance Amount to be applied as part of Monthly Excess Cashflow.

On each Distribution Date that a Credit Event is in effect, the Paying Agent, based on information provided to it by the Servicer, will allocate the Principal Remittance Amount, sequentially, in the following order of priority to the extent available:

first, sequentially, to the Class A-1 and Class A-2 Certificates, in that order, any Interest Distribution Amount and Interest Carryforward Amount for each such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

second, *sequentially*, to the Class A-1 and Class A-2 Certificates, in that order, in reduction of the Certificate Principal Balances thereof, until the Certificate Principal Balance of each such class of Certificates is reduced to zero;

third, to the Class A-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

fourth, to the Class A-3 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class A-3 Certificates is reduced to zero;

fifth, to the Class M-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

sixth, to the Class M-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class M-1 Certificates is reduced to zero;

seventh, to the Class B-1 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

eighth, to the Class B-1 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-1 Certificates is reduced to zero;

ninth, to the Class B-2 Certificates, any Interest Distribution Amount and Interest Carryforward Amount for such class of Certificates remaining unpaid after distribution of the Interest Remittance Amount for such Distribution Date;

tenth, to the Class B-2 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-2 Certificates is reduced to zero;

eleventh, (a) prior to the Distribution Date in July 2026 or on any Distribution Date on which the Class A Certificates are no longer outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is zero, to the Class B-3 Certificates, any Interest Distribution Amount and Interest Carryforward Amount thereon and (b) on and after the Distribution Date in July 2026 (and for so long as any class of Class A Certificates is outstanding and the aggregate unpaid Cap Carryover Amount for the Class A Certificates is greater than zero), an amount up to the Interest Distribution Amount and Interest Carryforward Amount for the Class B-3 Certificates for such Distribution Date, first to the Step-Up Cap Carryover Reserve Account, in an amount up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date (after giving effect to any expected distributions in reduction thereof from the Cap Carryover Reserve Account pursuant to priority *third* under "*—Monthly Excess Cashflow*" below and any deposit to the Step-Up Cap Carryover Reserve Account pursuant to priority seventh under "*—Interest Distributions*" above), second, from such amounts on deposit in the Step-Up Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon, and third, any remaining amount to the Class B-3 Certificates in respect to any unpaid Interest Distribution Amount and any Interest Carryforward Amount thereon;

twelfth, to the Class B-3 Certificates, in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of the Class B-3 Certificates is reduced to zero;

thirteenth, sequentially, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, to reimburse such classes of Certificates for any Applied Realized Loss Amounts previously allocated thereto; and

fourteenth, any remaining Principal Remittance Amount to be applied as part of Monthly Excess Cashflow.

Monthly Excess Cashflow

On each Distribution Date, after giving effect to payments of (i) the Interest Remittance Amount as described under clauses *first* through *seventh* under "*—Interest Distributions*" above and (ii) the Principal Remittance Amount as described under clauses *first* through *eleventh* if no Credit Event is in effect and under clauses *first* through *thirteenth* if a Credit Event is in effect under "*—Principal Distributions*" above, the Paying Agent will allocate the Monthly Excess Cashflow in the following order of priority (in each case, to the extent available and provided that with respect to the final distribution made in connection with the Optional Redemption of the Certificates, priorities *first* and *second* below are disregarded):

first, in an amount up to the amount of any Realized Losses incurred during the related Prepayment Period, *sequentially*, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, in each case in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of such class of Certificates is reduced to zero;

second, up to the amount of Cumulative Applied Realized Loss Amounts, *sequentially*, as follows:

(i) *sequentially*, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, in each case in reduction of the Certificate Principal Balance thereof, until the Certificate Principal Balance of such class of Certificates is reduced to zero;

(ii) *sequentially*, to the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2 and Class B-3 Certificates, in that order, to reimburse such classes of Certificates for Applied Realized Loss Amounts previously allocated thereto (in each case, to the extent the applicable Certificate Principal Balance for such class of Certificates has not been increased by prior applications of Certificate Write-up Amounts);

third, (i) from amounts otherwise distributable to the Class XS Certificates, to the Cap Carryover Reserve Account, up to the aggregate Cap Carryover Amount for the Class A Certificates for such Distribution Date and then (ii) from amounts on deposit in the Cap Carryover Reserve Account, sequentially, to the Class A-1, Class A-2 and Class A-3 Certificates, in that order, any unpaid Cap Carryover Amounts thereon;

fourth, to the Class XS Certificates, any remaining Class XS Distribution Amount; and

fifth, any remaining amounts, as described in the Pooling and Servicing Agreement.

For the avoidance of doubt, any portion of the Interest Remittance Amount or Principal Remittance Amount that would otherwise be used to pay Interest Carryforward Amount or Interest Distribution Amount to the Class B-3 Certificates that is deposited into the Step-Up Cap Carryover Reserve Account will not be reimbursed to the Class B-3 Certificates on any Distribution Date.

The "**Class XS Distribution Amount**" means, for the Class XS Certificates and each Distribution Date, an amount equal to the sum of (i) the positive excess, if any, of (a) interest accrued on the Class Notional Amount for the Class XS Certificates at a per annum rate equal to the Net WAC Rate for such Distribution Date over (b) the aggregate amount of interest accrued on the P&I Certificates at their respective Certificate Rates for such Distribution Date plus (ii) any amount under clause (i) remaining unpaid from any previous Distribution Dates other than those amounts deemed paid to the Cap Carryover Reserve Account pursuant to priority *third* under "*Description of the Certificates—Priority of Distributions—Monthly Excess Cashflow*."

On each Distribution Date prior to distribution of the Interest Remittance Amount, the Principal Remittance Amount and Monthly Excess Cashflow, the Paying Agent will, based solely on the information provided to it by the Servicer, withdraw from the Distribution Account, an amount equal to the greater of (1) zero, and (2) (a) the Aggregate Net Excess Servicing Strip for such Distribution Date, plus (b) any Net Prepayment Interest Excess, in an aggregate amount not to exceed the Excess Servicing Strip Reimbursement Amount for such Distribution Date and distribute such amount to the Class A-IO-S Certificates. On each Distribution Date, the Paying Agent, based on information provided by the Servicer, will distribute (x) funds on deposit in the Distribution Account to the extent of any Prepayment Premiums received during the related Prepayment Period to the Class XS Certificates and (y) any Net Interest Excess to the Servicing Administrator as the Servicing Administration Fee and as additional compensation.

The "**Aggregate Net Excess Servicing Strip**" means, with respect to any Distribution Date, the excess, if any, of (a) the aggregate Excess Servicing Strip for the Mortgage Loans for such Distribution Date over (b) the Compensating Interest Payment for such Distribution Date.

The "**Excess Servicing Strip Reimbursement Amount**" means, with respect to any Distribution Date, the aggregate amount by which the Aggregate Net Excess Servicing Strip was reduced by Compensating Interest Payments on all prior Distribution Dates, to the extent not reimbursed to the Class A-IO-S Certificates from Net Prepayment Interest Excess.

Cap Carryover Reserve Account and Step-Up Cap Carryover Reserve Account

On the Closing Date, the Paying Agent will establish a cap carryover reserve account in the name of the Trustee for the benefit of the Class A Certificates (the "**Cap Carryover Reserve Account**") from which distributions in respect of Cap Carryover Amounts on the Class A Certificates will be made. The Paying Agent will also establish on the Closing Date the step-up cap carryover reserve account in the name of the Trustee for the benefit of the Class A Certificates (the "**Step-Up Cap Carryover Reserve Account**") from which distributions in respect of Cap Carryover Amounts on the Class A Certificates will be made on and after the Distribution Date in July 2026. The Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account will each be an asset of the Issuing Entity but not of any REMIC.

If on any Distribution Date, the Interest Distribution Amount for any class of Class A Certificates is calculated based on the Net WAC Rate, the sum of (a) the excess, if any, of (i) the amount of interest such class of Certificates would have been entitled to receive on such Distribution Date if the Certificate Rate for such class of Certificates had been calculated without regard to the Net WAC Rate over (ii) the amount of interest such class of Certificates is entitled to receive on such Distribution Date based on the Net WAC Rate and (b) the unpaid portion of any such excess from prior Distribution Dates (and interest accrued thereon at the related Certificate

Rate (calculated without regard to the Net WAC Rate)) will equal the "**Cap Carryover Amount**" for such class of Certificates.

Any Cap Carryover Amount on the Class A Certificates will be payable, even if the Certificate Principal Balance thereof has been reduced to zero.

Prepayment Premiums

As of the Cut-off Date, certain of the investor purpose Mortgage Loans, representing approximately 23.39% of the Mortgage Pool, provide for payment by the mortgagor of a prepayment premium (each, a "**Prepayment Premium**") in connection with certain Principal Prepayments. The amount of the applicable Prepayment Premium, to the extent permitted under applicable federal, state or local law, is as provided in the related Mortgage Note. Generally, this amount is equal to the product of six months of interest on 80% of the Unpaid Principal Balance of the related Mortgage Loan if the prepayment during the term exceeds 20% of the original Unpaid Principal Balance of such Mortgage Loan. No investor purchase Mortgage Loan imposes a Prepayment Premium for a term in excess of five years.

In accordance with the terms of the Pooling and Servicing Agreement, the Servicer may waive a Prepayment Premium, with the prior consent of the Servicing Administrator if, in the Servicer's judgment, (i) such waiver would maximize recoveries on the related Mortgage Loan or (ii) the Prepayment Premium may not be collected under applicable federal, state or local law.

On each Distribution Date, the Paying Agent will distribute any Prepayment Premiums collected from mortgagors with respect to the investor purpose Mortgage Loans during the related Prepayment Period to the Class XS Certificates. Prepayment Premiums will not be available for payment to any other class of Certificates.

Excess Servicing

On each Distribution Date, the Paying Agent will withdraw from the Distribution Account, an amount equal to the greater of (1) zero, and (2) (a) the aggregate Excess Servicing Strip for such Distribution Date, plus (b) any Net Prepayment Interest Excess (in an aggregate amount not to exceed the aggregate amounts previously allocated in reduction of the Excess Servicing Strip and deducted from interest distributions otherwise distributable to the Class A-IO-S Certificates as a result of the application of clause (c) below and not previously recovered) for such Distribution Date, minus (c) any Compensating Interest Payments allocated in reduction of the aggregate Excess Servicing Strip in an amount not to exceed the aggregate Excess Servicing Strip for such Distribution Date and pay such amount to the Class A-IO-S Certificates. The Excess Servicing Strip and the Net Prepayment Interest Excess will not be available for payment to any other class of Certificates.

Advances

P&I Advances

On each Servicer Remittance Date, the Servicer is required to make advances of the delinquent payments of interest and/or principal on the Mortgage Loans for which it is obligated to advance, except to the extent any such advance relates to a Stop Advance Mortgage Loan ("**P&I Advances**"). To the extent the Servicer fails to make a required P&I Advance, the Master Servicer will be obligated to make such advance or terminate the Servicer and appoint a successor that will make such P&I Advance. A P&I Advance is "nonrecoverable" (and, consequently, the related Mortgage Loan is a Stop Advance Mortgage Loan) if in the judgment of the Servicer or, in certain instances, the Master Servicer, such P&I Advance would not ultimately be recoverable from the collections on or proceeds of the related Mortgage Loan. P&I Advances are intended to maintain a regular cashflow to the holders of the Certificates, rather than to guarantee or insure against losses. P&I Advances are reimbursable to the Servicer or the Master Servicer, as applicable, from collections in respect of the related Mortgage Loan, including late collections, Liquidation Proceeds, condemnation proceeds, insurance proceeds and such other amounts as may be collected from the related mortgagor or otherwise relating to the Mortgage Loan. If the Servicer or the Master Servicer determines that a P&I Advance has become a nonrecoverable advance, the Servicer or the Master Servicer, as applicable, will be entitled to reimbursement for that advance from collections in respect of all of the Mortgage Loans prior to any distributions to Certificateholders. In addition, if the Servicer determines in accordance with the Pooling and Servicing Agreement that a Servicing Advance becomes non-recoverable, or (i) with respect to a P&I Advance or Servicing Advance for a Mortgage Loan that is subject to a modification or (ii) with respect to a P&I Advance for a Mortgage Loan that is subject to a deferral, the Servicer

will be entitled to reimbursement for such advance upon determination of non-recoverability or at the time of deferral or modification from collections in respect of all the Mortgage Loans prior to any distributions to the Certificateholders. The Servicer will determine that a proposed advance is non-recoverable (and consequently, that the related Mortgage Loan is a Stop Advance Mortgage Loan) when, in its good faith judgment, it believes the proposed advance would not ultimately be recoverable from the related mortgagor, related Liquidation Proceeds or other recoveries in respect of the Mortgage Loan. For the avoidance of doubt, if a mortgagor enters into a repayment plan with respect to a Mortgage Loan, the Servicer or Master Servicer, as applicable, will reimburse itself for the related P&I Advances over the course of such repayment plan from collections in respect of the related Mortgage Loan. See "*Risk Factors—Delinquencies and Losses on the Mortgage Loans and Reimbursement of Advances May Adversely Affect Your Yield*" in this Offering Memorandum.

Funds in respect of P&I Advances will be remitted by, or on behalf of, the Servicer or the Master Servicer, as applicable, to the Master Servicer Collection Account on each Servicer Remittance Date. The funds will then be remitted (or deemed to be remitted) by the Master Servicer to the Distribution Account on each Master Servicer Remittance Date.

Neither the Servicer nor the Master Servicer will be required to make advances with respect to reductions in the amount of the monthly payments on the Mortgage Loans due to bankruptcy proceedings or the application of the Relief Act or similar state laws.

Servicing Advances

The Servicer is required to pay all customary, reasonable and necessary "out-of-pocket" costs and expenses, including, but not limited to, certain taxes, insurance premiums and the cost of preservation, restoration, inspection and protection of Mortgaged Properties and any enforcement or judicial proceedings, including foreclosures and certain other customary amounts described in the Pooling and Servicing Agreement, in each case to the extent determined to be recoverable ("**Servicing Advances**"). The Servicer, however, will not be required to make any Servicing Advance which the Servicer determines would be a nonrecoverable Servicing Advance. A Servicing Advance is "nonrecoverable" if in the judgment of the Servicer, such Servicing Advance would not ultimately be recoverable from the collections on or proceeds of the related Mortgage Loan. Servicing Advances are reimbursable to the Servicer from collections in respect of the related Mortgage Loan, including late collections, Liquidation Proceeds, condemnation proceeds, insurance proceeds and such other amounts as may be collected from the related mortgagor or otherwise related to the Mortgage Loan. If the Servicer determines that a Servicing Advance has become a nonrecoverable advance, the Servicer will be entitled to reimbursement for that advance from collections in respect of all of the Mortgage Loans for which the Servicer is obligated to advance prior to any distributions to Certificateholders.

Funds in respect of Servicing Advances will be remitted by the Servicer to the applicable party.

Pursuant to the terms of the Pooling and Servicing Agreement, the Servicer will have the right to enter into a facility under which it will sell, assign or pledge its rights under the Pooling and Servicing Agreement to be reimbursed for P&I Advances and Servicing Advances, as applicable.

Loss Mitigation

The Servicing Administrator will request recommendations (with the appropriate supporting documentation) from the Servicer with respect to foreclosure or other types of loss mitigation activity such as short sales or deed-in-lieu of foreclosure concerning a property securing a Mortgage Loan, after other collection efforts have failed and will evaluate each situation in which loan modification is advisable. The Servicing Administrator will confirm with the Servicer that such recommended strategy is consistent with accepted servicing practices and applicable law and procedures related to the performance of such loan modifications or such other loss mitigation resolutions. The Servicer will comply with the Servicing Administrator's direction with respect to loan modification and other loss mitigation resolutions. The time frame for most loans to be eligible for foreclosure referral is expected to be around 120 days past due.

As of May 31, 2022, none of the mortgagors are on an active forbearance plan from the Servicer due to the COVID-19 outbreak. At the onset of the COVID-19 outbreak, mortgagors who requested relief on their Mortgage Loans due to the COVID-19 outbreak were automatically granted an initial three month forbearance period by the Servicer. As of the date of this Offering Memorandum, however, the Servicer and the Servicing Administrator have developed a hardship affidavit for each mortgagor to complete prior to granting three months

of forbearance. In either case, the Servicer may extend the forbearance period on a case-by-case basis if the mortgagor cannot repay the forborne payments immediately and a subsequent loss mitigation option is not finalized (or the hardship affidavit has not been submitted by the borrower/reviewed by the Servicer). At the end of the forbearance period, the Servicer will require each mortgagor who cannot repay the forborne payments in full (to the extent not prohibited by law) to provide a package of employment, financial and credit information so that the Servicer and the Servicing Administrator may evaluate the optimal loss mitigation option, based on a waterfall of loss mitigation options, jointly developed by the Servicer and the Servicing Administrator. Such options include, but are not limited to, various repayment plans (which may include partial use of unemployment benefits), deferral plans, capitalization and extension plans, rate and/or term modifications, short sales, principal reduction modifications and deed-in-lieu transactions for mortgagors impacted by the COVID-19 outbreak. The Servicer will inform the Servicing Administrator of the loss mitigation option selected and will provide all supporting documentation to the Servicing Administrator for review and approval. The Servicer and the Servicing Administrator will continue to evaluate and implement a variety of loss mitigation techniques with respect to delinquent and defaulted loans over the course of the transaction, including in response to any governmental programs designed to keep mortgagors in their homes, in an effort to maximize distributions to the Certificateholders while taking into account the best interests of the mortgagors. See "*Risk Factors—COVID-19 Outbreak Forbearances and Modifications May Impact an Investment in the Offered Certificates*" and "*—Modification of a Mortgage Loan May Adversely Affect Your Certificates*" in this Offering Memorandum. See also "*—Advances*" above for a discussion of reimbursement for the Servicer in connection with a modification or deferral of a Mortgage Loan.

Furthermore, mortgagors in the Mortgage Pool may have contacted or in the future could contact the Servicer indicating financial distress as a result of the COVID-19 outbreak and/or request relief which could increase the number of mortgagors in the pool who receive forbearance or other loss mitigation options due to the COVID-19 outbreak.

Prepayment Interest Shortfalls and Compensating Interest Payments

When a Principal Prepayment is made by the mortgagor on a Mortgage Loan (excluding any payments made upon liquidation of any Mortgage Loan), the mortgagor is charged interest only up to the date of the prepayment, instead of for a full month. However, Principal Prepayments will only be passed through to the Certificateholders once a month on the Distribution Date that follows the applicable Prepayment Period in which the prepayment was received by the Servicer. Prepayment Interest Shortfalls, to the extent not covered by Compensating Interest Payments or Prepayment Interest Excess for such Distribution Date, will result in a shortfall in interest collections on the Mortgage Loans for such Distribution Date. With respect to each Distribution Date, payment will be made from the Excess Servicing Strip in an amount not to exceed the Compensating Interest Payment for such Distribution Date. Any Net Prepayment Interest Excess will be payable to the Class A-IO-S Certificates to the extent described herein. The Servicing Administrator will be entitled to the Net Interest Excess as the Servicing Administration Fee and as additional compensation.

A voluntary Full Prepayment that is received in the first half of the Prepayment Period will result in a Prepayment Interest Shortfall, which to the extent not covered by the Compensating Interest Payment that is paid from the Excess Servicing Strip for the related Distribution Date, or Prepayment Interest Excess for such Distribution Date, will result in a shortfall in interest collections on the Mortgage Loans for such Distribution Date. With respect to each Distribution Date, payment will be made from the Excess Servicing Strip in an amount not to exceed the Compensating Interest Payment for such Distribution Date. A voluntary Principal Prepayment in full by a mortgagor with respect to a Mortgage Loan that is received by the Servicer in the second half of the Prepayment Period will result in Prepayment Interest Excess. Any Net Prepayment Interest Excess will be payable to the Class A-IO-S Certificates to the extent described herein. The Servicing Administrator will be entitled to the Net Interest Excess as the Servicing Administration Fee and as additional compensation.

Realized Losses; Allocation of Applied Realized Loss Amounts; Certificate Write-up Amounts

Realized Losses on the Mortgage Loans will reduce the amounts available for distribution to Certificateholders and will result in the allocation of Applied Realized Loss Amounts to the P&I Certificates. On each Distribution Date, after giving effect to all Realized Losses incurred with respect to the Mortgage Loans during the related Prepayment Period and distributions of the Interest Remittance Amount and the Principal Remittance Amount for such Distribution Date as described under "*—Priority of Distributions*" above, the Paying Agent will calculate the Applied Realized Loss Amount, if any, for such Distribution Date. On each Distribution Date, Applied Realized Loss Amounts will be allocated to the Certificates to reduce the Certificate Principal

Balances thereof, sequentially, as follows: *first*, to reduce the Certificate Principal Balance of the Class B-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *second* to reduce the Certificate Principal Balance of the Class B-2 Certificates, until the Certificate Principal Balance of such class of Certificates is reduced to zero; *third,* to reduce the Certificate Principal Balance of the Class B-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fourth*, to reduce the Certificate Principal Balance of the Class M-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *fifth*, to reduce the Certificate Principal Balance of the Class A-3 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; *sixth*, to reduce the Certificate Principal Balance of the Class A-2 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero; and *seventh*, to reduce the Certificate Principal Balance of the Class A-1 Certificates until the Certificate Principal Balance of such class of Certificates is reduced to zero.

Reimbursements of Applied Realized Loss Amounts previously allocated to a class of Certificates will be paid to such class of Certificates as described above under "*—Priority of Distributions*."

After giving effect to distributions on each Distribution Date, the Certificate Write-up Amount for such Distribution Date will be applied to increase the Certificate Principal Balance of the most senior class of Certificates to which Applied Realized Loss Amounts have been allocated, to the extent of such Applied Realized Loss Amounts previously allocated to such class of Certificates which have not been previously reimbursed or in respect of which the Certificate Principal Balance has not been increased by prior application of a Certificate Write-up Amount. An amount equal to the amount of any remaining Certificate Write-up Amounts will be applied to increase the Certificate Principal Balance of the next most senior class of Certificates to which Applied Realized Loss Amounts have been allocated, to the extent of such Applied Realized Loss Amounts previously allocated to such class of Certificates which have not been previously reimbursed or in respect of which the Certificate Principal Balance has not been increased by prior application of a Certificate Write-up Amount, and so on. Thereafter, such class or classes of Certificates will accrue interest on the increased Certificate Principal Balance. Realized Losses in the related Prepayment Period and reimbursement of Applied Realized Loss Amounts to the Certificates will reduce Monthly Excess Cashflow otherwise available for distribution to the Class XS Certificates.

Optional Purchase of Delinquent Mortgage Loans

The Seller, at its option, may purchase any Mortgage Loan that is 90 days or more delinquent under the MBA Method (or in the case of any Mortgage Loan that has been subject to a forbearance plan related to the impact of the COVID-19 outbreak, on any business day from and after the date on which such Mortgage Loan becomes 90 days delinquent under the MBA Method following the end of the forbearance period) at the Repurchase Price by providing written notice thereof to the Issuing Entity, Servicer, the Master Servicer, the Paying Agent and the Trustee. The aggregate Scheduled Principal Balance of such Mortgage Loans purchased by the Seller will not exceed 10% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date.

Optional Termination

On any business day on or after the first Distribution Date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than 10% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date, the Servicer (at the direction of the Servicing Administrator) may purchase from the Issuing Entity all (but not fewer than all) of the Mortgage Loans, REO properties and other property of the Issuing Entity at the Termination Price. If the Servicing Administrator elects not to exercise the optional termination right described in the preceding sentence, then on any business day on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than or equal to 5% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date, the Master Servicer may purchase from the Issuing Entity all (but not fewer than all) of the Mortgage Loans, REO properties and other property of the Issuing Entity at the Termination Price. The proceeds of such purchase will be used to retire all outstanding Certificates. Any such Optional Termination will be permitted only pursuant to a "qualified liquidation" as defined under Section 860F of the Code. If the option is exercised, the Offered Certificates will be retired earlier than they would be otherwise.

Optional Redemption

On any date which is the later of (i) the two year anniversary of the Closing Date and (ii) the earlier of (a) the three year anniversary of the Closing Date and (b) the date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than or equal to 30% of the aggregate Scheduled Principal Balance of the

Mortgage Loans as of the Cut-off Date, the Depositor may, at its option, exercise a call and purchase all of the outstanding Certificates for a price equal to the sum of (i) the outstanding Certificate Principal Balance of each class of Certificates, and (ii) any accrued and unpaid interest thereon at the applicable Certificate Rate through but not including redemption date (including any Cap Carryover Amounts) (the "**Optional Redemption Price**"). The Class XS Certificates will not receive any Class XS Distribution Amount, upon an Optional Redemption. After exercising its call option, the Depositor may, at its option, direct the Trustee to effect termination of the Issuing Entity and redemption of the Certificates, provided, however, such redemption will be permitted only pursuant to a "qualified liquidation" as defined under Section 860F of the Code, provided, further, no termination of the Issuing Entity will be permitted until all fees, expenses and indemnification amounts owing to the transaction parties have been paid in full without regard, in the case of the Servicing Administrator, the Master Servicer, the Trustee, the Paying Agent or the Custodian, to the Annual Cap.

SERVICING OF THE MORTGAGE LOANS

Set forth below are summaries of the specific terms and provisions pursuant to which the Mortgage Loans will be serviced by the Servicer and certain other duties will be performed by the Servicing Administrator and the Master Servicer. 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 Pooling and Servicing Agreement.

General

The Master Servicer.

The Master Servicer's duties under the Pooling and Servicing Agreement include:

- funding required P&I Advances (or appointing a successor servicer that will be obligated to fund such required P&I Advances) to the extent the Servicer fails to do so, subject to the limitations set forth in the Pooling and Servicing Agreement;
- withdrawing funds from the Master Servicer Collection Account to reimburse itself, as applicable, for P&I Advances;
- withdrawing funds from the Master Servicer Collection Account to pay itself the Master Servicing Fee and for reimbursement of any costs, expenses and indemnity amounts due and owing to the Master Servicer;
- remittance of payments required to be made to the Distribution Account under the terms of the Pooling and Servicing Agreement;
- providing certain notices and other responsibilities as detailed in the Pooling and Servicing Agreement; and
- exercising certain remedies on behalf of the Trustee following certain Servicer Events of Default and, under certain circumstances, appointing a successor servicer (which successor servicer may be the Master Servicer) to perform the duties of the defaulting Servicer.

The Master Servicer is not responsible for the servicing of the Mortgage Loans.

The Servicing Administrator.

The Servicing Administrator's duties under the Pooling and Servicing Agreement include, with respect to the Mortgage Loans:

- exercising certain consent, waiver and direction rights under the Pooling and Servicing Agreement;
- providing certain notices and other responsibilities as detailed in the Pooling and Servicing Agreement; and
- exercising certain remedies on behalf of the Trustee upon a Servicer Event of Default.

The Servicing Administrator is not responsible for the servicing of the Mortgage Loans.

The Servicer.

The Servicer will service the Mortgage Loans in accordance with the Pooling and Servicing Agreement. In servicing the Mortgage Loans, the Servicer will be required to use the same care as it customarily employs in servicing and administering similar mortgage loans for its own account, in accordance with customary and standard mortgage servicing practices of mortgage lenders and loan servicers administering similar mortgage loans. The Servicer's duties include:

- funding P&I Advances and Servicing Advances as further described under "*Description of the Certificates—Advances*";
- establishing the Collection Account;
- communicating with mortgagors;
- sending monthly statements to mortgagors;
- collecting payments from mortgagors and depositing such payments into the Collection Account;
- recommending and executing a loss mitigation strategy for mortgagors who have defaulted on their loans (i.e. repayment plan, modification, foreclosure, etc.);
- accurate and timely accounting, reporting and remittance of the principal and interest portions of monthly installment payments to the Master Servicer Collection Account, together with any other sums paid by mortgagors that are required to be remitted;
- providing monthly reports to the Master Servicer on the 5th business day of each month;
- accurate and timely accounting and administration of escrow and impound accounts, if applicable;
- paying escrows for mortgagors, if applicable;
- withdrawing funds from the Collection Account to reimburse itself for Servicing Advances;
- withdrawing funds from the Collection Account to reimburse itself or the Master Servicer, as applicable, for P&I Advances;
- withdrawing funds from the Collection Account to pay to itself the Servicing Fee;
- withdrawing funds from the Collection Account to pay the Gross Administration Fee (net of the Servicing Fee and any amounts reimbursable to the Servicer by the Servicing Administrator as detailed in the Pooling and Servicing Agreement), as applicable;
- remitting funds from the Collection Account to the Master Servicer on each Servicer Remittance Date;
- remitting funds in respect of P&I Advances to the Master Servicer, for deposit into the Master Servicer Collection Account, on each Servicer Remittance Date, as detailed in the Pooling and Servicing Agreement;
- making required Servicing Advances;
- calculating and reporting payoffs, liquidations and delinquencies;
- maintaining an individual servicing file for each loan; and

- maintaining primary mortgage insurance commitments or certificates if required, and filing any primary mortgage insurance claims.

Fees and Other Compensation

The Servicing Administrator will be entitled to receive the Servicing Administration Fee as compensation for its activities under the Pooling and Servicing Agreement. With respect to each Distribution Date, the Servicing Administration Fee in respect of each Mortgage Loan will be payable from amounts collected in respect of interest (or principal, to the extent not covered by interest) on such Mortgage Loan during the related Due Period. The Servicing Administration Fee may be withdrawn from collections on the related Mortgage Loan prior to collections on such Mortgage Loan being available to make distributions on the Certificates. Any Net Interest Excess will be paid up to an amount equal to the product of (a) 1/12th of 0.03%, and (b) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period to the Servicing Administrator in respect of the Servicing Administration Fee. Any remaining Net Interest Excess after application above will be paid to the Servicing Administrator as additional compensation for its role as Servicing Administrator.

The Servicer will be entitled to receive the Servicing Fee as compensation for its activities under the Pooling and Servicing Agreement. With respect to each Distribution Date, the Servicing Fee on the Mortgage Loans will be payable to the Servicer out of the Gross Administration Fee. To the extent the Servicing Fee on the Mortgage Loans exceeds the Gross Administration Fee with respect to any Distribution Date, the Servicer will have the right to retain such Servicing Fees (to the extent unpaid) from the Gross Administration Fee that would otherwise be distributed to the holders of the Class A-IO-S Certificates on subsequent Distribution Dates.

The Master Servicer will be entitled to receive the Master Servicing Fee as compensation for its activities under the Pooling and Servicing Agreement. With respect to each Distribution Date, the Master Servicing Fee on each Mortgage Loan will be payable to the Master Servicer from amounts collected in respect of interest (or principal, to the extent not covered by interest) on such Mortgage Loan during the related Due Period. In addition, to the extent the Master Servicer has made any P&I Advances, the Master Servicer will be entitled to reimbursement for such amounts from Liquidation Proceeds on the related Mortgaged Properties (and, if insufficient, from collections on all the Mortgage Loans) prior to distributions on the Certificates.

Collection and Other Servicing Procedures

The Servicer will be responsible for making reasonable efforts to collect all payments called for under the Mortgage Loans, consistent with the provisions of the Pooling and Servicing Agreement and will follow such collection procedures as it follows with respect to loans held for its own account that are comparable to the Mortgage Loans. Consistent with the above, the Servicer, with the consent of the Servicing Administrator may (i) waive any late payment charge or, if applicable, any penalty interest or (ii) extend the Due Dates for the monthly payments only under GSE guidance, following a natural disaster. Notwithstanding the foregoing, the consent of the Servicing Administrator is required in connection with any modification, waiver or amendment of a Mortgage Loan that (1) extends the scheduled final maturity date of the Mortgage Loan, (2) waives, reduces or postpones any scheduled repayment, (3) reduces the Mortgage Interest Rate (except for a reduction of interest payments resulting from the application of the Relief Act or any similar state statutes) or (4) extends the time for payment of any interest or fees.

The Servicer will be required to accurately and fully report its mortgagor payment histories to three national credit repositories in a timely manner with respect to each Mortgage Loan.

If a Mortgaged Property has been or is about to be conveyed by the mortgagor, the Servicer will be obligated to accelerate the maturity of the Mortgage Loan, unless the Servicer, in its sole business judgment, believes it is unable to enforce that Mortgage Loan's "due-on-sale" clause under applicable law or that such enforcement is not in the best interest of the Issuing Entity. If it reasonably believes it may be restricted for any reason from enforcing such a "due-on-sale" clause or that such enforcement is not in the best interest of the Issuing Entity, the Servicer, with the consent of the Servicing Administrator, may enter into an assumption and modification agreement with the person to whom the Mortgaged Property has been or is about to be conveyed, pursuant to which such person becomes liable under the Mortgage Note.

Any fee collected by the Servicer for entering into an assumption agreement will be retained by the Servicer as additional servicing compensation. In connection with any such assumption, the related Mortgage

Interest Rate may not be decreased. For a description of circumstances in which a servicer of mortgage loans may be unable to enforce "due-on-sale" clauses, see "*Material Legal Aspects of the Loans—Due-on-Sale Clauses*" in this Offering Memorandum.

On the Servicer Remittance Date, the Servicer will remit to the Master Servicer, or otherwise cause to be deposited in the Master Servicer Collection Account, all principal and interest collected on the Mortgage Loans (subject to permitted withdrawals).

Servicing of Defaulted Mortgage Loans

The Pooling and Servicing Agreement requires the Servicer, with the consent of the Servicing Administrator as described below, to take such action with respect to defaulted Mortgage Loans and REO properties as the Servicer deems to be in the best interest of the Certificateholders. While this may require the Servicer to foreclose upon or otherwise comparably convert the ownership of Mortgaged Properties securing defaulted Mortgage Loans as to which no satisfactory collection arrangements can be made, the Servicer is also authorized, subject to the standards for servicing defaulted Mortgage Loans set forth in the Pooling and Servicing Agreement and, to the extent required by the Pooling and Servicing Agreement, the consent of the Servicing Administrator, to enter into repayment plans or forbearance plans with mortgagors. In addition, the Servicer may modify the payment terms of Mortgage Loans that are in default, as to which the Servicer has determined default is reasonably foreseeable or imminent, as applicable, or in compliance with any extension of the COVID-19 Revenue Procedure or any substantially similar future guidance from the IRS or Treasury Department or U.S. federal legislation or regulation by reducing the Mortgage Interest Rate, forgiving payments of interest, principal or prepayment charges, extending the final maturity date (provided, that, no extension beyond the Final Scheduled Distribution Date for the Certificates will be permitted under the Pooling and Servicing Agreement), capitalizing or deferring delinquent interest and other amounts owed under the Mortgage Loans, deferring principal payments, with or without interest, or any combination of these or other modifications that comply with accepted servicing practices, *provided* that the consent of the Servicing Administrator is required in connection with (a) any modifications, waivers and amendments of a Mortgage Loan that (1) extends the scheduled final maturity date of the Mortgage Loan, (2) waives, reduces or postpones any scheduled repayment, (3) reduces the Mortgage Interest Rate, (4) extends the time for payment of any interest or fees or (5) reduces the Unpaid Principal Balance and (b) acceptance of short payoffs. The Pooling and Servicing Agreement will not require the Servicer to record the terms of any modification agreement, unless required by applicable law. Notwithstanding the foregoing, the Servicer will not make or permit any modification, waiver, or amendment of any Mortgage Loan which would cause any Adverse REMIC Event.

In the case of foreclosure or of damage to a Mortgaged Property or an REO property, unless otherwise required by any federal, state or local law or regulation, the Servicer will not be required to make Servicing Advances in order to foreclose or restore any damaged property, unless the Servicer determines (i) that such foreclosure and/or restoration will increase the proceeds of liquidation of the Mortgage Loan or REO property after reimbursement of expenses and (ii) that such expenses will be recoverable through Liquidation Proceeds or any applicable insurance policy in respect of such Mortgage Loan. In the event that the Servicer has advanced its own funds for foreclosure or to restore damaged property, the Servicer will be entitled to recover such expenses as Servicing Advances to the extent permitted by the Pooling and Servicing Agreement.

After the Servicer has made a final recovery determination with respect to a Mortgage Loan, and, if applicable, to the extent permitted by applicable state law relating to the collection of a deficiency balance from the related mortgagor, the Servicer is authorized, on behalf of the Issuing Entity, to collect from the related mortgagor any deficiency balance remaining unpaid on the applicable Mortgage Loan, or, if the related Mortgaged Property has not been foreclosed upon and sold (and therefore there is no deficiency), any outstanding balance. The Servicer may, with the consent of the Servicing Administrator, choose to collect the deficiency balance or remaining balance either directly, or indirectly by engaging an unaffiliated or affiliated third party to collect (or by conveying to an unaffiliated or affiliated third party the right to collect) such balance from the applicable mortgagor. Any proceeds received by the Servicer from such direct or indirect collection efforts, net of any expenses incurred in such collection efforts, will constitute property of the Issuing Entity (for distribution to the Certificateholders) and will be deposited into the Collection Account.

Hazard and Flood Insurance

With respect to each Mortgaged Property, the Servicer is required to cause to be maintained a hazard insurance policy for the Mortgage Loans with coverage which contains a standard mortgagee's clause in an

amount equal to the lesser of (i) the full insurable value of such Mortgaged Property or (ii) the Unpaid Principal Balance of the Mortgage Loan, in each case in an amount not less than such amount as is necessary to prevent the mortgagor from becoming a coinsurer. All amounts collected by the Servicer under any hazard policy, except for amounts to be applied to the restoration or repair of the Mortgaged Property or released to the mortgagor in accordance with the Servicer's servicing procedures, to the extent they constitute Net Liquidation Proceeds, will ultimately be deposited in the Collection Account.

The ability of the Servicer to assure that hazard insurance proceeds are appropriately applied may be dependent on its being named as an additional insured under any hazard insurance policy, or upon the extent to which information in this regard is furnished to the Servicer by a mortgagor. The Pooling and Servicing Agreement provides that the Servicer may satisfy its obligation to cause hazard policies to be maintained by maintaining a blanket policy insuring against losses on the Mortgage Loans. Such blanket policy may contain a deductible clause, in which case, in the event that the Servicer did not maintain on the related Mortgaged Property a policy complying with the immediately preceding paragraph, and a loss which would have been covered by such policy has occurred, the Servicer will deposit in the Collection Account at the time of such loss the amount not otherwise payable under the blanket policy because of such deductible clause, such amount to be deposited from the Servicer's funds, as applicable, without reimbursement therefore.

In general, the standard form of fire and extended coverage policy covers physical damage to or destruction of the improvements on the property by fire, lightning, explosion, smoke, windstorm and hail, and riot, strike and civil commotion, subject to the conditions and exclusions specified in each policy. Although the policies relating to the Mortgage Loans will be underwritten by different insurers under different state laws in accordance with different applicable state forms and therefore will not contain identical terms and conditions, the terms of the policies are dictated by respective state laws, and most such policies typically do not cover any physical damage resulting from the following: war, revolution, governmental actions, floods and other weather-related causes, earth movement, including earthquakes, landslides and mudflows, nuclear reactions, wet or dry rot, vermin, rodents, insects or domestic animals, theft and, in certain cases, vandalism. The foregoing list is merely indicative of certain kinds of uninsured risks and is not intended to be all-inclusive.

The hazard insurance policies covering the Mortgaged Properties typically contain a co-insurance clause which in effect requires the insured at all times to carry insurance of a specified percentage, generally 80% to 90%, of the full replacement value of the improvements on the property in order to recover the full amount of any partial loss. If the insured's coverage falls below this specified percentage, such clause generally provides that the insurer's liability in the event of partial loss does not exceed the greater of (x) the replacement cost of the improvements less physical depreciation or (y) such proportion of the loss as the amount of insurance carried bears to the specified percentage of the full replacement cost of such improvements.

Sub-servicing

The Servicer is permitted to arrange for the servicing of any Mortgage Loan by a sub-servicer pursuant to a sub-servicing agreement*; provided,* that such sub-servicing arrangement and the terms of the related sub-servicing agreement must provide for the servicing of such Mortgage Loans in a manner consistent with the servicing arrangements contemplated by the Pooling and Servicing Agreement*; provided, further*, that any fees or expenses of such sub-servicer will be payable solely by the Servicer and will not result in any increase of the Servicing Fee or the Servicing Administration Fee. Notwithstanding the provisions of any sub-servicing agreement, any of the provisions of the Pooling and Servicing Agreement relating to agreements or arrangements between the Servicer and a sub-servicer or reference to actions taken through the Servicer or otherwise, the Servicer will remain obligated and liable to the Issuing Entity, the Trustee and their successors and assigns for the servicing and administration of the Mortgage Loans in accordance with the provisions of the Pooling and Servicing Agreement without diminution of such obligation or liability by virtue of such sub-servicing agreements or arrangements or by virtue of indemnification from the related sub-servicer and to the same extent and under the same terms and conditions as if the Servicer alone were servicing and administering the Mortgage Loans.

Servicer Events of Default; Successor Servicer and Servicing Administrator

"**Servicer Events of Default**" under the Pooling and Servicing Agreement will consist of: (i) any failure by the Servicer to furnish the Master Servicer, the Mortgage Loan data sufficient to prepare the reports described in the Pooling and Servicing Agreement which continues unremedied for a period of one business day after the date upon which written notice of such failure will have been given to the Servicer by the Paying Agent; (ii) any failure by the Servicer to remit to the Master Servicer any payment required to be made under the terms of the

Pooling and Servicing Agreement which continues unremedied for a period of one business day after the date upon which written notice of such failure, requiring the same to be remedied, will have been given to the Servicer by the Depositor, the Master Servicer, the Trustee, the Paying Agent or the Certificate Registrar; (iii) failure on the part of the Servicer to duly observe or perform in any material respect any other of the covenants or agreements on the part of the Servicer set forth in the Pooling and Servicing Agreement which continues unremedied for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, will have been given to the Servicer by the Trustee, the Servicing Administrator or the Controlling Representative; (iv) the breach by the Servicer of any representation and warranty contained in the Pooling and Servicing Agreement, which continues unremedied for a period of 30 days after the date on which written notice of such breach, requiring the same to be remedied, will have been given to the Servicer by the Trustee, the Servicing Administrator or the Controlling Representative, (v) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, will have been entered against the Servicer and such decree or order will have remained in force undischarged or unstayed for a period of 60 days, (vi) the Servicer will consent to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities or similar proceedings of or relating to the Servicer or of or relating to all or substantially all of its property and (vii) the Servicer will admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

Upon the occurrence of the Servicer Event of Default with respect to the failure of the Servicer to make a P&I Advance under the Pooling and Servicing Agreement, the Master Servicer will terminate the Servicer as the Servicer and will appoint a successor servicer. Upon the occurrence of any other Servicer Event of Default, the Servicing Administrator may (or, at the direction of the Controlling Representative, will) terminate all of the rights and obligations of the Servicer with respect to the Mortgage Loans, whereupon the Servicing Administrator will appoint a successor servicer (which may be the Master Servicer), acceptable to the Master Servicer and the Controlling Representative, to succeed to all of the responsibilities and duties of the Servicer with respect to the Mortgage Loans.

Any successor servicer, including the Master Servicer in such capacity, will be (i) an established housing and home finance institution, bank or other mortgage loan or equity loan servicer having a net worth of not less than $15,000,000 and reasonably acceptable to the Controlling Representative, (ii) capable of assuming all of the responsibilities, duties and obligations of the applicable defaulting Servicer under the Pooling and Servicing Agreement and (iii) a Fannie Mae-approved lender or a Freddie Mac approved seller/servicer in good standing, and with respect to which no event has occurred which would make it unable to comply with the eligibility requirements for lenders imposed by Fannie Mae or for seller/servicers imposed by Freddie Mac.

Any successor servicer will assume the servicing obligations with respect to the Mortgage Loans as soon as practicable, but in no event later than 90 days after appointment as successor servicer. Until such time as a successor servicer assumes the servicing obligations with respect to the Mortgage Loans, the terminated Servicer will continue to perform its obligations as Servicer with respect to the Mortgage Loans, including without limitation the obligation to make P&I Advances and Servicing Advances and will be entitled to receive the Servicing Fee during such time.

Upon succeeding to the role of Servicer, the successor servicer will be entitled to the Servicing Fee or such other compensation payable by the Servicing Administrator as may be agreed between the Servicing Administrator and such successor servicer, and to all funds relating to the Mortgage Loans that the defaulting Servicer would have been entitled to charge to the Collection Account if the Servicer had continued to act under the Pooling and Servicing Agreement. With respect to any appointment of a successor servicer in connection with the failure of the Servicer to make a required P&I Advance, the Master Servicer will have the right to agree to compensation of such successor servicer in excess of that permitted to the terminated Servicer under the Pooling and Servicing Agreement if the Master Servicer, in its good faith judgment, determines that an increase is necessary or advisable in order to engage a successor servicer; provided, however, that such compensation will be comparable to prevailing market rates for servicers of comparable residential mortgage loans as reasonably determined by the Master Servicer.

In connection with a transfer of servicing resulting from the Servicer Event of Default, any reasonable transfer costs of the successor servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Master Servicer or the Servicing Administrator incurred in connection with the transfer of servicing from the

Servicer, including without limitation any reasonable costs or expenses associated with the documentation of the assumption of servicing by the Servicing Administrator or other successor servicer, as applicable, the complete transfer of all servicing data and the completion, correction and manipulation of such servicing data as may be required by the Servicing Administrator or other successor servicer, as applicable, or the Master Servicer, to correct any errors or insufficiencies in the servicing data or otherwise to enable the Servicing Administrator or other successor servicer, as applicable, to service, and the Master Servicer to master service, the Mortgage Loans properly and effectively, will be paid by the Servicer. In the event that the Servicer fails to reimburse the successor servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Master Servicer or the Servicing Administrator for such costs within 60 days of written request therefor, the successor servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Master Servicer and the Servicing Administrator will be entitled to reimbursement from the assets of the Issuing Entity, without regard to the Annual Cap. All costs, fees and expenses incurred by the Servicer in connection with a transfer of servicing from the Servicer that are not a result of the Servicer Event of Default will be reimbursable to the Servicer from the assets of the Issuing Entity.

No assurance can be given that termination of the rights and obligations of the Servicer would not adversely affect the servicing of the Mortgage Loans, including the delinquency experience of the Mortgage Loans.

Master Servicer Events of Default

"**Master Servicer Events of Default**" under the Pooling and Servicing Agreement will consist of: (i) any failure by the Master Servicer to remit to the Paying Agent any payment required to be made under the terms of the Pooling and Servicing Agreement which continues unremedied for a period of one business day after the date upon which written notice of such failure, requiring the same to be remedied, will have been given to the Master Servicer by the Depositor or the Paying Agent, (ii) failure on the part of the Master Servicer to duly observe or perform in any material respect any other of the covenants or agreements (other than that referred to in (iii) below) on the part of the Master Servicer set forth in the Pooling and Servicing Agreement which continues unremedied for a period of 30 days after the date on which written notice of such failure, requiring the same to be remedied, will have been given to the Master Servicer by the Trustee, the Servicing Administrator or the Controlling Representative or the Master Servicer has actual knowledge thereof, (iii) the breach by the Master Servicer of any representation and warranty contained in the Pooling and Servicing Agreement which proves to be incorrect as of the time made in any respect that materially and adversely affects the interests of the Certificateholders, and the circumstance or condition in respect of which such representation or warranty was incorrect continues unremedied for a period of 30 days after the date on which written notice of such breach, requiring the same to be remedied, will have been given to the Master Servicer by the Trustee, the Servicing Administrator or the Controlling Representative or the Master Servicer has actual knowledge thereof, (iv) a decree or order of a court or agency or supervisory authority having jurisdiction for the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities or similar proceedings, or for the winding-up or liquidation of its affairs, will have been entered against the Master Servicer and such decree or order will have remained in force undischarged or unstayed for a period of 60 days, (v) the Master Servicer will consent to the appointment of a conservator or receiver or liquidator in any insolvency, bankruptcy, readjustment of debt, marshalling of assets and liabilities, similar proceedings of or relating to the Master Servicer or of or relating to all or substantially all of its property, or (vi) the Master Servicer will admit in writing its inability to pay its debts generally as they become due, file a petition to take advantage of any applicable insolvency or reorganization statute, make an assignment for the benefit of its creditors, or voluntarily suspend payment of its obligations.

Upon the occurrence of a Master Servicer Event of Default, the Trustee, at the direction of the Controlling Representative, will terminate all of the rights and obligations of the Master Servicer and appoint, or petition a court of competent jurisdiction to appoint, a successor master servicer at the direction of the Controlling Representative, to succeed to all of the responsibilities and duties of the Master Servicer. Any successor master servicer will be (i) an established housing and home finance institution, bank or other mortgage loan or equity loan servicer having a net worth of not less than $15,000,000, (ii) capable of assuming all of the responsibilities, duties and obligations of the Master Servicer under the Pooling and Servicing Agreement and (iii) a Fannie Mae-approved lender or a Freddie Mac approved seller/servicer in good standing, and with respect to which no event has occurred which would make it unable to comply with the eligibility requirements for lenders imposed by Fannie Mae or for seller/servicers imposed by Freddie Mac. The successor master servicer will assume the master servicing obligations as soon as practicable, but in no event later than 30 days after appointment as successor

master servicer. Upon succeeding to the role of master servicer, the successor master servicer will be entitled to the Master Servicing Fee.

In connection with a transfer of servicing resulting from a Master Servicer Event of Default, any reasonable transfer costs of the successor master servicer, the Trustee, the Paying Agent, the Certificate Registrar the Custodian, the Servicer or the Servicing Administrator incurred in connection with the transfer of servicing from the Master Servicer, will be paid by the Master Servicer. In the event that the Master Servicer fails to reimburse the successor master servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicer or the Servicing Administrator for such costs within 60 days of written request therefor, the successor master servicer, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicer and the Servicing Administrator will be entitled to reimbursement from the assets of the Issuing Entity, without regard to the Annual Cap.

No assurance can be given that termination of the rights and obligations of the Master Servicer would not adversely affect the servicing of the Mortgage Loans, including the delinquency experience of the Mortgage Loans.

Resignation of Master Servicer

The Master Servicer may resign at any time, in which event the Trustee, at the direction of the Controlling Representative, will appoint a successor master servicer as set forth in the Pooling and Servicing Agreement. Any resignation of the Master Servicer and appointment of a successor master servicer will not become effective until acceptance of the appointment by the successor master servicer. If a successor master servicer does not take office within 60 days after the retiring Master Servicer resigns or is removed, the Trustee, at the direction of the Controlling Representative or the retiring Master Servicer, may petition any court of competent jurisdiction for the appointment of a successor master servicer. The costs and expenses incurred by the Master Servicer in connection with such petition will be the sole responsibility of the retiring Master Servicer if the Master Servicer resigns (unless such resignation is due to the non-payment of the Master Servicing Fee) or the Issuing Entity in all other circumstances. Any reasonable costs and expenses of the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicing Administrator and the Servicer in connection with such resignation and transfer of master servicing will be paid out of the Issuing Entity without regard to the Annual Cap.

Resignation of Servicing Administrator or Servicer

Neither the Servicing Administrator nor the Servicer may assign its obligations under the Pooling and Servicing Agreement to any person, except as expressly provided by the Pooling and Servicing Agreement or with the consent of the Servicing Administrator (in the case of the Servicer), the Trustee (at the written direction of the Controlling Representative) and the Depositor (such consent not to be unreasonably withheld). The Pooling and Servicing Agreement will provide that neither the Servicing Administrator nor the Servicer may resign from the obligations and duties imposed on it by the Pooling and Servicing Agreement, unless its respective duties thereunder are no longer permissible under applicable law and the incapacity cannot be cured. No such resignation of the Servicing Administrator or the Servicer, as applicable, will become effective until a successor servicing administrator or servicer, as applicable, has assumed the Servicing Administrator's or Servicer's responsibilities and obligations under the Pooling and Servicing Agreement in the manner provided thereunder. Any reasonable costs and expenses of the Trustee, the Paying Agent, the Custodian, the Servicing Administrator (in the case of an assignment or resignation by the Servicer) and the Master Servicer incurred in connection with such assignment or resignation and transfer of servicing administration or servicing will be paid by the resigning Servicing Administrator or the resigning Servicer, as applicable, or if the Servicing Administrator or Servicer, as applicable, fails to pay such costs and expenses within 60 days of written request therefor, such costs and expenses will be paid out of the Issuing Entity without regard to the Annual Cap.

THE POOLING AND SERVICING AGREEMENT

General

The Certificates will be issued pursuant to the Pooling and Servicing Agreement. Set forth below are summaries of the specific terms and provisions pursuant to which the Certificates 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 Pooling and Servicing Agreement.

Accounts

On or prior to the Closing Date, the Servicer will establish and maintain or cause to be established and maintained an eligible account (the "**Collection Account**"), which will be a separate account into which all collections on the Mortgage Loans (with the exception of assumption or modification fees, late payment charges, non-sufficient funds fees, reconveyance fees and other similar fees and charges, which the Servicer is entitled to retain) will be deposited. The net collections will be held in the Collection Account before they are remitted each month on the Servicer Remittance Date to the Master Servicer for deposit into the Master Servicer Collection Account. The Collection Account will not be under the control of the Issuing Entity, and the 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 up to two business days prior to deposit in the Collection Account. In the event that the rating of the depository institution where the Collection Account is maintained falls below requirements specified in the Pooling and Servicing Agreement, the Collection Account is required to be transferred to a depository institution satisfying those requirements within 60 days. No later than 1:00 p.m. New York City time on each Servicer Remittance Date, the Servicer will remit from the Collection Account to the Master Servicer Collection Account the funds required to be remitted pursuant to the Pooling and Servicing Agreement for the related Distribution Date.

Funds credited to the Collection Account may be invested at the direction of the Servicing Administrator for the benefit and at the risk of the Servicing Administrator in eligible investments, as defined in the Pooling and Servicing Agreement, that are scheduled to mature on or prior to the business day preceding the next Servicer Remittance Date.

On or prior to the Closing Date, the Master Servicer will establish and maintain or cause to be established and maintained an eligible account (a "**Master Servicer Collection Account**"). No later than 1:00 p.m. New York City time on each Servicer Remittance Date, the Servicer will remit from the Collection Account to the Master Servicer Collection Account the funds required to be remitted pursuant to the Pooling and Servicing Agreement for the related Distribution Date. Promptly upon receipt of any such amounts from the Servicer, the Master Servicer will be obligated to deposit such amounts into the Master Servicer Collection Account and retain such amounts on deposit in the Master Servicer Collection Account until the related Master Servicer Remittance Date. All amounts deposited to the Master Servicer Collection Account will be held in the name of the Master Servicer for the benefit of the Certificateholders in accordance with the terms and provisions of the Pooling and Servicing Agreement. Any amounts held in the Master Servicer Collection Account will remain uninvested.

On or prior to the Closing Date, the Paying Agent will establish and maintain or cause to be established and maintained an eligible account in the name of the Trustee for the benefit of the Certificateholders, referred to herein as the "**Distribution Account**," which will be an eligible account. No later than 1:00 p.m. New York City time on each Master Servicer Remittance Date, the Master Servicer will remit (or be deemed to remit) from the Master Servicer Collection Account to the Paying Agent the funds required to be remitted pursuant to the Pooling and Servicing Agreement for the related Distribution Date. Promptly upon receipt of such amounts from the Master Servicer, the Paying Agent will be obligated to deposit such amounts into the Distribution Account and retain such amounts on deposit in the Distribution Account until the related Distribution Date. All amounts deposited to the Distribution Account will be held in the name of the Trustee for the benefit of the Certificateholders in accordance with the terms and provisions of the Pooling and Servicing Agreement. Any amounts held in the Distribution Account may be invested at the direction of the Paying Agent. All income and gain realized from any investments in the Distribution Account will be additional compensation to the Paying Agent. The Paying Agent will deposit the amount of any losses incurred in respect of any such investments out of its own funds, without any right of reimbursement therefor, immediately as realized. In the event that the rating of the Paying Agent falls below requirements specified in the Pooling and Servicing Agreement, the Distribution Account is required to be transferred within 60 days to a depository institution satisfying those requirements.

To the extent that the Master Servicer and the Paying Agent are the same entity, the Master Servicer will not be required to establish a separate Master Servicer Collection Account, but such account will instead be deemed to be a sub-account of the Distribution Account, and any amounts permitted to be withdrawn from the Master Servicer Collection Account may or shall be withdrawn from the Distribution Account.

On or prior to the Closing Date, the Paying Agent will also establish and maintain or cause to be established and maintained the Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account.

Withdrawals from the Collection Account and Master Servicer Collection Account

The Servicer will be entitled to withdraw funds from amounts on deposit in the Collection Account from time to time in order to: (i) on or prior to each Servicer Remittance Date, to remit to the Master Servicer for deposit in the Master Servicer Collection Account, the Interest Remittance Amount and the Principal Remittance Amount for the related Distribution Date, (ii) to remit to the Servicer all amounts representing late payment charges with respect to the Mortgage Loans received during the related Due Period; (iii) to reimburse itself or the Master Servicer for unreimbursed P&I Advances (subject to certain limitations as described under "*Description of the Certificates—Advances*"), (iv) to reimburse itself for unreimbursed Servicing Advances (subject to certain limitations as described under "*Description of the Certificates—Advances*"); (v) to the extent of the Gross Administration Fee, to pay to itself any unpaid Servicing Fees; (vi) to the extent of the Gross Administration Fee, to pay to the Servicing Administrator any unpaid Servicing Administration Fees owing to the Servicing Administrator (in each case, net of the Servicing Fees and any other amounts reimbursable to the Servicer by the Servicing Administrator for the related Due Period); (vii) to pay the Servicing Administrator any remaining Net Interest Excess with respect to the Mortgage Loans as additional compensation; (viii) to pay to the Servicer as servicing compensation (in addition to the Servicing Fee), any interest or investment income earned on funds deposited in the Collection Account; (ix) to withdraw any amounts deposited in the Collection Account in error; and (x) to clear and terminate the Collection Account upon termination of the Pooling and Servicing Agreement.

Such withdrawals may be made by the Servicer at any time and from time to time, and may be made prior to any required remittances to the Master Servicer Collection Account and prior to such amounts being available to make distributions on the Certificates.

The Master Servicer will be entitled to withdraw funds from amounts on deposit in the Master Servicer Collection Account from time to time in order to: (i) reimburse the Master Servicer for unreimbursed P&I Advances (subject to certain limitations as described under "*Description of the Certificates—Advances*") and (ii) pay to the Master Servicer any Master Servicing Fees and any reimbursable expenses, costs and indemnification payments to which it is entitled in accordance with the terms of the Pooling and Servicing Agreement. Such withdrawals may be made by the Master Servicer at any time and from time to time, and may be made prior to any required remittances to the Distribution Account and prior to such amounts being available to make distributions on the Certificates. On each Master Servicer Remittance Date, the Master Servicer will remit (or be deemed to remit) the Interest Remittance Amount and the Principal Remittance Amount for the related Distribution Date to the Paying Agent for deposit into the Distribution Account. To the extent the Master Servicer and the Paying Agent are the same entity and the Master Servicer Collection Account is deemed to be a sub-account of the Distribution Account, any funds permitted to be withdrawn from amounts on deposit in the Master Servicer Collection Account from time to time may be withdrawn by the Paying Agent on behalf of the Master Servicer from the Distribution Account.

On each Distribution Date, the Paying Agent, based on information provided to it by the Servicer, will make distributions to Certificateholders from amounts on deposit in the Distribution Account in accordance with the provisions set forth under "*Description of the Certificates—Priority of Distributions*" in this Offering Memorandum.

Obligations in Respect of Proposed Eminent Domain Mortgage Loan Acquisition

Unless the Controlling Representative fails to acknowledge receipt of the notice described below within ten days, each of the Servicing Administrator, the Servicer, the Trustee and the Paying Agent will be required to promptly notify the Controlling Representative, the Servicing Administrator, the Servicer, the Trustee and the Paying Agent, as applicable, if it has received notice that any governmental entity intends to acquire a Mortgage Loan through the exercise of its power of eminent domain. Upon receipt of such notice, the Controlling Representative will obtain or cause to be obtained a valuation on the related Mortgaged Property in the form of a broker's price opinion or another valuation method that it deems appropriate.

The Controlling Representative may also engage a third party to review each such Mortgage Loan to determine whether the payment offered by such governmental entity for the Mortgage Loan is the fair market value of such Mortgage Loan. Any such third party reviewer must be a recognized third party with experience performing valuations of residential Mortgage Loans. The Controlling Representative also may engage legal counsel to assess the legality of such governmental entity's proposed exercise of its power of eminent domain to acquire the Mortgage Loan to determine whether there are bona fide legal grounds for contesting such acquisition (without regard to issues relating to the amount of compensation to be paid) (each such determination referred to

in this Offering Memorandum as a "**Legality Determination**"). If, as a result of such review, the Controlling Representative determines that the offered payment does not constitute the fair market value of the Mortgage Loan or that there may be bona fide legal grounds to contest such proposed acquisition, then the Controlling Representative may contest such acquisition through appropriate legal proceedings. Under the Pooling and Servicing Agreement, the Controlling Representative will notify the Servicing Administrator, the Servicer, the Paying Agent and the Trustee once it has caused the Servicer to obtain a valuation of the property at issue and has engaged legal counsel for a Legality Determination. If no such notification has been received within 60 days of first notice of potential government action to the Trustee and the Paying Agent, then the Trustee will provide written notice to the Paying Agent of the Controlling Representative's failure to take such actions. After such notice is received, the Paying Agent will make such notice available to the Certificateholders and the Certificateholders may direct the Trustee to take such actions if the same conditions described in clauses (i) and (ii) of the following paragraph are satisfied, in which event the provisions below regarding the recovery and reimbursement of fees will apply.

If, as a result of a review to determine whether there are bona fide legal grounds for contesting a governmental entity's proposed exercise of its power of eminent domain to acquire a Mortgage Loan or whether the offered payment constitutes the fair market value of a Mortgage Loan, the Controlling Representative concludes that it will not contest the proposed acquisition, then the Controlling Representative will notify the Trustee, the Paying Agent and the Servicing Administrator in writing of this decision and provide details of the review, and the Paying Agent will make such notice available to the Certificateholders. After such notification has been delivered, notwithstanding such a determination by the Controlling Representative, the Certificateholders may direct the Trustee to contest an acquisition of a Mortgage Loan through exercise of the power of eminent domain or the amount of the offered payment for such Mortgage Loan, if, within 30 days of notification of the Certificateholders, (i) the Trustee receives written direction to do so by the holders of more than 50% of the Certificates by outstanding Certificate Principal Balance and (ii) the holders directing the Trustee to take such action agree to provide in advance to the Trustee funds to pay for any fees, costs and expenses incurred by the Trustee and to provide any indemnification reasonably requested by the Trustee. In connection with any such action, the Trustee will pursue reimbursement for its fees, costs and expenses from the governmental entity, if directed to do so by the Certificateholders that provided such funds to the Trustee as described above. If the Trustee recovers any such fees, costs and expenses, it will be obligated to pay or cause such amounts to be paid by the Paying Agent to such Certificateholders unless the Certificateholders directing the Trustee have not satisfied their obligations to pay the fees, costs, expenses and indemnities of the Trustee in taking such action, in which case such amounts will be retained by the Trustee for such purposes. To the extent not reimbursed by the governmental entity or the Certificateholders, the Trustee will be reimbursed by the Issuing Entity, subject to the Annual Cap.

If there is no longer a Controlling Representative (or the Controlling Representative failed to acknowledge receipt of the notice described in the first paragraph of this section within ten days), the Trustee will notify the Servicing Administrator and the Certificateholders that it has received notice that a governmental entity intends to acquire a Mortgage Loan through the exercise of its power of eminent domain and of the results of the valuation on the related property obtained. The Trustee will take such other actions with respect to the action of the governmental authority as are consistent with the instructions of the Certificateholders, *provided* that the Trustee will have no duty or obligation to take such actions except (i) in accordance with the written direction by the holders of more than 50% of the Certificates by outstanding Certificate Principal Balance and (ii) an agreement by holders directing the Trustee to take such action to provide in advance to the Trustee funds to pay for any fees, costs and expenses incurred by the Trustee, and provide any indemnification reasonably requested by the Trustee. In connection with any such action, the Trustee will pursue reimbursement for its fees, costs and expenses from such governmental entity if directed to do so by the Certificateholders that provided such funds to the Trustee as described above. If the Trustee recovers any such fees, costs and expenses, it will be obligated to reimburse such amounts to such Certificateholders unless the Certificateholders directing the Trustee have not satisfied their obligations to pay the fees, costs, expenses and indemnities of the Trustee in taking such action, in which case such amounts will be retained by the Trustee for such purposes. To the extent not reimbursed by the governmental entity or the Certificateholders, the Trustee will be reimbursed by the Issuing Entity, subject to the Annual Cap.

Neither the Controlling Representative nor the Trustee will be liable for any Legality Determination or fair value determination made as described above, or any actions taken by it with respect to or in reliance on such determinations.

Duties of the Trustee, the Paying Agent and the Certificate Registrar

Each of the Trustee, the Paying Agent and the Certificate Registrar will be required to perform only those duties specifically required of it under the Pooling and Servicing Agreement. Upon receipt of the various certificates, statements, reports or other instruments required to be furnished to it, the Trustee, the Paying Agent or the Certificate Registrar, as applicable, will be required to examine them to determine whether they are in the form required by the Pooling and Servicing Agreement; however, none of the Trustee, the Paying Agent or the Certificate Registrar will be responsible for the accuracy or content of any documents furnished to such party by any other party; in addition, the Paying Agent will not be required to verify or recompute any Mortgage Loan data received from the Servicer, but will be entitled to rely conclusively on such information.

None of the Trustee, the Paying Agent or the Certificate Registrar will have any liability arising out of or in connection with the Pooling and Servicing Agreement, except that 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 Trustee, the Paying Agent or the Certificate Registrar will be personally liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the Certificateholders or the Controlling Representative. None of the Trustee, the Paying Agent or the Certificate Registrar will be deemed to have notice of any Servicer Event of Default unless a responsible officer of the Trustee, the Paying Agent or the Certificate Registrar, as applicable, has actual knowledge of such Servicer Event of Default or written notice of such Servicer Event of Default is received by the Trustee, the Paying Agent or the Certificate Registrar at its corporate trust office. None of the Trustee, the Paying Agent or the Certificate Registrar is required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under the Pooling and Servicing Agreement, 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 Trustee, the Paying Agent or the Certificate Registrar will have any duties under the Pooling and Servicing Agreement with respect to any claim, notice or other document it may receive or which may be alleged to have been delivered to or served upon it by the parties as a consequence of the assignment of any Mortgage Loan under the Pooling and Servicing Agreement*; provided, however*, that the Trustee, the Paying Agent or the Certificate Registrar, as applicable, will remit to the Servicer, with a copy to the Servicing Administrator and the Master Servicer, 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 Trustee, the Paying Agent or the Certificate Registrar, as applicable, has actual knowledge and which contains information sufficient to permit the Trustee, the Paying Agent or the Certificate Registrar to make a determination that the real property to which such document relates is a Mortgaged Property. None of the provisions in the Pooling and Servicing Agreement will in any event require the Trustee, the Paying Agent or the Certificate Registrar to perform, or be responsible for the manner of performance of, any of the obligations of the Servicing Administrator, the Servicer or any other party under the Pooling and Servicing Agreement. None of the Trustee, the Paying Agent or the Certificate Registrar will be responsible for any act or omission of the Servicing Administrator, the Servicer, the Master Servicer, the Depositor or any other party.

None of the Trustee, the Paying Agent or the Certificate 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 Issuing Entity, other than from funds available in the Distribution Account, or (d) confirming or verifying the contents or any reports or certificates of the Servicer delivered to the Trustee, the Paying Agent or the Certificate Registrar, as applicable, pursuant to the Pooling and Servicing Agreement believed by the Trustee, the Paying Agent or the Certificate Registrar, as applicable, to be genuine and properly signed or presented. None of the Trustee, the Paying Agent or the Certificate Registrar is responsible for the legality or validity of the Pooling and Servicing Agreement or the certificates or the validity, priority, perfection or sufficiency of the security for the Certificates.

Custody of Mortgage Loan Files; Limitation on Liability of Custodian

The Custodian will hold the mortgage documents for the exclusive use and benefit of the Trustee and will segregate and maintain continuous custody of all mortgage documents constituting the Mortgage Loan file in secure and fire-resistant facilities in accordance with customary standards for such custody. Documents will be

released by a Custodian pursuant to a request for release or through an electronic transmission agreed to in advance by the parties. The Custodian's ongoing safekeeping and release fee will be paid by the Paying Agent out of funds on deposit in the Distribution Account.

As to each Mortgage Loan, the following documents will be delivered to the Custodian on behalf of the Trustee on the Closing Date: (1) the related original Mortgage Note (or, if the original Mortgage Note has been lost or destroyed, a copy of such Mortgage Note together with a lost note affidavit), endorsed in blank, (2) the original of any guarantee executed in connection with the Mortgage Note, (3) for each non-MERS Mortgage Loan, the original (or a copy of) the Mortgage with evidence of recording indicated thereon, (4) for each MERS Mortgage Loan, the original recorded mortgage noting the presence of the MIN and either language indicating MERS as original mortgagee of the Mortgage Loan ("**MOM Loan**") or if the Mortgage Loan is not a MOM Loan at origination, the original recorded mortgage and the original assignment thereof that identifies MERS as the beneficiary or mortgagee, (5) the originals or copies of any assumption, consolidation, modification or extension agreements with evidence of recording indicated thereon (or, if such original of such document has not yet been returned by the recording office, a copy thereof), (6) for each non-MERS Mortgage Loan, the original assignment of mortgage in blank, in form and substance acceptable for recording but not recorded; (7) for each non-MERS Loan, the originals of all intervening assignments, (8) the policy of title insurance issued with respect to each Mortgage Loan, (9) an original or copy of any powers of attorney (if applicable), and (10) the original or copy of any security agreement, chattel mortgage or equivalent document (if any).

Prior to the Closing Date, the Custodian will review the Mortgage Loan file documentation and on the Closing Date, the Custodian will provide an initial certification to the Depositor and the Trustee. As part of the initial certification, the Custodian will create a list of exceptions related to the Mortgage Loan file which will include any documents required to be delivered to the Custodian that are missing. With respect to any missing documentation, other than intervening assignments which have been submitted for recording, a mortgage being out for recording, or an original title policy where a copy of the original title policy is contained in the Mortgage Loan file, the Custodian will notify the Depositor, the Trustee and the Representation Provider of the missing documentation on the Closing Date. Otherwise, the Custodian will not monitor the Mortgage Loan file until one year after the Closing Date, when a final certification will be provided. If there are any documents which are still missing from the Mortgage Loan file, the Custodian will notify the Depositor, the Trustee, the Representation Provider and the Representation and Warranty Reviewer of the missing documentation. A determination will be made by the Representation and Warranty Reviewer as to whether the failure to provide any missing documentation constitutes a Material Breach. The Paying Agent will make available to the Certificateholders certain information regarding the Representation and Warranty Reviewer's determination and the final certification generated by the Custodian uploading such findings to the Paying Agent's website at www.ctslink.com, to the extent such information is provided to the Paying Agent; *provided*, that the Paying Agent will be entitled to rely conclusively on, and will have no obligation to confirm, verify, review or redact, or otherwise be responsible for the content or the accuracy of such information, including whether any confidential information has been removed from such information. Upon the determination by the Representation and Warranty Reviewer that a Material Breach has occurred the Trustee will request that the Representation Provider either (i) in the case of any Mortgage Loan other than a Liquidated Loan (a) cure such Material Breach, (b) repurchase the related Mortgage Loan at the Repurchase Price from the Issuing Entity or (c) within two years of the Closing Date, substitute a Substitute Mortgage Loan for such Mortgage Loan or (ii) in the case of any Liquidated Loan, make an indemnity payment to the Issuing Entity equal to the Make-Whole Amount. Notwithstanding the above, the Representation Provider is not required to repurchase a Mortgage Loan solely because an original document submitted for recording has not been delivered to the Custodian due to a delay caused by the recording office. The determination of a Material Breach for missing loan documentation will not require the Mortgage Loan to have first become delinquent.

Limitation on Suits

Notwithstanding anything to the contrary contained herein, no Certificateholder will have any right under the Pooling and Servicing Agreement to institute any proceeding with respect to such agreement unless (i) the Controlling Representative has made written request to the Trustee to institute any such proceedings, (ii) the Trustee for 30 days after its receipt of such notice, request and offer of indemnity, has failed to institute any such proceeding and (iii) no direction inconsistent with such written request has been given to the Trustee during such 30-day period by the Controlling Representative. However, the Trustee will be under no obligation to exercise any of the powers vested in it by Pooling and Servicing Agreement or to institute, conduct or defend any litigation thereunder or in relation thereto at the request, order or direction of any of the Certificateholders, unless such Certificateholders have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs,

expenses and liabilities that may be incurred thereby. The Trustee will not be required to institute any proceedings (and no Certificateholder will have the right to institute any such proceeding) for the enforcement of a breach of a representation or warranty by the Representation Provider in respect of a Mortgage Loan unless the Representation and Warranty Reviewer has made a final determination that there has been a Material Breach with respect to such Mortgage Loan. See "*Mortgage Loan Representations and Warranties*" in this Offering Memorandum.

Governing Law

The Pooling and Servicing Agreement and the Certificates provide that they will be governed by, and will be construed in accordance with, the laws of the State of New York.

Reports to Certificateholders

On each Distribution Date, the Paying Agent, based on information provided to it by the Servicer (and, if applicable, the Trustee, the Representation and Warranty Reviewer and the Sponsor), will provide or make available a statement to each Certificateholder in the form required by the Pooling and Servicing Agreement, setting forth, among other things, the following information for such Distribution Date:

(a) the amounts of each of the Interest Remittance Amount, the Principal Remittance Amount and any Prepayment Premiums;

(b) the total amount of the distributions, separately identified, with respect to each class of Certificates;

(c) the Net WAC Rate;

(d) the Certificate Rate for each class of Certificates;

(e) the Interest Distribution Amount, Interest Carryforward Amount and Cap Carryover Amount for each class of Certificates;

(f) the amount of principal paid to each class of Certificates and the Certificate Principal Balance for each class of Certificates immediately prior to such Distribution Date and after giving effect to distributions on the Certificates on such Distribution Date;

(g) the amount of Servicing Advances made and reimbursed during the related Due Period and the amount of Servicing Advances outstanding as of the end of the related Due Period, to the extent reported to the Paying Agent by the Servicer;

(h) the amount of P&I Advances made and reimbursed during the related Due Period and the amount of P&I Advances outstanding as of the end of the related Due Period;

(i) the amount of P&I Advances or Servicing Advances, as applicable, determined to be Nonrecoverable Advances during the related Due Period, the amount of Nonrecoverable Advances reimbursed during the related Due Period and the amount of Nonrecoverable Advances outstanding as of the end of the related Due Period;

(j) information regarding delinquencies (using the MBA Method), foreclosures and bankruptcies and REO during the related Due Period and since the Cut-off Date, by number of Mortgage Loans and Scheduled Principal Balance;

(k) aggregate Realized Losses with respect to the related Distribution Date and cumulative Realized Losses since the Closing Date;

(l) the Applied Realized Loss Amount allocated to each class of Certificates and the amount of Certificate Write-up Amounts allocated to increase the Certificate Principal Balance of each class of Certificates;

(m) the amount of any Net Interest Shortfalls, Prepayment Interest Shortfalls, Net Prepayment Interest Excess and Relief Act Shortfalls with respect to each class of Certificates and the related Prepayment Period or Due Period, as applicable;

(n) the Certificate Principal Balance or the Class Notional Amount, as applicable, of each class of Certificates, in each case after giving effect to the distribution of principal on that Distribution Date;

(o) the number and aggregate Scheduled Principal Balance of the Mortgage Loans at the beginning and at the end of the related Prepayment Period, the Mortgage Interest Rates (in incremental ranges) and the weighted average remaining term of the Mortgage Loans;

(p) the number and aggregate Scheduled Principal Balances of all Mortgage Loans repurchased or substituted for during the related Due Period (including Material Breach, TRID or Early Payment Default related repurchases or substitutions);

(q) the aggregate Substitution Adjustment Amount, the aggregate Repurchase Price and the aggregate Make-Whole Amounts deposited into the Distribution Account with respect to the Mortgage Loans;

(r) with respect to Mortgage Loans that were subject to a modification (documented or as determined by the Servicer) during the related Due Period: (i) the percentage (by aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date and aggregate Scheduled Principal Balance as of the last day of the related Due Period) and number of Mortgage Loans modified during the related Due Period and since the Closing Date; (ii) the amount of principal forgiveness or amounts deferred for the related Due Period and since the Closing Date, (iii) the delinquency status for all Mortgage Loans modified since the Closing Date, (iv) the date of the most recent modification, (v) the number of modifications during the preceding twelve months, (vi) the percentage of modified Mortgage Loans that are delinquent and (vii) the Mortgage Interest Rate prior to and after modification;

(s) the number and Scheduled Principal Balance of Mortgage Loans with respect to which the related mortgagors were granted forbearance or deferral;

(t) the amount of the Trustee Fee, the Paying Agent Fee, the Custodian Fee, the Representation and Warranty Reviewer Fee, the Master Servicing Fee, the Servicing Fee and the Servicing Administration Fee paid to or retained by the Trustee, the Paying Agent, the Custodian, the Representation and Warranty Reviewer, the Master Servicer, the Servicer and the Servicing Administrator, respectively;

(u) the Excess Servicing Strip, the Class XS Distribution Amount and the amount distributed on the Class A-IO-S Certificates;

(v) the number and Scheduled Principal Balance of the Mortgage Loans that were (A) delinquent (exclusive of Mortgage Loans in foreclosure) (1) 30 to 59 days, (2) 60 to 89 days and (3) 90 to 119 days and (4) 120 or more days, (B) in foreclosure and delinquent (1) 30 to 59 days, (2) 60 to 89 days and (3) 90 to 119 days and (4) 120 or more days and (C) in bankruptcy as of the close of business on the last day of the calendar month preceding that Distribution Date;

(w) for any Mortgage Loan as to which the related Mortgaged Property was an REO property during the preceding calendar month, the principal balance of such Mortgage Loan as of the close of business on the last day of the related Due Period;

(x) the aggregate number and Scheduled Principal Balance and Unpaid Principal Balance of any REO properties as of the close of business on the last day of the preceding Due Period;

(y) the applicable Record Date, Accrual Period and calculation date for each class of Certificates and such Distribution Date;

(z) the amount on deposit in the Distribution Account as of such Distribution Date (after giving effect to distributions on such date) and as of the prior Distribution Date;

(aa) the amount of any Subsequent Recoveries and any Net Liquidation Proceeds;

(bb) the amount of any fees, charges, costs and indemnity payments paid or reimbursed from the Distribution Account pursuant to the Pooling and Servicing Agreement;

(cc) one month, three month, six month and twelve month CPRs, CDRs, and loss severities, and lifetime loss severities, for prepayments and liquidations;

(dd) whether a Credit Event has occurred and is continuing and whether such Credit Event is a Delinquency Trigger Event or a Cumulative Loss Trigger Event;

(ee) the Delinquency Rate and Cumulative Loss Rate; and

(ff) the amount of any reimbursable costs or expenses subject to the Annual Cap that have been paid to the Master Servicer, the Servicing Administrator, the Servicer, the Representation and Warranty Reviewer, the Trustee, the Paying Agent and the Custodian and the amount of the Annual Cap (and sub-caps) that remains available.

The Paying Agent will make such monthly reports to Certificateholders and a loan level file (and, at its option, any additional files containing the same information in an alternative format) available each month via the Paying Agent's website to Certificateholders that provide appropriate certification in the form furnished by the Paying Agent (which form may be furnished and submitted electronically via the Paying Agent's internet website), to any designee of the Issuing Entity, to the Depositor and the Initial Purchasers, as well as to Intex Solutions, Inc., Bloomberg, L.P. and CoreLogic Loan Performance. The Paying Agent's internet website will initially be located at www.ctslink.com. Assistance in using the website can be obtained by calling the customer service desk at (866) 846-4526. Parties that are unable to use the above distribution option are entitled to have a paper copy mailed to them via first class mail by calling the customer service desk and requesting a copy. The Paying Agent will have the right to change the way the monthly statements to Certificateholders are distributed in order to make such distribution more convenient and/or more accessible to the Certificateholders and the Paying Agent will provide timely and adequate notification to the Certificateholders and the Depositor regarding any such changes.

In addition, within three business days of receipt, or in any event as promptly as possible, the Paying Agent will post to the Paying Agent's website any notice, statement or information provided to it with respect to (i) all Mortgage Loans for which a TRID related indemnity payment was made by the Representation Provider, (ii) the nature of any Material Breach, (iii) the status and outcome of the review conducted with respect to a Mortgage Loan that a governmental entity intends to acquire through the exercise of its power of eminent domain and (iv) the status and outcome of any Mortgage Loan review conducted by the Representation and Warranty Reviewer. The Paying Agent will provide a mechanism to notify any registered investor each time the Paying Agent posts such notice, statement or information to the Paying Agent's website.

Amendments

The Pooling and Servicing Agreement may be amended from time to time by the parties to the Pooling and Servicing Agreement, without notice to, or consent of, any Certificateholder, to cure any ambiguity or mistake, to correct any defective provision or supplement any provision in the Pooling and Servicing Agreement which may be inconsistent with any other provision, to add to the duties of the Depositor, the Master Servicer, the Servicer or the Servicing Administrator, to comply with any requirements in the Code (as evidenced by an opinion of counsel) or to conform the provisions of the Pooling and Servicing Agreement to the descriptions thereof contained in this Offering Memorandum. The Pooling and Servicing Agreement may also be amended without the consent of any Certificateholder to add any other provisions with respect to matters or questions arising under the Pooling and Servicing Agreement, or to modify, alter, amend, add to or rescind any of the terms or provisions contained in the Pooling and Servicing Agreement*; provided,* that such action will not adversely affect in any material respect the interest of any Certificateholder, as evidenced by (i) an opinion of counsel delivered to, but not obtained at the expense of, the Trustee, the Paying Agent, the Certificate Registrar and the Master Servicer or (ii) an officer's certificate of the Depositor, in each case confirming that the amendment will not adversely affect in any material respect the interests of any Certificateholder. The cost of any amendment to the Pooling and

Servicing Agreement will be paid by the party requesting such amendment, or if requested for the benefit of Certificateholders, from the assets of the Issuing Entity.

The Pooling and Servicing Agreement may be amended from time to time by the parties to the Pooling and Servicing Agreement and with the consent of holders of certificates evidencing percentage interests aggregating not less than 50% of each class of Certificates (based on the aggregate outstanding Certificate Principal Balance of each class at such time) affected by the amendment for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Pooling and Servicing Agreement or of modifying in any manner the rights of the Certificateholders*; provided, however*, that no such amendment will (i) reduce in any manner the amount of, or delay the timing of, distributions required to be distributed on any Certificate without the consent of the holder of that Certificate or (ii) reduce the percentage of the Certificates whose holders are required to consent to any such amendment without the consent of the holders of 100% of the Certificates then outstanding.

Prior to the execution of any amendment to the Pooling and Servicing Agreement, the Trustee, the Paying Agent, the Certificate Registrar and the Master Servicer will be entitled to receive and conclusively rely on opinions of counsel (at the expense of the party seeking such amendment) stating that the execution of such amendment is authorized and permitted by the Pooling and Servicing Agreement, that all conditions precedent, if any, to the amendment have been satisfied, and that the amendment will not cause an Adverse REMIC Event.

Fees and Expenses; Indemnification

Fees and Other Compensation

The Trustee will be entitled to receive the Trustee Fee as compensation for its activities in its capacity as Trustee under the Pooling and Servicing Agreement. The Paying Agent will be entitled to receive the Paying Agent Fee as compensation for its activities in its capacity as Paying Agent under the Pooling and Servicing Agreement. The Paying Agent will pay the fees and expenses of the Certificate Registrar from the Paying Agent Fee. In addition, the Paying Agent will be entitled to retain as additional income investments from amounts on deposit in the Distribution Account. The Paying Agent will deposit the amount of any losses incurred in respect of any such investments out of its own funds, without any right of reimbursement therefor, immediately as realized. The Master Servicer will be entitled to receive the Master Servicing Fee for its activities in its capacity as Master Servicer under the Pooling and Servicing Agreement. The Custodian will be entitled to receive the Custodian Fee as compensation for its activities in its capacity as Custodian under the Pooling and Servicing Agreement.

The Trustee Fee, the Paying Agent Fee and the Custodian Fee (and to the extent not retained from the Master Servicer Collection Account, the Master Servicing Fee) will be payable, prior to any distributions to Certificateholders on each Distribution Date, out of amounts on deposit in the Distribution Account on each Distribution Date that would otherwise be part of the Interest Remittance Amount or the Principal Remittance Amount (to the extent not covered by the Interest Remittance Amount).

The Representation and Warranty Reviewer will be entitled to receive the Representation and Warranty Reviewer Fee as compensation for its activities in its capacity as Representation and Warranty Reviewer under the Pooling and Servicing Agreement. The Representation and Warranty Reviewer Fee will be paid in 12 equal monthly installments, prior to any distributions to Certificateholders on each Distribution Date, out of amounts on deposit in the Distribution Account on each Distribution Date that would otherwise be part of the Interest Remittance Amount or the Principal Remittance Amount (to the extent not covered by the Interest Remittance Amount).

Indemnification

Each of the Trustee, the Custodian, the Representation and Warranty Reviewer and any director, officer, employee or agent of the Trustee, the Custodian or the Representation and Warranty Reviewer will be indemnified from the assets of the Issuing Entity and held harmless against any loss, liability or expense (including reasonable attorney's fees and expenses) incurred in connection with the performance of its rights and obligations or in the administration of the Pooling and Servicing Agreement or any other transaction document (other than its ordinary out-of-pocket expenses incurred thereunder) or in connection with any claim or legal action relating to (a) the Pooling and Servicing Agreement or the Custody Agreement, as applicable, or other transaction document or (b) the Certificates, including any claim or legal action commenced by such party to enforce this indemnification

obligation, in each case other than any loss, liability or expense incurred by reason of its own negligence, bad faith or willful misconduct, or which is the responsibility of the Certificateholders as provided in the Pooling and Servicing Agreement.

Subject to the limitations set forth in definition of Annual Cap, Wells Fargo Bank, N.A., both in its individual capacity and in its capacity as the Master Servicer hereunder, and each of its respective directors, officers, employees and agents (each a "**Wells Indemnified Party**") and Computershare Trust Company, N.A., both in its individual capacity and in its capacity as the Paying Agent and Certificate Registrar hereunder, and each of its respective directors, officers, employees and agents (each a "**Computershare Indemnified Party**") will be indemnified and held harmless by, and entitled to reimbursement from, the assets of the Issuing Entity for any claim, loss, liability, damage, cost or expense, including any reasonable legal fees and expenses and any extraordinary or unanticipated expense, incurred or expended (without negligence, bad faith or willful misconduct (as agreed to by such party or as otherwise determined by 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 Issuing Entity any dispute or legal proceeding, whether pending or threatened, that is related directly or indirectly in any way to the Issuing Entity, the Pooling and Servicing Agreement or any other transaction document, the Mortgage Loans or other assets of the Issuing Entity, or the Certificates (including without limitation the initial offering, any secondary trading and any transfer and exchange of the Certificates), (b) the acceptance or administration of the trusts created under the transaction documents, (c) pursuing the enforcement (including without limitation by means of any action, claim, or suit brought by a Wells Indemnified Party or Computershare Indemnified Party for such purpose) of any indemnification or other obligation owed to a Wells Indemnified Party or a Computershare Indemnified Party, as determined by a court of competent jurisdiction, the indemnification afforded under this clause (c) to include any reasonable legal fees, costs and expenses incurred by a Wells Indemnified Party or a Computershare Indemnified Party (without negligence, bad faith or willful misconduct on its part) in connection therewith, or (d) 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 Master Servicer, the Paying Agent and the Certificate Registrar of its obligations under the Pooling and Servicing Agreement and (ii) addressing any bankruptcy in any way related to or affecting the Pooling and Servicing Agreement or any party thereto, including, as applicable, all costs incurred in connection with the use of default specialists within or outside Wells Fargo Bank, N.A. (in the case of Wells Fargo Bank, N.A. personnel, such costs to be calculated using standard market rates).

Except to the extent set forth in the Pooling and Servicing Agreement, none of the Trustee, the Custodian, the Paying Agent, the Certificate Registrar, the Representation and Warranty Reviewer, the Servicing Administrator, the Master Servicer, the Representation Provider, any Originator or the Controlling Representative will be entitled to any amount of reimbursable expenses or indemnification payments from the assets of the Issuing Entity pursuant to the Pooling and Servicing Agreement to the extent that such expenses and payments would exceed the Annual Cap. The "**Annual Cap**" with respect to (i) reimbursable expenses of the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicing Administrator, the Representation and Warranty Reviewer and the Master Servicer, (ii) indemnification payments to any such party from the assets of the Issuing Entity, or (iii) costs and expenses of arbitration relating to a repurchase request made in connection with a Material Breach of a Mortgage Loan representation and warranty made by the Representation Provider, to the extent reimbursable to the Representation Provider, the Controlling Representative or the Review Triggering Certificateholders, an aggregate amount equal to $400,000 for any calendar year (beginning on the first anniversary of the Closing Date and each subsequent anniversary year thereafter for so long as the Pooling and Servicing Agreement remains in effect (each, a "**Cap Year**")); provided, however, that (a) $150,000 of the Annual Cap will be allocated to reimbursable expenses of the Trustee, (b) $50,000 of the Annual Cap will be allocated to reimbursement expenses of the Custodian, (c) $150,000 of the Annual Cap will be allocated to reimbursable expenses and indemnification payments of the Master Servicer and Paying Agent (in any of its capacities), (d) $50,000 of the Annual Cap will be allocated to reimbursable expenses and indemnification payments of the Servicing Administrator and the Representation and Warranty Reviewer, (e) on the last Distribution Date occurring in such Cap Year, the Representation Provider, the Controlling Representative and the Review Triggering Certificateholders will be entitled to recover reimbursable costs and expenses of arbitration (on a pro rata basis based on amounts owed to such parties) from any unused portion of the Annual Cap allocated to another party, and after payment of any such amounts to the Representation Provider, the Controlling Representative or the Review Triggering Certificateholders, each other party will have the right to reimbursable expenses or indemnification payments from any remaining unused portion of the Annual Cap allocated to another party to the extent that the reimbursable expenses and indemnification payments to such party exceed the related capped amount at the end of such Cap Year; provided, (i) any expenses of the Servicing Administrator, the Trustee, the

Paying Agent, the Certificate Registrar, the Custodian or the Master Servicer relating to (A) an event of default or a servicing transfer following a termination of the Servicer and (B) cancellation of the Certificates and termination of the Issuing Entity will not be subject to the Annual Cap and (ii) any expenses and payments due to the Trustee, the Custodian, the Paying Agent, the Certificate Registrar, the Servicing Administrator, the Representation and Warranty Reviewer, the Representation Provider, an Originator, the Controlling Representative, the Review Triggering Certificateholders or the Master Servicer in excess of the Annual Cap will be paid in the succeeding Cap Year or Cap Years (subject to the Annual Cap for such succeeding Cap Year or Cap Years) until paid in full. Notwithstanding the foregoing, in connection with any Optional Redemption, Optional Termination or other final distribution on the Certificates, all outstanding fees, expenses and indemnification amounts owing to the transaction parties (including unpaid fees, expenses and indemnification amounts from prior periods) will be paid without regard to the Annual Cap.

Limitation on Liability of Master Servicer

Neither the Master Servicer nor any of the directors, officers, employees or agents of the Master Servicer will be under any liability to the Certificateholders for any action taken or for refraining from the taking of any action in good faith pursuant to the Pooling and Servicing Agreement, or for errors in judgment; *provided*, *however*, that this provision will not protect the Master Servicer or any such person against any liability that would otherwise be imposed by reason of willful misconduct, bad faith or negligence (as agreed to by such party or as otherwise determined by a court of competent jurisdiction) in its performance of its duties under the Pooling and Servicing Agreement.

Resignation and Removal of the Trustee

The Trustee may resign at any time upon 30 days prior written notice to the Depositor. The Depositor will remove the Trustee if the Trustee (i) ceases to be eligible to continue as such under the Pooling and Servicing Agreement, (ii) is adjudged a bankrupt or insolvent, (iii) it or its property is taken over by a receiver or other public officer or (iv) otherwise becomes incapable of acting. If the Trustee resigns or if the Depositor removes the Trustee, the Depositor will be obligated to appoint a successor Trustee as set forth in the Pooling and Servicing Agreement. Any resignation or removal of the Trustee and appointment of a successor Trustee will not become effective until acceptance of the appointment by the successor Trustee.

Resignation and Removal of Paying Agent

The Paying Agent may resign at any time upon written notice to the Trustee, in which event the Trustee, at the direction of the Controlling Representative, will appoint a successor to the Paying Agent as set forth in the Pooling and Servicing Agreement. If a successor paying agent does not take office within 60 days after the retiring Paying Agent resigns or is removed, the retiring Paying Agent may petition any court of competent jurisdiction for the appointment of a successor paying agent. The costs and expenses incurred by the Paying Agent in connection with such petition will be the sole responsibility of the retiring Paying Agent if the Paying Agent resigns (unless such resignation is due to the non-payment fees, expenses, or indemnities or circumstances outside of the control of the Paying Agent) or the Issuing Entity in all other circumstances.

Direction by Controlling Representative

The Pooling and Servicing Agreement requires or permits certain actions to be taken based on instructions from the Controlling Representative. Initially, it is expected that the Controlling Representative will be the Sponsor or an affiliate of the Sponsor, the Seller, the Depositor, the Servicing Administrator, the Originators and the Representation Provider.

Investor Registry

The Certificate Registrar will make available to any Certificateholder, an investor registry (the "**Investor Registry**"). The Investor Registry will be a voluntary service available on the Certificate Registrar's website at www.ctslink.com, where Certificateholders can register and thereafter obtain information with respect to any other Certificateholder that has so registered. Any person registering to use the Investor Registry will be required to certify that (a) it is a Certificateholder and (b) it grants authorization to the Certificate Registrar to make its name and contact information available on the Investor Registry from the date of such certification (until such Certificateholder requests removal of such information) to persons entitled to access to the Investor Registry. Such Certificateholder may then be asked to enter certain mandatory fields such as the individual's name, the company

name and email address, as well as certain optional fields such as address, phone, and class(es) of Certificates owned. If any Certificateholder notifies the Certificate Registrar that it wishes to be removed from the Investor Registry (which notice may not be within 45 days of its registration) or wishes to revise any information it previously provided, the Certificate Registrar will remove it from the Investor Registry or revise such information. Upon the sale or any transfer of ownership of any Certificate, such Certificateholder will agree to notify the Certificate Registrar in writing to remove it from the Investor Registry. Any such written notice will be given no less than 45 days prior to the date of withdrawal or revision.

The Certificate Registrar will not be responsible for verifying or validating any information submitted on the Investor Registry, or for monitoring or otherwise maintaining the accuracy of any information thereon. The Certificate Registrar does not guarantee, represent or warrant that the Investor Registry will only be accessed by qualified individuals. The Certificate Registrar does not (i) guarantee or warrant that any content is accurate, complete, truthful, relevant or non-objectionable or (ii) independently verify or endorse any content posted or otherwise made available by third parties on or through the Investor Registry. The Certificate Registrar may require acceptance of a waiver and disclaimer for access to the Investor Registry. The Certificate Registrar reserves the right, in its sole and absolute discretion, to revise, change, modify or discontinue the Investor Registry (cumulatively "**Revisions**") at any time upon notice. Such notice may be given in any manner that the Certificate Registrar chooses that complies with applicable law, including, but not limited to, by posting a notice of such changes on the Investor Registry.

U.S. RISK RETENTION

General

Pursuant to the U.S. Risk Retention Rules, a "securitizer" (or a Majority-Owned Affiliate of 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 securitization transaction (the "**Required Credit Risk**"), as more fully described below. Under Section 15G of the Securities Exchange Act of 1934, as amended, 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, which definition is substantively identical to the definition of a "sponsor" under Regulation AB. A "**Majority-Owned Affiliate**" of a securitizer is an entity that, directly or indirectly, majority controls, is majority controlled by or is under common majority control with, the securitizer and "majority control" means ownership of more than 50 percent of the equity of an entity, or ownership of any other controlling financial interest in the entity, as determined under generally accepted accounting principles. Therefore, the Sponsor, either directly or through a Majority-Owned Affiliate, is required to retain the entire Required Credit Risk of this Angel Oak Mortgage Trust 2022-4 securitization.

Until the later of (i) the fifth (5^{th}) anniversary of the Closing Date and (ii) the date on which the aggregate Scheduled Principal Balance of the Mortgage Loans has been reduced to 25% of the aggregate Scheduled Principal Balance of the Mortgage Loans 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 U.S. Risk Retention Rules impose limitations on the ability of the Sponsor to dispose of or hedge the Required Credit Risk. In general, prior to the Sunset Date, the Sponsor 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 a Majority-Owned Affiliate) to the Required Credit Risk. The Sponsor (or a Majority-Owned Affiliate) 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 U.S. 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 U.S. Risk Retention Certificates.

None of the Master Servicer, Trustee, Paying Agent, Certificate Registrar, Custodian or Initial Purchasers shall be charged with knowledge of any U.S. Risk Retention Rules, nor will the Master Servicer, Trustee, Paying Agent, Certificate Registrar, Custodian or Initial Purchasers be responsible for monitoring, confirming or enforcing any U.S. Risk Retention Rules applicable to the transaction. None of the Master Servicer, Trustee, Paying Agent, Certificate Registrar, Custodian or Initial Purchasers will be liable to any Certificateholder or other party for violation of such rules now or hereinafter in effect.

Sponsor to Hold an Eligible Horizontal Residual Interest

Under the U.S. Risk Retention Rules, the Required Credit Risk may be held in the form of an EHRI or an EVI or a combination of an EHRI and an EVI. The Sponsor intends to satisfy the U.S. Risk Retention Rules by acquiring on the Closing Date and retaining until the Sunset Date, the Required Credit Risk in the form of an EHRI consisting of the U.S. Risk Retention Certificates equal to not less than 5% of the fair value of the Certificates (excluding any non-economic REMIC residual interest). See "*Description of the Certificates*" in this Offering Memorandum for a description of the material terms of the U.S. Risk Retention Certificates.

The Sponsor may obtain secured financing for the U.S. Risk Retention Certificates. See "*Plan of Distribution*" in this Offering Memorandum.

Material Terms of the U.S. Risk Retention Certificates

The U.S. Risk Retention Certificates will be issued on the Closing Date and will represent interests in the assets of the Issuing Entity. The U.S. Risk Retention Certificates will have the Certificate Principal Balances or Class Notional Amount, Certificate Rate and/or distribution entitlement as described in this Offering Memorandum.

The fair values of the Certificates (other than the Class R Certificates) are summarized below:

Class	Fair Value ($)	Fair Value (%)
Class A-1	$124,819,875	70.29%
Class A-2	$15,235,482	8.58%
Class A-3	$15,259,198	8.59%
Class M-1	$8,977,647	5.06%
Class B-1	$2,741,723	1.54%
Class B-2	$4,016,251	2.26%
Class B-3	$5,092,576	2.87%
Class A-IO-S	$1,359,242	0.77%
Class XS	$67,896	0.04%
Total	$177,569,889	100.00%

The Sponsor determined the fair value of each class of Certificates (other than the Class R Certificates) using a fair value measurement framework under GAAP. 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.

Level 1 – inputs include quoted prices for identical instruments and are the most observable;

Level 2 – inputs include quoted prices for similar instruments and observable inputs such as interest rates and yield curves; and

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 fair values of the Class A, Class M, Class B-1 and Class B-2 Certificates are categorized within Level 2 of the hierarchy, reflecting the Certificate Rates for such Certificates and inputs derived from the yields, interest rates and prices at which such classes of Certificates would be purchased by third-party investors, repurchase lenders or prices for similar instruments. The fair values of the Class A-IO-S, Class B-3 and Class XS Certificates are categorized within Level 3 of the hierarchy as inputs to the fair value calculation (other than the Certificate Rate and/or distribution 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 such Certificates.

Class	Certificate Rate	Price
Class A-1	Lower of 4.650% and the Net WAC Rate	98.20063%
Class A-2	Lower of 4.650% and the Net WAC Rate	95.88698%
Class A-3	Lower of 4.650% and the Net WAC Rate	94.93684%
Class M-1	Net WAC Rate	87.55263%
Class B-1	Net WAC Rate	82.45783%
Class B-2	Net WAC Rate	79.04450%
Class B-3	Net WAC Rate	72.53416%
Class A-IO-S	Servicing Strip	0.73572%
Class XS	Monthly Excess Cashflow	0.03675%

Valuation Methodology

To calculate the fair values of the Certificates, the Sponsor used an internal valuation model. This model projects future interest and principal payments and other recoveries on the Mortgage Loans, the interest and, if applicable, principal payments on each class of Certificates and transaction fees and expenses. The resulting cash flows to the Certificates 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 additional assumptions:

(i) The Cut-off Date is the close of business on June 1, 2022.

(ii) The Closing Date is July 13, 2022.

(iii) The Distribution Dates are on the 25th of each month, without regard to whether such day is a business day, commencing in July 2022.

(iv) Monthly payments of scheduled principal and interest on the Mortgage Loans are received on a timely basis on the first day of each month, commencing in July 2022.

(v) All Principal Prepayments represent prepayments in full of the Mortgage Loans and there are no Net Interest Shortfalls.

(vi) There are no purchases of or substitutions for the Mortgage Loans.

(vii) No Mortgage Loan is modified after the Cut-off Date.

(viii) An Optional Redemption will occur on the Distribution Date in June 2026. The price for such Optional Redemption will be at 100.00% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

(ix) An Optional Termination does not occur.

(x) The Seller does not effect any Optional Purchases.

(xi) On each Distribution Date, the Gross Administration Fee Rate for the Mortgage Loans is (a) 0.250% per annum with respect to a Mortgage Loan originated under the Angel Oak Agency Program and the Third Party Originator agency programs, (b) 0.375% per annum with respect to a Mortgage Loan originated under the Angel Oak Bank Statement Program, the Angel Oak Platinum Program, the Angel Oak Portfolio Select Program, the Third Party Originator alternative documentation programs, the Third Party Originator bank statement programs, the Third Party Originator asset qualifier programs and the Third Party Originator full documentation programs or (c) 0.500% per annum with respect to a Mortgage Loan originated under the Angel Oak Investor Cash Flow Program or the Third Party Originator investor cash flow programs. On each Distribution Date, the Gross Administration Fee will be the product of (x) one-twelfth of the applicable Gross Administration Fee Rate for such Mortgage Loan and (y) the Scheduled Principal Balance of such Mortgage Loan as of the beginning of the related Due Period.

(xii) On each Distribution Date, the Trustee Fee is $1,000.

(xiii) On each Distribution Date, the Paying Agent Fee Rate is 0.0110% per annum. On each Distribution Date, the Paying Agent will receive the product of (x) one-twelfth of the Paying Agent Fee Rate and (y) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the beginning of the related Due Period, subject to a $1,000 minimum fee.

(xiv) On each Distribution Date, the Master Servicing Fee Rate is 0.0435% per annum. On each Distribution Date, the Master Servicer will receive the product of (x) one-twelfth of the Master Servicing Fee Rate and (y) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the beginning of the related Due Period, subject to a $3,500 minimum fee.

(xv) On each Distribution Date, the Custodian Fee Rate is 0.0033% per annum. On each Distribution Date, the Custodian will receive the product of (x) one-twelfth of the Custodian Fee Rate and (y) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the beginning of the related Due Period.

(xvi) On each Distribution Date, the Representation and Warranty Reviewer Fee is $7,200 per annum, paid in 12 equal monthly installments and no Mortgage Loan was reviewed by the Representation and Warranty Reviewer warranting the applicable $600 per loan fee.

(xvii) The Servicing Administration Fee Rate is 0.0300% per annum and the Servicing Fee rate with respect to the Mortgage Loans is 0.0500% per annum.

(xviii) All fees are paid pro-rata based on amount due.

(xix) There are no Prepayment Premiums collected on the Mortgage Loans.

(xx) There are 70% P&I Advances on delinquent Mortgage Loans.

(xxi) There are no Servicing Advances.

(xxii) There is no lag between default and recovery of proceeds on a Mortgage Loan.

(xxiii) The following rates for the specified year are assumed for the spread to the U.S. Treasury Actives Curve: year 3 (3.234%), year 5 (3.274%).

(xxiv) The spreads used to determine the prices for the Class A, Class M and Class B-1 Certificates and the yields used to determine the prices for the Class B-2, Class B-3, Class A-IO-S and Class XS Certificates are set forth below:

Class	**Spread (Basis Points) or Yield (%)**
A-1	240
A-2	370
A-3	425
M-1	525
B-1	700
B-2	11.500%
B-3	13.000%
A-IO-S	12.000%
XS	15.000%

(xxv) The assumed cashflows on the Mortgage Loans are generated based on the internal valuation model which generates (each rounded to the precision shown) (i) a constant default rate ("**CDR**") for each Mortgage Loan, the aggregate of which for each period is set forth below, which assumes an annualized percentage of Mortgage Loans default each year, (ii) an assumed constant prepayment rate ("**CPR**") for each Mortgage Loan, the aggregate of which for each period is set forth below, which represents an annualized assumed rate of Principal Prepayment each year relative to the then-outstanding principal balance of the Mortgage Loans for the life of the Mortgage Loans, (iii) a loss severity percentage for each Mortgage Loan, the aggregate of which for each period is 30.000000000%, (iv) a monthly delinquency rate ("**DQ**") for each period is set forth below, which assumes a percentage of the aggregate then-outstanding principal balance of the Mortgage Loans for each period is delinquent, (v) a delinquency payment payback percentage of 0%, and (vi) 30-day SOFR for each period as set forth below:

Period	CPR (%)	CDR (%)	DQ (%)
1	10.0000	0.0000	0.0000
2	10.9091	0.0217	0.0652
3	11.8182	0.0435	0.1304
4	12.7273	0.0652	0.1957
5	13.6364	0.0870	0.2609
6	14.5455	0.1087	0.3261
7	15.4545	0.1304	0.3913
8	16.3636	0.1522	0.4565
9	17.2727	0.1739	0.5217
10	18.1818	0.1957	0.5870
11	19.0909	0.2174	0.6522
12	20.0000	0.2391	0.7174
13	20.0000	0.2609	0.7826
14	20.0000	0.2826	0.8478
15	20.0000	0.3043	0.9130
16	20.0000	0.3261	0.9783
17	20.0000	0.3478	1.0435
18	20.0000	0.3696	1.1087
19	20.0000	0.3913	1.1739
20	20.0000	0.4130	1.2391
21	20.0000	0.4348	1.3043
22	20.0000	0.4565	1.3696
23	20.0000	0.4783	1.4348
24 and thereafter	20.0000	0.5000	1.5000

Period	30-Day SOFR (%)
1	1.01572
2	1.52750
3	2.23024
4	2.38666
5	2.84364
6	3.06859
7	3.30603
8	3.40732
9	3.39983
10	3.51911
11	3.51360
12	3.54276
13	3.52014
14	3.55022
15	3.47076
16	3.38919
17	3.30357
18	3.23316
19	3.17415
20	3.12840
21	3.09185
22	3.05669
23	3.01978
24	2.99187
25	2.96577
26	3.04175
27	3.02083
28	2.99541
29	2.97138
30	2.94462
31	2.91406
32	2.88504
33	2.85599
34	2.83273
35	2.81005
36	2.79335
37	2.77952
38	2.86168
39	2.85787
40	2.85266
41	2.85022
42	2.84976
43	2.85184
44	2.85530
45	2.85681
46	2.85488
47	2.84940
48	2.83954

The Sponsor developed these inputs and assumptions by considering the composition of the Mortgage Loans and (i) the performance of mortgage loans similar to the Mortgage Loans which were previously securitized by the Sponsor and affiliates of the Sponsor; (ii) mortgage loans similar to the Mortgage Loans acquired by the Sponsor and affiliates of the Sponsor and held in portfolio; and (iii) mortgage loans similar to the Mortgage Loans in securitized pools that were not issued by the Sponsor. In particular, the Sponsor reviewed the prepayment, default and loss history of such mortgage loans in order to project an anticipated prepayment, default and loss scenario for the Mortgage Loans. In addition, in valuing the U.S. Risk Retention Certificates, the current interest

rate environment and the expectation of anticipated interest rates following the Closing Date was also taken into account.

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 Certificateholder's ability to evaluate the fair value calculation. The fair values of the Certificates (other than the Class R Certificates) were calculated based on the assumptions described above that likely will differ from the actual characteristics and performance of the Mortgage Loans. You should be sure you understand these assumptions when considering the fair value calculation.

Post-Closing Date Disclosure

On the first Distribution Date following the Closing Date, the Paying Agent, based solely on information provided to it by the Sponsor, will make available, together with the monthly statement to Certificateholders, a statement with valuations prepared by the Sponsor, and furnished to the Paying Agent by the Sponsor at least three business days prior to the initial Distribution Date in accordance with the terms of the Pooling and Servicing Agreement, that will set forth the following information:

- the fair value, expressed as a percentage of the fair value of all of the Certificates (other than the Class R Certificates) issued by the Issuing Entity on the Closing Date, of the U.S. Risk Retention Certificates retained by the Sponsor as of the Closing Date, based on actual sale prices and finalized tranche sizes;

- the fair value, expressed as a percentage of the fair value of all of the Certificates (other than the Class R Certificates) issued by the Issuing Entity on the Closing Date, of the U.S. Risk Retention Certificates that the Sponsor is required to retain under the U.S. Risk Retention Rules; and

- 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.

EU/UK SECURITIZATION RULES

As further described herein under "*Risk Factors—The Offered Certificates May Not Be Suitable for Investment by Certain EU and United Kingdom Regulated Investors and Affiliates*," none of the Sponsor, the Seller, the Depositor, the Issuing Entity, the Representation Provider, the Initial Purchasers, the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Servicing Administrator, any Originator, the Servicer, the Master Servicer or any of their respective affiliates intends, or is required, to retain a material net economic interest in the securitization constituted by the issuance of the Certificates in a manner sufficient to satisfy any requirements of the EU/UK Securitization Rules (as defined herein). In addition, no such person undertakes to take any other action, or refrain from taking any action, prescribed or contemplated in, or for purposes of, or in connection with, compliance by any investor with any applicable requirement of, the EU/UK Securitization Rules. The arrangements described under "*U.S. Risk Retention*" have not been structured with the objective of ensuring compliance with any requirements of the EU/UK Securitization Rules by any person.

Consequently, the Offered Certificates may not be a suitable investment for EU/UK Institutional Investors. As a result, the price and liquidity of the Offered Certificates in the secondary market may be adversely affected.

For information regarding the EU/UK Securitization Rules, see "*Risk Factors—The Offered Certificates May Not Be Suitable for Investment by Certain EU and United Kingdom Regulated Investors and Affiliates*" in this Offering Memorandum.

PREPAYMENT AND YIELD CONSIDERATIONS

The yield to maturity and Weighted Average Life of an Offered Certificate will generally depend upon, among other things, the price at which such Offered Certificate is purchased, the amount and timing of principal payments on the Mortgage Loans, the amount and timing of delinquencies and defaults on the Mortgage Loans, any Optional Purchases effected by the Seller and whether any Optional Redemption or Optional Termination occurs.

The rate of distributions in reduction of the Certificate Principal Balance (or Class Notional Amount) of a class of Offered Certificates, the aggregate amount of distributions on such class of Offered Certificates and the Weighted Average Life and yield to maturity of an Offered Certificate purchased at a discount or premium will be directly related to the rate of payments of principal on the Mortgage Loans. Prepayments (which, as used in this Offering Memorandum, include all unscheduled payments of principal, including payments as the result of liquidations, sales and repurchases) of the Mortgage Loans will result in distributions to Certificateholders then entitled to distributions in respect of principal of amounts which would otherwise be paid over the remaining terms 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 distributions or yield on, or Weighted Average Life of, an Offered Certificate or the aggregate amount of distributions on the Offered Certificates.

The rate of principal payments on the Mortgage Loans will be affected by the amortization of the Mortgage Loans, the rate and timing of Principal Prepayments (including Partial Prepayments and those resulting from refinancing) thereon by mortgagors, the rate, timing and allocation of payaheads, liquidations of defaulted Mortgage Loans, the timing of mortgagors' monthly payments and modifications of Mortgage Loans. 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. Repurchases by the Representation Provider of Mortgage Loans as a result of certain defective or missing documentation or Material Breaches of representations and warranties or Optional Purchases effected by the Seller will have the effect of a prepayment in full of such Mortgage Loans, and the exercise of the Optional Termination or Optional Redemption will have the effect of a prepayment in full of all of the Mortgage Loans. See "*Mortgage Loan Representations and Warranties—Repurchase Requests and Arbitration*" and "*Description of the Certificates—Optional Termination"* and *"Description of the Certificates—Optional Redemption"* in this Offering Memorandum.

If a holder of an Offered Certificate 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 holder of an Offered Certificate's actual yield to maturity, even if the average rate of defaults and severity of losses are consistent with such holder'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 delinquency, foreclosure or loss experience with respect to the Mortgage Loans or the loss severity thereon.

Other factors affecting prepayment of mortgage loans include changes in mortgagors' housing needs, job transfers, unemployment or substantial fluctuations in income, significant declines in real estate values and adverse economic conditions either generally or in particular geographic areas, mortgagors' equity in mortgaged properties and servicing decisions, such as, without limitation, the decision as to whether to foreclose on a mortgage loan or to modify the terms of the related Mortgage Note and decisions as to the timing of any foreclosure. The effects of each of these factors may have been heightened by the COVID-19 outbreak. See "*Risk Factors— The COVID-19 Outbreak May Adversely Affect the Performance, Liquidity and Market Value of the Offered Certificates*" in this Offering Memorandum. Furthermore, certain characteristics of mortgage loans are thought by some in the mortgage industry to be more likely to affect prepayments. These characteristics include, but are not limited to, Unpaid Principal Balance, loan-to-value ratio, credit quality of mortgagors and a current mortgage rate higher than prevailing interest rates. No representation is made as to the rate of prepayment on the Mortgage Loans having any particular characteristic. Since the Mortgage Loans contain due-on-sale clauses, acceleration of mortgage payments as a result of any such sale will affect the level of prepayments on the Mortgage Loans. See "*Certain Legal Aspects of the Mortgage Loans*—"*Due on Sale*" *Clauses*" in this Offering Memorandum. In addition, the Servicer, subject to consent of the Controlling Representative and the conditions set forth in the Pooling and Servicing Agreement, may take certain actions to mitigate losses on a Mortgage Loan which may include, but are not limited to, forgiving certain payments of principal and/or interest on a Mortgage Loan in connection with a modification or refinancing (including short refinancings) or modifying the payment terms of a Mortgage Note. Such action by the Servicer may reduce the amount available for distribution to the Offered Certificates. See "*Servicing of the Mortgage Loans—Servicing of Defaulted Mortgage Loans*" in this Offering Memorandum.

The yield to maturity of the Offered Certificates will be sensitive in varying degrees to the rate and timing of principal payments (including prepayments) on the Mortgage Loans. Investors in the Offered Certificates should consider the associated risks, including, in the case of P&I Certificates purchased at a

discount (and especially the Class B-2 Certificates on and after the Distribution Date in July 2026), the risk that a slower than anticipated rate of distributions in respect of principal (including prepayments) on the Mortgage Loans may have a negative effect on the yield to maturity of such Offered Certificates and, in the case of P&I Certificates purchased at a premium (and the Class A-IO-S and Class XS Certificates), the risk that a faster than anticipated rate of payments in respect of principal (including prepayments) on the Mortgage Loans may have a negative effect on the yield to maturity of such Offered Certificates.

If you are purchasing Class XS Certificates, which are the most subordinated class of Certificates, in addition to the negative effect of a rapid rate of prepayments, the Class XS Certificates are also extremely sensitive to unscheduled recoveries of principal, including Liquidation Proceeds, as the distribution priorities allocate Monthly Excess Cashflow that would otherwise be used to distribute the Class XS Distribution Amount instead to make distributions on the other Offered Certificates up to the amount of Realized Losses during the related Prepayment Period and Applied Realized Loss Amounts allocated on prior Distribution Dates. In addition, the application of the Step-up Certificate Rate to the Class A Certificates would adversely affect the amount of Monthly Excess Cashflow available to the Class XS Certificates.

An investor is urged to make an investment decision with respect to an Offered Certificate based on the anticipated yield to maturity resulting from its purchase price and such investor's own determination as to the anticipated Mortgage Loan prepayment rates under a variety of scenarios.

The timing of changes in the rate of prepayment on the Mortgage Loans may significantly affect the actual yield to maturity experienced by a holder of an Offered Certificate at a price other than par, even if the average rate of principal payments experienced over time is consistent with such holder's expectation. In general, the earlier a prepayment of principal on the underlying Mortgage Loans, the greater the effect on such holder's yield to maturity. As a result, the effect on such holder's yield of principal payments occurring at a rate higher (or lower) than the rate anticipated by such holder during the period immediately following the issuance of the Offered Certificates would not be fully offset by a subsequent like reduction (or increase) in the rate of principal payments.

The yield to maturity on the Offered Certificates may be affected by the geographic concentration of the Mortgaged Properties securing the Mortgage Loans. Certain regions of the United States from time to time will experience weaker economic conditions or might experience weaker housing markets or inflated housing prices and, consequently, will experience higher rates of delinquency, foreclosure and loss than experienced nationwide. In addition, certain regions have experienced or may experience natural disasters, including earthquakes, fires, floods, hurricanes and tornadoes, which may adversely affect property values. The terms of these Mortgage Loans were extended to account for a forbearance period during which the mortgagors were not required to make scheduled monthly payments. Any deterioration of economic conditions in the regions in which there is a significant concentration of Mortgaged Properties which adversely affects the ability of mortgagors to make payments on the Mortgage Loans may increase the likelihood of delinquencies and losses on the Mortgage Loans. Such delinquencies and losses will have an adverse effect on the yield to maturity of the Offered Certificates.

The Depositor may, at its option, purchase all of the outstanding Certificates as described above under "*Description of the Certificates—Optional Redemption.*" If the Depositor elects to purchase all of the outstanding Certificates, this will have the effect of a prepayment in full of the aggregate Certificate Principal Balance of the Offered Certificates to all Certificateholders at such time.

A modification that extends the term of a Mortgage Loan will also result in a slower rate of principal payments. A modification may also result in less interest accruing on a Mortgage Loan.

No representation is made as to the rate of principal payments on the Mortgage Loans or as to the yield to maturity of the Offered Certificates.

Weighted Average Lives of the Offered Certificates

The "**Weighted Average Life**" of a class of P&I Certificates is determined by (i) multiplying the assumed net reduction, if any, in the Certificate Principal Balance on each Distribution Date of such class of Certificates by the number of years from the date of issuance of such class of Certificates to the related Distribution Date, (ii) summing the results, and (iii) dividing the sum by the aggregate amount of the assumed net reductions in the Certificate Principal Balance of such class of Certificates. Because it is expected that there will be prepayments, defaults and modifications on the Mortgage Loans, the actual Weighted Average Life of a class of

P&I Certificates is expected to vary substantially from the weighted average remaining terms to maturity of the Mortgage Loans.

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 homeowner mobility, economic conditions, natural disasters, changes in mortgagors' housing needs, job transfers, unemployment or, in the case of mortgagors relying on commission income and self-employed mortgagors, significant fluctuations in income or adverse economic conditions, mortgagors' net equity in the properties securing the Mortgage Loans, the use of second or "home equity" mortgage loans by mortgagors, 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 mortgagors 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 mortgagors 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 mortgagor 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 Representation Provider to repurchase certain of the Mortgage Loans under certain circumstances, Optional Purchases, the right of the Servicer (at the direction of the Servicing Administrator) to exercise of the Optional Termination and the right of the Depositor to purchase all of the Certificates on any business day on or after the later of (i) the two year anniversary of the Closing Date and (ii) the earlier of (a) the three year anniversary of the Closing Date and (b) the date on which the aggregate Scheduled Principal Balance of the Mortgage Loans is less than or equal to 30% of the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date. See "*Mortgage Loan Representations and Warranties—Repurchase Requests and Arbitration,*" "*Description of the Certificates—Optional Termination*" and "*Description of the Certificates— Optional Redemption*" in this Offering Memorandum.

Structuring Assumptions

To provide a starting point for prospective investors to evaluate the Offered Certificates, weighted average life and other scenarios for the Offered Certificates have been based on the following (the "**Structuring Assumptions**"):

(i) The Cut-off Date is the close of business on June 1, 2022.

(ii) The Closing Date is July 13, 2022.

(iii) The Distribution Dates are on the 25th of each month, without regard to whether such day is a business day, commencing in July 2022.

(iv) Monthly payments of scheduled principal and interest on the Mortgage Loans are received on a timely basis on the first day of each month, commencing in July 2022, and with respect to the sensitivity tables set forth below, subject to the Prepayment Assumptions.

(v) There are no delinquencies or defaults on the Mortgage Loans.

(vi) The Mortgage Loans prepay at 25% CPR unless otherwise indicated.

(vii) All Principal Prepayments represent prepayments in full of the Mortgage Loans and there are no Net Interest Shortfalls.

(viii) There are no purchases of or substitutions for the Mortgage Loans.

(ix) No Mortgage Loan is modified after the Cut-off Date.

(x) Except as noted otherwise, an Optional Redemption will occur on the earlier of (i) the Distribution Date in June 2026 and (ii) the first Distribution Date on which the aggregate Scheduled Principal

Balance of the Mortgage Loans is less than or equal to 30% of the aggregate Scheduled Principal Balance as of the Cut-off Date.

(xi) An Optional Termination does not occur.

(xii) The Seller does not effect any Optional Purchases.

(xiii) On each Distribution Date, the Gross Administration Fee Rate for the Mortgage Loans is (a) 0.250% per annum with respect to a Mortgage Loan originated under the Angel Oak Agency Program and the Third Party Originator agency programs, (b) 0.375% per annum with respect to a Mortgage Loan originated under the Angel Oak Bank Statement Program, the Angel Oak Platinum Program, the Angel Oak Portfolio Select Program, the Third Party Originator alternative documentation programs, the Third Party Originator bank statement programs, the Third Party Originator asset qualifier programs and the Third Party Originator full documentation programs or (c) 0.500% per annum with respect to a Mortgage Loan originated under the Angel Oak Investor Cash Flow Program or the Third Party Originator investor cash flow programs. On each Distribution Date, the Gross Administration Fee will be the product of (x) one-twelfth of the applicable Gross Administration Fee Rate for such Mortgage Loan and (y) the Scheduled Principal Balance of such Mortgage Loan as of the beginning of the related Due Period.

(xiv) On each Distribution Date, the Trustee Fee is $1,000.

(xv) On each Distribution Date, the Paying Agent Fee Rate is 0.0110% per annum. On each Distribution Date, the Paying Agent will receive the product of (x) one-twelfth of the Paying Agent Fee Rate and (y) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the beginning of the related Due Period, subject to a $1,000 minimum fee.

(xvi) On each Distribution Date, the Master Servicing Fee Rate is 0.0435% per annum. On each Distribution Date, the Master Servicer will receive the product of (x) one-twelfth of the Master Servicing Fee Rate and (y) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the beginning of the related Due Period, subject to a $3,500 minimum fee.

(xvii) On each Distribution Date, the Custodian Fee Rate is 0.0033% per annum. On each Distribution Date, the Custodian will receive the product of (x) one-twelfth of the Custodian Fee Rate and (y) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the beginning of the related Due Period.

(xviii) On each Distribution Date, the Representation and Warranty Reviewer Fee is $7,200 per annum, paid in 12 equal monthly installments and no Mortgage Loan was reviewed by the Representation and Warranty Reviewer warranting the applicable $600 per loan fee.

(xix) The Servicing Administration Fee Rate is 0.03% per annum and the Servicing Fee rate with respect to the Mortgage Loans is 0.050% per annum.

(xx) The Certificate Rate for each of the Class A Certificates will be the per annum rate described in the Certificates Tables (together with the footnotes thereto).

(xxi) All fees are paid pro-rata based on amount due.

(xxii) There are no Prepayment Premiums collected on the Mortgage Loans.

(xxiii) 30-day SOFR is 0.78491% per annum.

(xxiv) Yield is calculated based on settlement with accrued interest (other than with respect to the Class A-IO-S and Class XS Certificates).

SENSITIVITY TABLES

Class A-1 Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%*	30%	35%	40%
Yield at 98.20063% of Par (%):	5.134	5.187	5.248	5.319	5.404	5.504	5.679	5.862	6.065
Weighted Average Life (Years):	3.83	3.41	3.02	2.66	2.34	2.04	1.66	1.38	1.17
Principal Window (Months):	1-48	1-48	1-48	1-48	1-48	1-48	1-39	1-33	1-28

Class A-1 Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 98.20063% of Par (%):	5.409	5.471	5.429	5.422	5.453	5.521	5.627	5.770	5.948
Weighted Average Life (Years):	17.51	9.14	5.53	3.82	2.86	2.25	1.83	1.53	1.29
Principal Window (Months):	1-337	1-268	1-184	1-131	1-99	1-79	1-64	1-54	1-46

Class A-2 Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%*	30%	35%	40%
Yield at 95.88698% of Par (%):	5.832	5.970	6.130	6.319	6.540	6.804	7.262	7.741	8.274
Weighted Average Life (Years):	3.83	3.41	3.02	2.66	2.34	2.04	1.66	1.38	1.17
Principal Window (Months):	1-48	1-48	1-48	1-48	1-48	1-48	1-39	1-33	1-28

Class A-2 Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 95.88698% of Par (%):	5.122	5.831	5.971	6.165	6.414	6.718	7.078	7.496	7.973
Weighted Average Life (Years):	17.51	9.14	5.53	3.82	2.86	2.25	1.83	1.53	1.29
Principal Window (Months):	1-337	1-268	1-184	1-131	1-99	1-79	1-64	1-54	1-46

Class A-3 Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%*	30%	35%	40%
Yield at 94.93684% of Par (%):	6.124	6.299	6.502	6.740	7.020	7.354	7.933	8.537	9.211
Weighted Average Life (Years):	3.83	3.41	3.02	2.66	2.34	2.04	1.66	1.38	1.17
Principal Window (Months):	1-48	1-48	1-48	1-48	1-48	1-48	1-39	1-33	1-28

Class A-3 Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 94.93684% of Par (%):	5.214	5.977	6.198	6.479	6.821	7.225	7.694	8.229	8.833
Weighted Average Life (Years):	17.51	9.14	5.53	3.82	2.86	2.25	1.83	1.53	1.29
Principal Window (Months):	1-337	1-268	1-184	1-131	1-99	1-79	1-64	1-54	1-46

Class M-1 Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%*	30%	35%	40%
Yield at 87.55263% of Par (%):	8.511	8.510	8.508	8.506	8.501	8.492	9.290	10.070	10.987
Weighted Average Life (Years):	3.95	3.95	3.95	3.95	3.95	3.95	3.20	2.70	2.28
Principal Window (Months):	48-48	48-48	48-48	48-48	48-48	48-48	39-39	33-33	28-28

Class M-1 Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 87.55263% of Par (%):	5.661	5.716	5.905	6.189	6.524	6.898	7.306	7.749	8.231
Weighted Average Life (Years):	28.45	23.61	16.76	12.06	9.16	7.25	5.92	4.94	4.19
Principal Window (Months):	337-347	268-301	184-222	131-162	99-124	79-98	64-80	54-67	46-57

Class B-1 Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 82.45783% of Par (%):	10.261	10.260	10.259	10.256	10.251	10.242	11.418	12.572	13.929
Weighted Average Life (Years):	3.95	3.95	3.95	3.95	3.95	3.95	3.20	2.70	2.28
Principal Window (Months):	48-48	48-48	48-48	48-48	48-48	48-48	39-39	33-33	28-28

Class B-1 Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 82.45783% of Par (%):	6.067	6.108	6.298	6.627	7.031	7.486	7.988	8.537	9.136
Weighted Average Life (Years):	29.05	25.54	19.16	14.04	10.73	8.52	6.97	5.82	4.94
Principal Window (Months):	347-351	301-313	222-239	162-177	124-135	98-108	80-88	67-74	57-63

Class B-2 Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 79.04450% of Par (%):	11.509	11.507	11.506	11.503	11.498	11.489	12.936	14.358	16.033
Weighted Average Life (Years):	3.95	3.95	3.95	3.95	3.95	3.95	3.20	2.70	2.28
Principal Window (Months):	48-48	48-48	48-48	48-48	48-48	48-48	39-39	33-33	28-28

Class B-2 Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 79.04450% of Par (%):	1.667	1.832	2.310	3.067	3.952	4.914	5.945	7.037	8.195
Weighted Average Life (Years):	29.55	26.86	21.20	15.86	12.20	9.72	7.96	6.65	5.64
Principal Window (Months):	351-372	313-333	239-273	177-208	135-161	108-129	88-105	74-88	63-75

Class B-3 Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 72.53416% of Par (%):	14.078	14.077	14.075	14.073	14.068	14.058	16.067	18.047	20.384
Weighted Average Life (Years):	3.95	3.95	3.95	3.95	3.95	3.95	3.20	2.70	2.28
Principal Window (Months):	48-48	48-48	48-48	48-48	48-48	48-48	39-39	33-33	28-28

Class B-3 Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 72.53416% of Par (%):	1.676	3.014	5.173	6.235	6.890	7.391	7.805	8.273	8.809
Weighted Average Life (Years):	35.56	29.97	25.97	21.15	16.92	13.71	11.32	9.50	8.08
Principal Window (Months):	372-477	333-475	273-362	208-354	161-309	129-259	105-220	88-189	75-165

Class A-IO-S Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 0.73572% of Par (%):	32.929	27.154	21.222	15.120	8.831	2.338	-11.999	-26.724	-43.027

Class A-IO-S Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 0.73572% of Par (%):	47.703	41.524	35.177	28.648	21.922	14.979	7.795	0.339	-7.427

Class XS Certificates (to Optional Redemption)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 0.03675% of Par (%):	422.421	403.850	384.648	364.742	343.980	322.096	298.698	273.481	246.129

Class XS Certificates (to Maturity)

Prepayment Speed (CPR)	0%	5%	10%	15%	20%	25%	30%	35%	40%
Yield at 0.03675% of Par (%):	422.421	403.850	384.648	364.742	343.984	322.164	299.171	274.608	248.051

* Pricing Scenario.

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 single family residential properties 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

General

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.

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, 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.

See "*Risk Factors— Governmental and Other Actions May Affect Servicing of the Mortgage Loans and May Limit the Servicer's Ability to Foreclose*" for a description of recent developments regarding foreclosure.

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.

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. Generally, state law controls the amount of foreclosure costs and expenses which may be recovered by a mortgagee. 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 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 of three 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. 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 year maximum term permitted for repayment plans, such term commencing when 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 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 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. Distributions 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

Generally, under the terms of the Servicemembers Civil Relief Act (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 and for one year thereafter. 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. It is possible that such action could have an effect, for an indeterminate period of time, on the ability of the Servicer to collect full amounts of interest on certain of the Mortgage Loans. Any shortfall in interest collections resulting from the application of the Relief Act or any amendment to it will make it more likely that the Net WAC Rate will apply to one or more classes of Certificates, and under certain scenarios, amounts received in respect of the Mortgage Loans may be insufficient to pay the Certificates all principal and interest to which they are entitled. Further, the Relief Act imposes limitations which may impair the ability of the servicers to foreclose on an affected Mortgage Loan during the mortgagor's period of active duty status and up to nine months thereafter. Thus, in the event that such a Mortgage Loan goes into default, there may be delays and losses occasioned by the inability to realize upon the mortgaged property in a timely fashion. In addition, the Relief Act provides broad discretion for a court to modify a Mortgage Loan upon application of the mortgagor. 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 servicers to timely collect payments of principal and interest on, or to foreclose on, Mortgage Loans of mortgagors in such states who are active or reserve members of the armed services or the national guard. 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 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; management of electrical or other equipment containing polychlorinated biphenyls ("**PCBs**"). 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 costs of remedial

action ("**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 Trustee 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 state 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 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 "offsite" 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 enacted. 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 Issuing Entity and occasion a loss to the Issuing Entity and to the Certificateholders 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 loan 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 Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Sponsor, the Representation Provider, the Seller, the Depositor, the Servicing Administrator, the Servicer or the Master Servicer is required to undertake any such evaluations prior to foreclosure or accepting a deed in lieu of foreclosure. None of the Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Sponsor, the Representation Provider, the Seller, the Depositor, the Servicing Administrator, the Servicer or the Master Servicer 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 Certificateholders 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 Trustee, the Paying Agent, the Certificate Registrar, the Custodian, the Sponsor, the Representation Provider, the Seller, the Depositor, the Servicing Administrator, the Servicer or the Master Servicer authorized or able to make any such representation, warranty or assumption of liability relative to any such Mortgaged Property. See "*Mortgage Loan Representations and Warranties—Repurchase Requests and Arbitration*" and "*Servicing of the Mortgage Loans—Servicing of Defaulted Mortgage Loans*" 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 purports 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 union are fully enforceable pursuant to regulations of the 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 Servicer (subject to the consent rights of the Controlling Representative to the extent described in the Pooling and Servicing Agreement) 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. With respect to any Mortgage Loan secured by a residence occupied or to be occupied by the mortgagor, this ability to accelerate will not apply to certain types of transfers, including (i) the granting of a leasehold interest which has a term of three years or less and which does not contain an option to purchase, (ii) a transfer to a relative resulting from the death of a mortgagor, or a transfer where the spouse or children become an owner of the property in each case where the transferee(s) will occupy the property, (iii) a transfer resulting from a decree of dissolution of marriage, legal separation agreement or from an incidental property settlement agreement by which the spouse becomes an owner of the property, (iv) the creation of a lien or other encumbrance subordinate to the mortgagee's security instrument which does not relate to a transfer of rights of occupancy in the property (*provided* that such lien or encumbrance is not created pursuant to a contract for deed), (v) a transfer by devise, descent or operation of law on the death of a joint tenant or tenant by the entirety, (vi) a transfer into an *inter vivos* trust in which the mortgagor is the beneficiary and which does not relate to a transfer of rights of occupancy; and (vii) other transfers as set forth in the Garn Act and the regulations thereunder. 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 State 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 will not apply to certain types of residential first mortgage loans originated by certain mortgagees after March 31, 1980. The OTS as successor to the FHLBB 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.

The Representation Provider will represent and warrant in the Pooling and Servicing Agreement that any and all requirements of any federal, state or local law applicable to the origination of the Mortgage Loans have been complied with in all material respects. See "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider With Respect to the Mortgage Loans*" in this Offering Memorandum.

Consumer Protection Laws

Numerous federal consumer protection laws impose substantial requirements on creditors involved in consumer finance. These laws include the following (and their implementing regulations):

- TILA,
- Real Estate Settlement Procedures Act,
- Equal Credit Opportunity Act,
- Fair Credit Billing Act,
- Fair Credit Reporting Act,
- Fair Housing Act, Housing and Community Development Act,
- Home Mortgage Disclosure Act,
- Federal Trade Commission Act,
- Fair Debt Collection Practices Act,
- Riegle Act,
- Depository Institutions Deregulation and Monetary Control Act,
- Gramm-Leach-Bliley Act, and
- HOEPA.

In addition state consumer protection laws also impose substantial requirements on creditors involved in consumer finance. The applicable state laws generally regulate:

- allowable rates, fees and charges (except as preempted by the Depository Institutions Deregulation and Monetary Control Act of 1980, as discussed above under "*—Applicability of State Usury Laws*"),
- the disclosures required to be made to mortgagors,
- licensing of originators of residential mortgage loans,
- debt collection practices,
- origination practices, and
- servicing practices.

These federal and state laws can impose specific statutory liabilities on creditors who fail to comply with their provisions and may affect the enforceability of a residential mortgage loan. In particular, a violation of these consumer protection laws may:

- limit the ability of the Servicer to collect all or part of the principal of or interest on the Mortgage Loan,
- subject the Issuing Entity, as an assignee of the Mortgage Loans, to liability for expenses, damages and monetary penalties resulting from the violation,
- subject the Issuing Entity to an administrative enforcement action,

- provide the mortgagor with the right to rescind the Mortgage Loan, and
- provide the mortgagor with set-off rights against the Issuing Entity.
- Residential mortgage loans often contain provisions obligating the mortgagor to pay late charges if payments are not timely made. In certain cases, federal and state law may specifically limit the amount of late charges that may be collected.

Courts have imposed general equitable principles upon repossession and litigation involving deficiency balances. These equitable principles are generally designed to relieve a consumer from the legal consequences of a default.

In several cases, consumers have asserted that the remedies provided secured parties under the UCC and related laws violate the due process protections provided under the 14th Amendment to the Constitution of the United States. For the most part, courts have upheld the notice provisions of the UCC and related laws as reasonable or have found that the repossession and resale by the creditor does not involve sufficient state action to afford constitutional protection to consumers.

The Consumers' Claims and Defenses Rule, the so-called "Holder-in-Due-Course" rule of the Federal Trade Commission have the effect of subjecting a seller, and certain related creditors and their assignees in a consumer credit transaction and any assignee of the creditor to all claims and defenses which the debtor in the transaction could assert against the seller of the goods. Liability under the Holder-in-Due-Course rule is subject to any applicable limitations implied by the Riegle Act and is limited to the amounts paid by a debtor on the residential mortgage loan, and the holder of the residential mortgage loan may also be unable to collect amounts still due under those rules.

If a residential mortgage loan is subject to the requirements of the Holder-in-Due-Course rule, the Issuing Entity or the Trustee on its behalf will be subject to any claims or defenses that the debtor may assert against a seller.

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 Office of Thrift Supervision, 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.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

General

The following is a general discussion of certain anticipated U.S. federal income tax consequences of the purchase, ownership and disposition of the Offered Certificates. This discussion has been prepared with the advice of Hunton Andrews Kurth LLP, counsel to the Issuing Entity. This discussion is directed solely to Certificateholders that hold the Offered Certificates as capital assets within the meaning of Section 1221 of the Code and does not purport to discuss all U.S. federal income tax consequences that may be applicable to particular individual circumstances and particular categories of investors, including, but not limited to, those of banks, insurance companies, partnerships and direct and indirect foreign investors, tax-exempt organizations, dealers in securities and currencies, mutual funds, real estate investment trusts, S corporations, estates and trusts, Certificateholders that hold the Offered Certificates as part of a hedge, straddle, integrated or conversion transaction, or Certificateholders whose functional currency is not the U.S. dollar and Certificateholders for whom the interest income from the Offered Certificates may be "business interest income." This discussion also does not address alternative minimum tax consequences or indirect effects or considerations on the holders of equity interests in a Certificateholder or any tax consequences to any person who, or that, is treated for U.S. federal income tax purposes as having exchanged an interest in any Mortgage Loan for an interest in an Offered Certificate or to any person related to such person.

Taxpayers and preparers of tax returns (including those filed by any REMIC or other issuer) should be aware that under applicable Treasury regulations a provider of advice on specific issues of law is not considered an income tax return preparer unless the advice (i) is given with respect to events that have occurred at the time the advice is rendered and is not given with respect to the consequences of contemplated actions and (ii) is directly relevant to the determination of an entry on a tax return. Accordingly, taxpayers should consult their tax advisors and tax return preparers regarding the preparation of any item on a tax return, even where the anticipated tax treatment has been discussed herein.

The following discussion is based in part upon the Code, Treasury regulations (including regulations promulgated under Sections 860A through 860G of the Code (the "**REMIC Regulations**," and together with Sections 860A-860G of the Code, the "**REMIC Provisions**") those promulgated under Sections 1271 through 1275 of the Code (the "**OID Regulations**"), those relating to notional principal contracts and those relating to U.S. withholding) and rulings and decisions all as in effect as of the date of this Offering Memorandum. The OID Regulations do not adequately address some issues relevant to, and in some instances provide that they are not applicable to, securities similar to the Offered Certificates.

Further, the authorities on which this discussion, and the opinion of Hunton Andrews Kurth LLP referred to below, are based are subject to change or differing interpretations, which could apply retroactively. An opinion of counsel is not binding on the IRS or the courts, and no rulings have been or will be sought from the IRS with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take a contrary position.

This summary and the opinions contained herein may not be relied upon to avoid any income tax penalties that may be imposed with respect to the Offered Certificates. Accordingly, potential investors are encouraged to consult with their tax advisors and tax return preparers regarding the preparation of any item on a tax return and the application of U.S. federal income tax laws, as well as the laws of any foreign, state or local taxing jurisdictions, to their particular situations, even where the anticipated tax treatment has been discussed in this Offering Memorandum. See "*State, Local, Foreign and Other Tax Considerations*" in this Offering Memorandum.

In this discussion, when we use the term:

"Certificateholder" or "holder" we mean any person holding a beneficial ownership interest in a Certificate;

"**Non-U.S. Tax Person**," we mean any person other than a U.S. Tax Person;

"**U.S. Tax Person**" or "**U.S. Certificateholder**," we mean (i) a citizen or resident of the United States, (ii) a corporation (or entity or arrangement treated as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States or of any state thereof, including, for this

purpose, the District of Columbia, (iii) a partnership (or entity or arrangement treated as a partnership for U.S. federal income tax purposes) organized in the United States or under the laws of the United States or of any state thereof, including, for this purpose, the District of Columbia (unless provided otherwise by future Treasury regulations), (iv) an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source, or (v) a trust (or entity or arrangement treated as a trust for U.S. federal income tax purposes), if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. Tax Persons have authority to control all substantial decisions of the trust. Notwithstanding the preceding clause, to the extent provided in Treasury regulations, certain trusts that were in existence on August 20, 1996, that were treated as U.S. Tax Persons prior to such date, and that elect to continue to be treated as U.S. Tax Persons, also are U.S. Tax Persons.

If a partnership (including for this purpose any entity or arrangement treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of Offered Certificates, the treatment of a partner in the partnership will generally depend upon the status of the partner as a U.S. Tax Person or Non-U.S. Tax Person and upon the activities of the partnership. A Certificateholder of Offered Certificates that is a partnership and partners in such partnership should consult their tax advisors with regard to the application of the U.S. federal income tax law to their particular situations.

U.S. Federal Income Tax Classifications

One or more proper and timely elections are required to be made to treat certain segregated portions of the assets of the Issuing Entity (exclusive of any assets, rights, obligations and/or arrangements excluded under the Pooling and Servicing Agreement) as one or more REMICs for U.S. federal income tax purposes. Upon the issuance of the Offered Certificates, Hunton Andrews Kurth LLP, U.S. federal income tax counsel to the Issuing Entity, will deliver its opinion generally to the effect that, for U.S. federal income tax purposes, (i) based in part on the facts set forth in the final Offering Memorandum and certain other additional information and representations and assuming their correctness, (ii) assuming compliance with all provisions of the Pooling and Servicing Agreement and the other transaction documents without any waiver thereof, the making of proper and timely REMIC elections in accordance with the REMIC Provisions, and compliance with the Code, including the REMIC Provisions, and any changes in the Code and (iii) based on other customary assumptions, qualifications and carve outs, (a) each REMIC for which an election is made pursuant to the Pooling and Servicing Agreement will qualify as a REMIC, (b) each Regular Interest (as defined below) will be a "regular interest" in a REMIC within the meaning of Section 860G(a)(1) of the Code, and (c) the Class R Certificates represent beneficial ownership of the sole REMIC residual interest within the meaning of Section 860G(a)(2) of the Code in each REMIC for which an election is made pursuant to the Pooling and Servicing Agreement. The Offered Certificates will generally be treated as representing beneficial ownership of debt instruments for U.S. federal income tax purposes in respect of the REMIC regular interest portion of the related Certificates. The Class A Certificates (the "**Capped Certificates**") will also represent the right to receive distributions from the Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account. The Class B-3 Certificates will also represent the obligation to pay amounts to the Step-Up Cap Carryover Reserve Account and indirect ownership of the Step-Up Cap Carryover Reserve Account and the Class XS Certificates (together with the Capped Certificates and the Class B-3 Certificates, the "**Component Certificates**") will also represent the obligation to pay amounts to the Cap Carryover Reserve Account and indirect ownership of the Cap Carryover Reserve Account. None of the rights or obligations in respect of payments to or distributions from the Cap Carryover Reserve Account or the Step-Up Cap Carryover Reserve Account or such accounts will represent an interest in the REMIC regular interest portion of the related Component Certificates or any REMIC.

Although the matter is not entirely clear, the Issuing Entity intends to treat the arrangement under which (i) the Capped Certificates are entitled to receive distributions from the Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account, (ii) the Class XS Certificates are obligated to pay amounts to the Cap Carryover Reserve Account and (iii) the Class B-3 Certificates are obligated to pay amounts to the Step-Up Cap Carryover Reserve Account as being in respect of a notional principal contract for U.S. federal income tax purposes (the "**Notional Principal Contract**").

As stated above, neither opinions of counsel nor positions taken by the Issuing Entity are a guarantee of any particular U.S. federal income tax result and are not binding on the IRS or any other third party. The IRS could take a contrary position to the opinions and positions described herein, resulting in material negative tax consequences to Certificateholders. If the IRS were to successfully contend that any REMIC were not a REMIC for U.S. federal income tax purposes, consequences generally would be as discussed under "*—REMIC Qualification*" below.

For additional considerations in respect of the Component Certificates, see "*—Additional Considerations for the Component Certificates*" below. Except as otherwise provided in this "Certain U.S. Federal Income Tax Consequences" section of this Offering Memorandum, the following discussion describes only the REMIC regular interest portion of the Offered Certificates.

REMIC Qualification

In order for each REMIC to qualify as a REMIC, there must be ongoing compliance on the part of each REMIC with the requirements set forth in the Code. A REMIC must fulfill asset tests, which require that no more than a *de minimis* portion of the assets of the REMIC, as of the close of the third calendar month beginning after the "**Startup Day**" (which for purposes of this discussion is the date of the issuance of the Offered Certificates) and at all times thereafter, may consist of assets other than "qualified mortgages" and "permitted investments." The REMIC Regulations provide a safe harbor pursuant to which the *de minimis* requirements will be met if at all times the aggregate adjusted basis of the nonqualified assets is less than one percent of the aggregate adjusted basis of all the REMIC's assets. A REMIC also must provide "reasonable arrangements" to prevent its residual interest from being held by "disqualified organizations" or agents thereof and must furnish applicable tax information to transferors or agents that violate this requirement. The Pooling and Servicing Agreement will provide that no legal or beneficial interest in the Class R Certificates may be transferred or registered unless certain conditions, designed to prevent violation of this requirement, are met.

A qualified mortgage is any obligation that is principally secured by an interest in real property and that is either transferred to the REMIC on the Startup Day or is purchased by the REMIC within a three-month period thereafter pursuant to a fixed price contract in effect on the Startup Day. A Mortgage Loan that is determined not to be a qualified mortgage must be disposed of within 90 days of discovery of such defect, or otherwise ceases to be a qualified mortgage after such 90-day period.

Permitted investments include cash flow investments, qualified reserve assets and foreclosure property. A cash flow investment is an investment, earning a return in the nature of interest, of amounts received on or with respect to qualified mortgages for a temporary period, not exceeding 13 months, until the next scheduled distribution to holders of interests in a REMIC.

In addition to the foregoing requirements, the various interests in a REMIC also must meet certain requirements. All of the interests in a REMIC must be either of the following: (i) one or more classes of regular interests; or (ii) a single class of residual interests on which distributions, if any, are made *pro rata*. A regular interest is an interest in a REMIC that is issued on the Startup Day with fixed terms, is designated as a regular interest, and unconditionally entitles the holder to receive a specified principal amount (or other similar amount), and provides that interest payments (or other similar amounts), if any, at or before maturity either are payable based on a fixed rate or a qualified variable rate, or consist of a specified, non-varying portion of the interest payments on the qualified mortgages. A residual interest is an interest in a REMIC other than a regular interest that is issued on the Startup Day that is designated as a residual interest.

Although a REMIC generally is not subject to U.S. federal income tax (see, however, "*—Prohibited Transactions and Other Possible REMIC Taxes"* below), if an entity (or segregated portion thereof) fails to comply with one or more of the requirements of the REMIC Provisions for REMIC status during any taxable year, the Code provides that the entity (or segregated portion thereof) will not be treated as a REMIC for such year and thereafter. In that event, the entity (or segregated portion thereof) may be taxable as a separate corporation, and the interests issued by the entity may not be accorded the status or given the tax treatment accorded to REMIC regular interests (as described below). While the Code authorizes the Treasury Department to issue regulations providing relief in the event of an inadvertent termination of REMIC status, no such regulations have been issued. Any such relief, moreover, may be accompanied by sanctions, such as the imposition of a corporate tax on all or a portion of the entity's income for the period in which the requirements for such status are not satisfied. The Pooling and Servicing Agreement will include provisions that are designed to maintain the status of any REMIC as a REMIC under the REMIC Provisions. It is not anticipated that the status of any REMIC as a REMIC will be terminated, although no assurance can be provided. If the IRS were to successfully contend that any REMIC were not a REMIC for U.S. federal income tax purposes, the Issuing Entity likely would be treated as one or more corporations subject to U.S. federal income tax at corporate rates on its taxable income (generally, the income from the Mortgage Loans, reduced by the interest deductions, if any, on any Certificates that qualified as debt for U.S. federal income tax purposes). The corporations could not be consolidated with any other entity for U.S. federal income tax purposes. Such a characterization of the Issuing Entity likely would cause the amount of cash flow available to the holders of the Offered Certificates to be substantially reduced and could also result in the

beneficial owners of the reclassified Offered Certificates recognizing income and other tax items with respect to their Certificates that differ significantly, in amount, timing and character, from that recognized were such Certificates treated, in whole or in part, as REMIC regular interests for U.S. federal income tax purposes, and such consequences could be materially adverse to such Certificateholders. Further, no portion of the Offered Certificates would be a qualifying asset or a REMIC regular interest for purposes of Sections 856(c)(4)(A), 7701(a)(19)(C) and 860G(a)(3) of the Code, respectively.

Characterization of Investments in Offered Certificates

Each holder of an Offered Certificate is deemed to own (a) a direct or indirect interest in one or more REMIC regular interests (each such regular interest related to an Offered Certificate, a "**Regular Interest**"), (b) in the case of the Capped Certificates, the right to receive distributions from the Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account, (c) with respect to the Class XS Certificates, the obligation to make payments to the Cap Carryover Reserve Account and indirect ownership of the Cap Carryover Reserve Account and (d) with respect to the Class B-3 Certificates, the obligation to make payments to the Step-Up Cap Carryover Reserve Account and indirect ownership of the Step-Up Cap Carryover Reserve Account. Neither these rights or obligations nor the Cap Carryover Reserve Account is an asset of or right or obligation of any REMIC. The discussion below assumes that the Notional Principal Contract will be treated as a notional principal contract for U.S. federal income tax purposes. For further discussion regarding the Notional Principal Contract, see "*—Additional Considerations for the Component Certificates*" below. Investors are advised to consult their tax advisors concerning an investment in the Offered Certificates.

Taxation of Owners of Regular Interests

General. The Regular Interests generally will be treated for U.S. federal income tax purposes as representing the ownership of newly originated debt instruments issued by a REMIC and not as ownership interests in the related REMIC or the assets of any REMIC. In general, interest, original issue discount and market discount on a Regular Interest will be treated as ordinary income to a holder, and principal distributions to a Regular Interest will be treated as a return of capital to the extent of the holder's basis allocable thereto. Moreover, holders of Regular Interests that otherwise report income including stated interest under a cash method of accounting will be required to report income with respect to the Regular Interests under an accrual method of accounting.

Original Issue Discount. For U.S. federal income tax reporting purposes, the Regular Interests corresponding to the Class XS and Class A-IO-S Certificates will, and the other Regular Interests may, be treated as having been issued with original issue discount ("**OID**"). As described below, factors impacting whether a Regular Interest is issued with OID include but are not limited to its issue price and the payment terms of the Regular Interest. A Certificateholder must include OID in ordinary income as it accrues in accordance with the constant yield method. Prospective investors should be aware that if a portion of the price paid for any Component Certificate were allocated to the Notional Principal Contract, the issue price of the related Regular Interest would be different from the price paid for the related Component Certificate. For U.S. federal income tax purposes, the Regular Interest portion of the Class XS Certificates will accrue interest on their notional amount at a rate designed to be the economic equivalent of the current interest amount described in the definition of Class XS Distribution Amount (not taking into account any amount payable to the Class XS Certificates paid to the Cap Carryover Reserve Account for prior Distribution Dates). Amounts that accrue for U.S. federal income tax purposes but are unpaid are taxable upon accrual and will carryforward as Class XS Distribution Amounts (other than any amount paid to the Cap Carryover Reserve Account) and may be paid later in the transaction after other more senior classes are paid in full. Potential investors should be aware, however, that if the Optional Redemption is exercised, the holders of the Class XS Certificates will not receive any amounts in respect of such Class XS Distribution Amount. The Class XS Certificates may be able to take a loss at such time, but it would likely be capital and not offset prior income accruals.

Any holders of Regular Interests issued with OID generally will be required to include OID in income as it accrues, in accordance with the method described below, in advance of the receipt of the cash attributable to such income. The following discussion is based in part on the OID Regulations and in part on the provisions of the Tax Reform Act of 1986 (the "**1986 Act**"). Certificateholders should be aware, however, that the OID Regulations do not adequately address certain issues relevant to prepayable securities, such as the Regular Interests. To the extent such issues are not addressed in the OID Regulations, the Paying Agent will apply the methodology described in the Conference Committee Report to the 1986 Act (the "**Committee Report**"). No assurance can be provided that the IRS will not take a different position as to those matters not currently addressed

by the OID Regulations. Moreover, the OID Regulations include an anti-abuse rule allowing the IRS to apply or depart from the OID Regulations where necessary or appropriate to ensure a reasonable tax result in light of the applicable statutory provisions. A tax result will not be considered unreasonable under the anti-abuse rule in the absence of a substantial effect on the present value of a taxpayer's tax liability. In addition, Section 1272(a)(6) of the Code provides special rules applicable to any Regular Interests issued with OID. Regulations, however, have not been issued under that section. Investors are advised to consult their tax advisors as to the discussion herein and the appropriate method for reporting interest and OID with respect to the Regular Interests.

Section 1272(a)(6) of the Code requires that a prepayment assumption be used with respect to the collateral underlying debt instruments in computing the accrual of OID if payments under such debt instruments may be accelerated by reason of prepayments of other obligations securing such debt instruments, and that adjustments be made in the amount and rate of accrual of such discount to reflect differences between the actual prepayment rate and such prepayment assumption. Such prepayment assumption is to be determined in a manner prescribed in Treasury regulations. As noted above, however, those regulations have yet to be issued. The Committee Report indicates that the regulations will provide that the prepayment assumption used with respect to a Regular Interest must be the same as that used in pricing the initial offering of such Regular Interest. The prepayment assumption that will be used for purposes of computing OID, market discount or premium, if any, for U.S. federal income tax purposes (the "**Prepayment Assumption**"), will be 25% CPR. In addition, an assumption in pricing the offering of the Regular Interests is that the Optional Redemption will be exercised on the Distribution Date in June 2026 (the "**Call Exercise Assumption**"). No representation is made, however, that the Optional Redemption will be exercised in accordance with the Call Exercise Assumption or that the Mortgage Loans will prepay pursuant to the Prepayment Assumption or at any other rate.

Each Regular Interest will be treated as an installment obligation for purposes of determining the OID includible in a holder's income. The total amount of OID on a Regular Interest is the excess of the "stated redemption price at maturity" of the Regular Interest over its "issue price." The issue price of a class of Regular Interests is the first price at which a substantial amount of Regular Interests of such class are sold to investors (excluding bond houses, brokers and underwriters). Although unclear under the OID Regulations, the Paying Agent will treat the issue price of a class of Regular Interests as to which there is no substantial sale as of the issue date as the fair market value of such class as of the issue date. The issue price of a class of Regular Interests also includes the amount paid by an initial holder of such class for accrued interest that relates to a period prior to the issue date of such class of Regular Interests. The stated redemption price at maturity of a Regular Interest is the sum of all payments provided by the debt instrument other than any qualified stated interest payments. Under the OID Regulations, qualified stated interest generally means interest payable at a single fixed rate or a qualified variable rate, provided that such interest payments are unconditionally payable at intervals of one year or less during the entire term of the obligation.

Notwithstanding the general definition of OID, OID on a Regular Interest will be considered to be *de minimis* if it is less than 0.25% of the stated redemption price of the Regular Interest multiplied by its weighted average life. For this purpose, the weighted average life of the Regular Interest is computed as the sum of the amounts determined, as to each payment included in the stated redemption price of such Regular Interest, by multiplying (i) the number of complete years (rounding down for partial years) from the issue date until such payment is expected to be made (presumably taking into account the Prepayment Assumption) by (ii) a fraction, the numerator of which is the amount of the payment, and the denominator of which is the stated redemption price at maturity of such Regular Interest. Under the OID Regulations, OID of only a *de minimis* amount will be included in income as each payment of stated principal is made, based on the product of the total amount of such *de minimis* OID and a fraction, the numerator of which is the amount of such principal payment and the denominator of which is the outstanding stated principal amount of the Regular Interest. The OID Regulations also permit a holder to elect to accrue *de minimis* OID into income currently based on a constant yield method.

Holders of Regular Interests issued with OID generally must include in gross income for any taxable year the sum of the "daily portions," as defined below, of the OID on the Regular Interest accrued during an accrual period for each day on which they hold the Regular Interest, including the date of purchase but excluding the date of disposition. With respect to each such Regular Interest, a calculation will be made of the OID that accrues during each successive full accrual period that ends on the day prior to each Distribution Date with respect to the Regular Interests, taking into account the Prepayment Assumption. The OID accruing in a full accrual period will be the excess, if any, of (i) the sum of (a) the present value of all of the remaining payments to be made on the Regular Interest as of the end of that accrual period and (b) the payments made on the Regular Interest during the accrual period that are included in the Regular Interest's stated redemption price at maturity, over (ii) the adjusted issue price of the Regular Interest at the beginning of such accrual period. The present value of the

remaining payments referred to in the preceding sentence is calculated based on (i) the yield to maturity of the Regular Interest as of the Startup Day, (ii) events (including actual prepayments) that have occurred prior to the end of the accrual period and (iii) the assumption that the remaining payments will be made in accordance with the original Prepayment Assumption. For these purposes, the adjusted issue price of a Regular Interest at the beginning of any accrual period equals the issue price of the Regular Interest, increased by the aggregate amount of OID with respect to the Regular Interest that accrued in all prior accrual periods and reduced by the amount of payments included in the stated redemption price at maturity of the Regular Interest that were made on the Regular Interest that were attributable to such prior periods. The OID accruing during any accrual period (as determined in this paragraph) will then be divided by the number of days in the period to determine the daily portion of OID for each day in the period.

Under the method described above, the daily portions of OID required to be included as ordinary income by a holder of a Regular Interest generally will increase to take into account prepayments on the Regular Interests as a result of prepayments on the mortgage loans that exceed the Prepayment Assumption, and generally will decrease (but not below zero for any period) if the prepayments are slower than the Prepayment Assumption.

Acquisition Premium. A subsequent purchaser of a Regular Interest at a price greater than its adjusted issue price and less than its remaining stated redemption price at maturity will be required to include in gross income the daily portions of the OID on the Regular Interest reduced, *pro rata*, by a fraction, the numerator of which is the excess of its purchase price over such adjusted issue price and the denominator of which is the excess of the remaining stated redemption price at maturity over the adjusted issue price. Alternatively, such a purchaser may elect to treat all such acquisition premium under the constant yield method, as described below under "—*Election to Treat All Interest as Original Issue Discount.*"

Market Discount. A Certificateholder that purchases a Regular Interest also may be subject to the market discount rules of Sections 1276 through 1278 of the Code. Under these sections of the Code and the principles applied by the OID Regulations in the context of OID, "market discount" is the amount by which the purchaser's original basis in the Regular Interest is exceeded by the adjusted issue price of such Regular Interest at the time of a secondary purchase. Such purchaser generally will be required to recognize ordinary income to the extent of accrued market discount on such Regular Interest as payments includible in the stated redemption price at maturity thereof are received, in an amount not exceeding any such payment. Such market discount would accrue in a manner to be provided in Treasury regulations and should take into account the Prepayment Assumption. The Committee Report provides that until such regulations are issued, such market discount would accrue, at the election of the holder, either (i) on the basis of a constant interest rate or (ii) in the ratio of interest accrued for the relevant period to the sum of the interest accrued for such period plus the remaining interest after the end of such period, or, in the case of classes issued with OID, in the ratio of OID accrued for the relevant period to the sum of the OID accrued for such period plus the remaining OID after the end of such period. Such purchaser also generally will be required to treat a portion of any gain on a sale or exchange of the Regular Interest as ordinary income to the extent of the market discount accrued to the date of disposition under one of the foregoing methods, less any accrued market discount previously reported as ordinary income as partial payments in reduction of the stated redemption price at maturity were received. Such purchaser will be required to defer deduction of a portion of the excess of the interest paid or accrued on indebtedness incurred to purchase or carry the Regular Interest over the interest (including OID) distributable thereon. The deferred portion of such interest expense in any taxable year generally will not exceed the accrued market discount on the Regular Interest for such year. Any such deferred interest expense is, in general, allowed as a deduction not later than the year in which the related market discount income is recognized or the holder disposes of the Regular Interest. As an alternative to the inclusion of market discount in income on the foregoing basis, the holder of a Regular Interest may elect to include market discount in income currently as it accrues on all market discount instruments acquired by such holder in that taxable year and thereafter, in which case the interest deferral rule will not apply. See "—*Election to Treat All Interest as Original Issue Discount*" below in this Offering Memorandum regarding an alternative manner in which such election may be deemed to be made.

Market discount with respect to a Regular Interest will be considered to be zero if such market discount is less than 0.25% of the remaining stated redemption price at maturity of such Regular Interest multiplied by the weighted average maturity of the Regular Interest remaining after the date of purchase. In interpreting a similar rule with respect to OID on obligations payable in installments, the OID Regulations refer to the weighted average maturity of obligations, and it is likely that the same rule will be applied with respect to market discount, presumably taking into account the Prepayment Assumption. It appears that *de minimis* market discount would be reported *pro rata* as principal payments are received. Treasury regulations implementing the market discount

rules have not yet been issued, and investors should therefore consult their tax advisors regarding the application of these rules as well as the advisability of making any of the elections with respect thereto.

To the extent that the Offered Certificates provide for monthly or other periodic payments throughout their term, the effect of these rules may be to require market discount to be includible in income at a rate that is not significantly slower than the rate at which such discount would accrue if it were OID. Moreover, in any event, a holder of a Certificate generally will be required to treat a portion of any gain on the sale or exchange of such Certificate as ordinary income to the extent of the market discount accrued to the date of disposition under one of the foregoing methods, less any accrued market discount previously reported as ordinary income.

Premium. A Regular Interest purchased at a cost greater than its remaining stated redemption price at maturity generally is considered to be purchased at a premium. If a holder holds such Regular Interest as a "capital asset" within the meaning of Section 1221 of the Code, the holder may elect under Section 171 of the Code to amortize such premium under the constant yield method. If made, such an election will apply to all premium debt instruments that the holder owns as of the beginning of the first taxable year to which the election applies and to any premium debt instrument that the holder subsequently acquires. Such election may only be revoked with the consent of the IRS. The Committee Report indicates a congressional intent that the same rules that will apply to the accrual of market discount on installment obligations will also apply to amortizing bond premium under Section 171 of the Code on installment obligations such as the Regular Interests, although it is unclear whether the alternatives to the constant interest method described above under "*—Market Discount*" are available. However, it is possible that the use of an assumption that there will be no prepayments may be required in calculating the amortization of premium. Whether any holder of the Regular Interests will be treated as holding a Regular Interest with amortizable bond premium will depend on such holder's purchase price and the distributions remaining to be made with respect to such Regular Interest at the time of its acquisition by such holder. Holders of such Regular Interests are encouraged to consult their tax advisors regarding the possibility of making an election to amortize such premium. Amortizable bond premium will be treated as an offset to interest income on a Regular Interest rather than as a separate deduction item. See "*—Election to Treat All Interest as Original Issue Discount*" below regarding an alternative manner in which the Section 171 election may be deemed to be made.

Election to Treat All Interest as Original Issue Discount. A holder of a debt instrument such as a Regular Interest may elect to treat all interest that accrues on the instrument using the constant yield method, with none of the interest being treated as qualified stated interest. For purposes of applying the constant yield method to a debt instrument subject to such an election, (i) "interest" includes stated interest, OID, *de minimis* OID, market discount and *de minimis* market discount, as adjusted by any amortizable bond premium or acquisition premium and (ii) the debt instrument is treated as if the instrument were issued on the holder's acquisition date in the amount of the holder's adjusted basis immediately after acquisition. It is unclear whether, for this purpose, the initial Prepayment Assumption would continue to apply or if a new prepayment assumption as of the date of the holder's acquisition would apply. A holder generally may make such an election on an instrument by instrument basis or for a class or group of debt instruments. However, if the holder makes such an election with respect to a debt instrument with amortizable bond premium or with market discount, the holder is deemed to have made elections to amortize bond premium or to report market discount income currently as it accrues under the constant yield method, respectively, for all premium bonds held or market discount bonds acquired by the holder in the same taxable year and thereafter. The election is made on the holder's U.S. federal income tax return for the year in which the debt instrument is acquired and is irrevocable except with the approval of the IRS. Investors should consult their tax advisors regarding the advisability of making such an election.

Treatment of Losses. Holders of Regular Interests will be required to report income with respect thereto on the accrual method without giving effect to delays and reductions in distributions attributable to defaults or delinquencies on any of the assets of the REMICs, except possibly, in the case of income that under the Code constitutes "qualified stated interest," to the extent that it can be established that such amounts are uncollectible. In addition, potential investors are cautioned that while they may generally cease to accrue interest income if it reasonably appears that the interest will be uncollectible, the IRS may take the position that OID must continue to be accrued in spite of its uncollectibility until the Certificate is disposed of in a taxable transaction or becomes worthless in accordance with the rules under Section 166 of the Code. As a result, the amount of income required to be reported by a holder in any period could exceed the amount of cash distributed to such holder in that period.

Although not entirely clear, it appears that (i) holders of Regular Interests that are corporations should in general be allowed to deduct as an ordinary loss any loss sustained during the taxable year on account of any such Regular Interests becoming wholly or partially worthless and (ii) holders of Regular Interests that are not

corporations generally should be allowed to deduct as a short-term capital loss any loss sustained during the taxable year on account of any such Regular Interests becoming wholly worthless. Although the matter is not entirely clear, non-corporate holders of Regular Interests may be allowed a bad debt deduction at such time that the principal balance of any such Regular Interests is reduced to reflect Applied Realized Loss Amounts resulting from any liquidated mortgage assets. The IRS, however, could take the position that non-corporate holders will be allowed a bad debt deduction to reflect Applied Realized Loss Amounts only after all Mortgage Loans and Mortgaged Properties remaining in the related REMIC have been liquidated or the Regular Interests have been otherwise retired. The IRS could also assert that losses on a class of Regular Interests are deductible based on some other method that may defer such deductions for all holders, such as reducing future cash flow for purposes of computing OID. This may have the effect of creating "negative" OID which, with the possible exception of the method discussed in the following sentence, would be deductible only against future positive OID or otherwise upon termination of the applicable class. Although not free from doubt, a holder of a Regular Interest with negative OID may be entitled to deduct a loss to the extent that its remaining basis would exceed the maximum amount of future payments to which such holder was entitled, assuming no further prepayments (or, perhaps, assuming prepayments at the Prepayment Assumption). Potential investors and holders of the Regular Interests are urged to consult their tax advisors regarding the appropriate timing, amount and character of any loss sustained with respect to Regular Interests, including any loss resulting from the failure to recover previously accrued interest or discount income. Special loss rules are applicable to banks and thrift institutions, including rules regarding reserves for bad debts. Such taxpayers are advised to consult their tax advisors regarding the treatment of losses on Regular Interests.

Sales of Offered Certificates

If an Offered Certificate is sold, the selling holder will recognize gain or loss on the related Regular Interest equal to the difference between the amount realized on the sale and its adjusted basis in the Regular Interest. The adjusted basis of a Regular Interest generally will equal the cost of such Regular Interest to the seller, increased by any interest, OID or market discount previously included in the seller's gross income with respect to the Regular Interest and reduced (but not below zero) by payments, actual or deemed, in respect of such Regular Interest, any amortization premium and any deductible losses thereon. See "*—Additional Considerations for the Component Certificates*" below for the treatment of the sale of any portion of a Component Certificate treated as a notional principal contract.

Except as described above with respect to market discount, and except as provided in this paragraph, any gain or loss on the sale or exchange of a Regular Interest realized by an investor who holds the related Regular Interest as a capital asset generally will be capital gain or loss and will be long-term or short-term depending on whether the Regular Interest has been held for the long-term capital gain holding period (more than one year). Such gain will be treated as ordinary income (i) if the Regular Interest is held as part of a "conversion transaction" as defined in Section 1258(c) of the Code, up to the amount of interest that would have accrued on the holder's net investment in the conversion transaction at 120% of the appropriate applicable federal rate under Section 1274(d) of the Code in effect at the time the taxpayer entered into the transaction minus any amount previously treated as ordinary income with respect to any prior disposition of property that was held as part of such transaction, (ii) in the case of a non-corporate taxpayer, to the extent such taxpayer has made an election under Section 163(d)(4) of the Code to have net capital gains taxed as investment income at ordinary income rates, or (iii) to the extent that such gain does not exceed the excess, if any, of (a) the amount that would have been includible in the gross income of the holder if the yield on such Regular Interest were 110% of the applicable federal rate as of the date of purchase, over (b) the amount of income actually includible in the gross income of such holder with respect to the Regular Interest. In addition, gain or loss recognized from the sale of a Regular Interest by certain banks or thrift institutions will be treated as ordinary income or loss pursuant to Section 582(c) of the Code. Investors should consult their tax advisors regarding the consequences of the sale of an Offered Certificate.

Except as described above, the Offered Certificates will be "evidences of indebtedness" within the meaning of Section 582(c)(1) of the Code, so that gain or loss recognized from the sale of a Certificate by a bank or thrift institution to which such section applies will be ordinary income or loss.

Additional Considerations for the Component Certificates

The treatment of amounts deemed received or deemed paid by a holder of a Component Certificate in respect of the Notional Principal Contract will depend on the portion, if any, of such holder's purchase price allocable thereto. For U.S. federal income tax purposes, the Pooling and Servicing Agreement provides that each

holder of the Capped Certificates owns a beneficial interest in (i) one or more Regular Interests (the "**Capped Certificate REMIC Portion**") and (ii)(a) the right to receive distributions from the Cap Carryover Reserve Account (the "**Full Cap Carryover NPC Component**") and (b) the right to receive distributions from the Step-Up Cap Carryover Reserve Account (the "**Additional NPC Component**," and together with the Full Cap Carryover NPC Component, the "**Capped Certificate NPC Component**"). A beneficial owner of a Capped Certificate must allocate its purchase price for such Certificate in accordance with the relative fair market values of the Capped Certificate REMIC Portion and the Capped Certificate NPC Component. The Capped Certificate REMIC Portions generally will be entitled to receive interest and principal distributions at the times and in the amounts equal to those made on the related Certificate to which it corresponds, except that for U.S. federal income tax purposes the interest rate for the Capped Certificate REMIC Portions will at all times be limited by the Net WAC Rate. Cap Carryover Amounts will be calculated based on the Net WAC Rate and any amounts distributed to the Capped Certificates from the Cap Carryover Reserve Account or the Step-Up Cap Carryover Reserve Account will not be treated as distributable in respect of the Capped Certificate REMIC Portion of the related Certificate but instead as paid to the Capped Certificate NPC Component in respect of the Notional Principal Contract.

For U.S. federal income tax purposes, the Pooling and Servicing Agreement provides that each holder of the Class B-3 Certificates owns a beneficial interest in (i) one or more Regular Interests (the "**Class B-3 REMIC Portion**"), (ii) an obligation to pay amounts representing any unpaid Cap Carryover Amounts with respect to each Distribution Date to the Step-Up Cap Carryover Reserve Account (the "**Class B-3 NPC Component**"), and (iii) indirect ownership of the Step-Up Cap Carryover Reserve Account. For U.S. federal income tax purposes, the Class B-3 REMIC Portion generally will accrue interest in the manner described for the Class B-3 Certificates to which it corresponds, except that for U.S. federal income tax purposes, the Class B-3 REMIC Portion will have an obligation to pay Cap Carryover Amounts to the Step-Up Cap Carryover Reserve Account as described herein from amounts accrued for U.S. federal income tax purposes that would otherwise have been received if available in respect of its Class B-3 REMIC Portion. Once these amounts are paid to the Step-Up Cap Carryover Reserve Account, the Class B-3 Certificates will no longer have any rights to these amounts. Accordingly, the holder of a Class B-3 Certificate will be required to accrue interest (including OID) with respect to its Class B-3 REMIC Portion as described for the Regular Interest related to its Class B-3 REMIC Portion. For U.S. federal income tax purposes, the purchase price for the Class B-3 REMIC Portion must include any upfront payment deemed made to the holders of the Class B-3 Certificates for entering into the Class B-3 NPC Component.

For U.S. federal income tax purposes, the Pooling and Servicing Agreement provides that each holder of the Class XS Certificates owns a beneficial interest in (i) one or more Regular Interests (the "**Class XS REMIC Portion**," and together with the Capped Certificate REMIC Portion and the Class B-3 REMIC Portion, the "**REMIC Portions**"), (ii) an obligation to pay amounts representing any Cap Carryover Amounts with respect to each Distribution Date to the Cap Carryover Reserve Account (the "**Class XS NPC Component**," and together with the Capped Certificate NPC Component and the Class B-3 NPC Component, the "**NPC Components**"), and (iii) indirect ownership of the Cap Carryover Reserve Account. For U.S. federal income tax purposes, the Class XS REMIC Portion generally will accrue interest in the manner described for the Class XS Certificates to which it corresponds, except that for U.S. federal income tax purposes, the Class XS REMIC Portion will have an obligation to pay Cap Carryover Amounts to the Cap Carryover Reserve Account from amounts accrued for U.S. federal income tax purposes that would otherwise have been received if available in respect of its Class XS REMIC Portion. Once these amounts are paid to the Cap Carryover Reserve Account, the Class XS Certificates will no longer have any rights to these amounts. Accordingly, the holder of a Class XS Certificate will be required to accrue interest (including OID) with respect to its Class XS REMIC Portion as described for the Regular Interest related to its Class XS REMIC Portion. For U.S. federal income tax purposes, the purchase price for the Class XS REMIC Portion must include any upfront payment deemed made to the holders of the Class XS Certificates for entering into the Class XS NPC Component.

If a holder owns both a Capped Certificate and either a Class B-3 or Class XS Certificate, the Notional Principal Contract could be treated as not in existence for U.S. federal income tax purposes, but the relative fair market values of the REMIC regular interest portion generally would be unaffected for U.S. federal income tax purposes.

Any amounts a beneficial owner of a Component Certificate is considered to have received for entering into the Notional Principal Contract should be amortized and taken into income as described below and in accordance with the Treasury regulations addressing the treatment of notional principal contracts (the "**Notional Principal Contract Regulations**") and such amounts should increase such Certificateholder's basis in its related NPC Component portion of their Certificate. Although the matter is not clear, in addition to the consequences

described below regarding any swap portion of the Notional Principal Contract, if any imputed payment is considered a non-periodic payment under the Notional Principal Contract Regulations, such imputed payment is deemed to be a loan for U.S. federal income tax purposes if the payment is "significant." It is not known whether any such payment will be deemed to be made, would be treated as non-periodic or would be treated as "significant." If all of these occurred, such imputed payment would be treated as two separate transactions consisting of one or more loans and an on-market, level payment swap. Any such loan would have to be accounted for separately from the swap portion, the time-value component associated with the loan would be recognized as interest for all U.S. federal income tax purposes, and the loan would be repaid over the expected life of the related REMIC Portions. As a result of these potential tax consequences, such Certificates may not be a suitable investment for certain investors, and potential investors of the Component Certificates are strongly encouraged to consult their tax advisors.

A beneficial owner of a Class B-3 or Class XS Certificate will be required to accrue income with respect to its respective REMIC Portion and may be able to take deductions with respect to its obligations in respect of the related NPC Component or Components. To the extent the Class B-3 Certificates are required to make payments to the Step-Up Cap Carryover Reserve Account or the Class XS Certificates are required to make payments to the Cap Carryover Reserve Account, the holders of the related Certificates likely will be required to recognize income in an amount greater than the amount of distributions to which the holder receives in respect of their Certificates. As a result, such Certificates may not be an appropriate investment for any investor whose ability to take such deductions would be limited as described below, and potential investors should consult their tax advisors regarding the tax consequences to them of an investment in the Class B-3 or Class XS Certificates.

The Paying Agent will, as required, treat payments made or paid in respect of the Notional Principal Contract as includible in income based on the Notional Principal Contract Regulations. The OID Regulations (defined above) provide that the Issuing Entity's allocation of the issue price is binding on all holders unless the holder explicitly discloses on its tax return that its allocation is different from the Issuing Entity's allocation. The Issuing Entity has applied the Call Exercise Assumption for purposes of valuing the Notional Principal Contract. Based on that assumption, although the matter is not entirely clear and no assurance can be provided, for U.S. federal income tax purposes, as of the Closing Date, the Issuing Entity will take the position that the distributions in respect of the various NPC Components of the Notional Principal Contract and any premium in respect of the Notional Principal Contract have an insubstantial value. Potential investors should note, however, that if the Certificates are not redeemed on or before the Distribution Date in June 2026, the value of the Notional Principal Arrangement could be substantial. The Notional Principal Contract is difficult to value, and the IRS could assert that the value of the Notional Principal Contract as of the Closing Date or at a later date is greater than that estimated on the Closing Date for information reporting purposes. Any change in the estimated value could have material negative tax consequences for investors in the Component Certificates, including if any portion of the Notional Principal Contract were treated as loan as described above. In addition, the REMIC Portion could be viewed as having been issued with either OID or an additional amount of OID (which could cause the total amount of discount to exceed a statutorily defined de minimis amount) or with less premium (which would reduce the amount of premium available to be used as an offset against interest income). In addition, such NPC Component could be viewed as having been purchased at a higher cost. Accordingly, potential investors in such Certificates are advised to consult their tax advisors regarding the allocation of issue price, timing, character and source of income and deductions resulting from the ownership of the Component Certificates.

Treasury regulations have been promulgated under Section 1275 of the Code generally providing for the integration of a "qualifying debt instrument" with a hedge if the combined cash flows of the components are substantially equivalent to the cash flows on a variable rate debt instrument. However, such regulations specifically disallow integration of debt instruments subject to Section 1272(a)(6) of the Code. Therefore, holders of the Component Certificates likely will be unable to use the integration method provided for under such regulations with respect to such Certificates. If the Paying Agent's treatment of distributions from the Cap Carryover Reserve Account and the Step-Up Cap Carryover Reserve Account is respected, ownership of the right to distributions from such accounts should entitle the owner to amortize the separate price paid for the right to distributions from or the premium paid for such obligation to make payments to the Cap Carryover Reserve Account or the Step-Up Cap Carryover Reserve Account under the Notional Principal Contract Regulations.

Any amount paid to a beneficial owner in respect of the NPC Component in excess of the amounts accrued in respect of the related REMIC Portion generally should be treated as having been received as a "periodic payment" in respect of a notional principal contract, although see the discussion above concerning non-periodic payments. If treated as a periodic payment, for any taxable year, to the extent the sum of the periodic payment received exceeds the amortization of purchase price of the NPC Component, such excess is income. Conversely,

to the extent that the amount of that year's amortized cost exceeds the sum of the periodic payments, such excess generally should represent a net deduction for that year. Although not clear, net income or a net deduction with respect to the Notional Principal Contract should be treated as ordinary income or as an ordinary deduction.

In the case of an individual beneficially owning an interest in the Notional Principal Contract, to the extent a deduction constitutes a "miscellaneous itemized deduction" within the meaning of Section 67 of the Code, for tax years through December 31, 2025 such deduction will be disallowed and for tax years after December 31, 2025, such deduction will be subject to the 2% floor imposed on miscellaneous itemized deductions under Section 67 of the Code and may be subject to the overall limitation on itemized deductions imposed under Section 68 of the Code. In addition, miscellaneous itemized deductions are not allowed for purposes of computing the alternative minimum tax.

Upon the sale, exchange, or other disposition of a Component Certificate, the beneficial owner of such Certificate must allocate the amount realized between the REMIC Portion and the NPC Component based on the relative fair market values of those components at the time of sale and must treat the sale, exchange or other disposition as a sale, exchange or disposition of the REMIC Portion and the NPC Component. Assuming that such Certificate is held as a "capital asset" within the meaning of Section 1221 of the Code, gain or loss on the disposition of an interest in the Notional Principal Contract component should be capital gain or loss. The portion of the sale price allocated to the NPC Component generally would be considered a "termination payment" under the Notional Principal Contract Regulations. A holder of a Component Certificate generally will have gain or loss from a termination of the NPC Component equal to (i) any termination payment it received or is deemed to have received minus (ii) the unamortized portion of any amount paid (or deemed paid) by the Certificateholder upon entering into or acquiring its interest in the right to receive payments in respect of the NPC Component. Assuming that such Certificate is held as a "capital asset" within the meaning of Section 1221 of the Code, gain or loss on the disposition of an interest in the Notional Principal Contract component should be capital gain or loss. However, in the case of a bank or thrift institution, Section 582(c) of the Code likely would not be expected to apply to treat such gain or loss as ordinary.

It is possible that the Notional Principal Contract could be treated as a partnership or a guarantee arrangement among the holders of the Component Certificates, especially if the Certificates are not redeemed on or before the Distribution Date in June 2026, in which case holders of such Certificates potentially would be subject to different timing of income and foreign holders of such Certificates could be subject to U.S. withholding in respect of any distribution made or deemed to be made to enter into such agreement or deemed received as payment for the provision of a guarantee in respect of such Notional Principal Contract or other negative tax results. Holders of the Component Certificates are advised to consult their tax advisors regarding the allocation of issue price, timing, character and source of income and deductions and possible withholding resulting from their interests in the Notional Principal Contract.

Status as Real Property Loans

With respect to the Offered Certificates, this paragraph is relevant only to the Regular Interest portion of the Offered Certificates and not the Notional Principal Contract. The Regular Interests will be treated as assets described in Section 7701(a)(19)(C) of the Code and "real estate assets" under Section 856(c)(4)(A) of the Code generally in the same proportion that the assets of the Issuing Entity would be so treated. Moreover, if 95% or more of the assets of a REMIC qualify for any of the foregoing treatments at all times during a calendar year, the Regular Interests will qualify for the corresponding status in their entirety for that calendar year. The determination as to the percentage of a REMIC's assets that constitute assets described in the foregoing sections of the Code will be made with respect to each calendar quarter based on the average adjusted basis of each category of the assets held by the REMIC during such calendar quarter. The Paying Agent will report those determinations to Certificateholders in the manner and at the times required by applicable Treasury regulations. In addition, interest on the Regular Interests will be treated as "interest on obligations secured by mortgages on real property" under Section 856(c)(3)(B) of the Code generally to the extent that such Regular Interests are treated as "real estate assets" under Section 856(c)(4)(A) of the Code. The Regular Interests will also be "qualified mortgages" within the meaning of Section 860G(a)(3) of the Code if transferred to another REMIC on its Startup Day in exchange for a regular or residual interest therein.

Because the Notional Principal Contract is not part of any REMIC or part of any Regular Interest, the Notional Principal Contract will not be treated as qualifying assets as described above. Accordingly, the Component Certificates may not be a suitable investment for certain investors and potential investors in the Component Certificates should contact their tax advisors concerning an investment in the Component Certificates.

Prohibited Transactions and Other Possible REMIC Taxes

The Code imposes a tax on REMICs equal to 100% of the net income derived from "prohibited transactions" (a "**Prohibited Transactions Tax**"). In general, subject to certain specified exceptions, a prohibited transaction means the disposition of a Mortgage Loan, the receipt of income from a source other than an underlying Mortgage Loan or certain other permitted investments, the receipt of compensation for services, or gain from the disposition of an asset purchased with the payments on a Mortgage Loan for temporary investment pending payment to the Regular Interests. Net gain on the sale of assets of a REMIC pursuant to a qualified liquidation is not subject to the Prohibited Transactions Tax, as described in more detail below. Modifications of mortgage loans entered into after they have been contributed to a REMIC and before the loan is classified as defaulted could cause a REMIC to incur a Prohibited Transactions Tax or to violate certain requirements necessary to maintain its tax status as a REMIC. Recent COVID-19 related mortgage loan forbearance and deferral programs could result in prohibited transactions or loss of REMIC status. The IRS previously issued the COVID-19 Revenue Procedure that generally exempted REMICs holding loans related to these programs from adverse tax consequences. The COVID-19 Revenue Procedure expired on September 30, 2021. It appears unlikely that the IRS will extend the application of the COVID-19 Revenue Procedure or issue new guidance for forbearances and related modifications for mortgage loans in REMICs granted after September 30, 2021. It is not anticipated that any REMIC will engage in any prohibited transactions in which it would recognize a material amount of net income.

In addition, certain contributions to a REMIC made after the day on which the REMIC issues all of its interests could result in the imposition of a tax on the REMIC equal to 100% of the value of the contributed property. The Pooling and Servicing Agreement will include provisions designed to prevent the acceptance of any contributions that would be subject to such tax.

REMICs also are subject to U.S. federal income tax at the highest corporate rate on "net income from foreclosure property," determined by reference to the rules applicable to real estate investment trusts. "Net income from foreclosure property" generally means gain from the sale of a foreclosure property that is inventory property and gross income from foreclosure property other than qualifying rents and other qualifying income for a real estate investment trust. It is not anticipated that any REMIC will recognize "net income from foreclosure property" subject to U.S. federal income tax.

If a REMIC adopts a plan of complete liquidation, within the meaning of Section 860F(a)(4)(A)(i) of the Code, which may be accomplished by designating in the REMIC's final tax return a date on which such adoption is deemed to occur, and sells all assets (other than cash) within a 90 day period beginning on such date, the REMIC will recognize no gain or loss on the sale of its assets, *provided* that the REMIC credits or distributes in liquidation all of the sale proceeds plus its cash (other than amounts retained to meet claims) to holders of regular and residual interests within the 90-day period.

Termination

Each REMIC will terminate immediately after the Distribution Date following receipt by the Issuing Entity of the final payment in respect of the Mortgage Loans or upon a sale of the Issuing Entity's assets following the adoption by the applicable REMIC of a plan of complete liquidation. The last payment on a Regular Interest will be treated as a payment in retirement of a debt instrument.

Reporting and Other Administrative Matters

Solely for purposes of the administrative provisions of the Code, each REMIC will be treated as a partnership. The books of a REMIC must be maintained on a calendar year basis, and the REMIC must file an annual U.S. federal income tax return. A REMIC also will generally be subject to the procedural and administrative rules of the Code applicable to partnerships, discussed in more detail below regarding partnership audits, including the determination of any adjustments to, among other things, items of REMIC income, gain, loss, deduction, or credit, by the IRS.

The Paying Agent will file U.S. federal income tax returns on behalf of each REMIC and any grantor trust, and under the terms of the Pooling and Servicing Agreement, the Paying Agent will be appointed as the "partnership representative" with respect to the related REMIC in all respects. Solely for purposes of the administrative provisions of the Code, each REMIC constituting the Issuing Entity will be treated as a partnership and the related holders of the Class R Certificates will be treated as partners. As the partnership representative,

the Paying Agent will, subject to certain notice requirements and various restrictions and limitations, generally have the authority to act on behalf of each REMIC and the related holders of the Class R Certificates in connection with the administrative and judicial review of items of income, deduction, gain or loss of the REMICs as well as any REMIC's classification.

Partnerships, their partners and the persons that are authorized to represent entities treated as partnerships are subject to certain partnership audit rules in IRS audits and related procedures. These rules also apply to new and existing REMICs, the holders of REMIC residual interests and the trustees or administrators authorized to represent REMICs in IRS audits and related procedures. Under these rules, unless a REMIC elects otherwise, taxes arising from IRS audit adjustments are required to be paid by the REMIC rather than by its residual interest holders. The Paying Agent will have the authority to utilize, and will be directed to utilize, any exceptions available under the partnership audit rules and related Treasury regulations so that the holders of the Class R Certificates, to the fullest extent possible, rather than any REMIC itself, will be liable for any taxes arising from audit adjustments to the REMIC's taxable income. Each REMIC residual interest holder is required under the Pooling and Servicing Agreement to be a C Corporation and to provide identifying information and otherwise cooperate with the REMIC to allow it to make such elections. It is not entirely clear how any such exceptions may affect the procedural rules available to challenge any audit adjustment that would otherwise be available in the absence of any such exceptions. Investors should consult their tax advisors regarding the possible effect of these rules on them.

Reporting of interest income, including any OID, with respect to Regular Interests is required annually, and may be required more frequently under Treasury regulations. These information reports generally are required to be sent to individual holders of regular interests and the IRS. Holders of Regular Interests that are corporations, trusts, securities dealers and certain other non-individuals will be provided interest and OID income information and the information set forth in the following paragraph upon request in accordance with the requirements of the applicable Treasury regulations. The information must be provided by the later of 30 days after the end of the quarter for which the information was requested, or two weeks after the receipt of the request. Reporting with respect to the residual interests, including income, excess inclusions, investment expenses and relevant information regarding qualification of the related REMIC's assets will be made as required under the Treasury regulations, generally on a quarterly basis.

As applicable, the Regular Interest information reports will include a statement of the adjusted issue prices of the Regular Interests at the beginning of each accrual period. In addition, the reports will include information required by regulations with respect to computing the accrual of any market discount. Because exact computation of the accrual of market discount on a constant yield method requires information relating to the holder's purchase price that the Paying Agent may not have, such regulations only require that information pertaining to the appropriate proportionate method of accruing market discount be provided. See "*—Taxation of Owners of Regular Interests—Market Discount*" herein.

The Paying Agent will also be responsible for income tax reporting in respect of the arrangement relating to the Notional Principal Contract, and will furnish the holders of Component Certificates with information from time to time in accordance with the Pooling and Servicing Agreement. There can be no assurance the IRS will agree with the Paying Agent's information reports of these items, particularly in respect of the Notional Principal Contract, as the timing and amount of income, gain, deduction and loss in respect of the Notional Principal Contract are uncertain in various respects. Moreover, these information reports, even if otherwise accepted as accurate by the IRS, may in any event only be accurate as to initial holders.

The responsibility for complying with the foregoing reporting rules will be borne by the Paying Agent.

Backup Withholding With Respect to Offered Certificates

Distributions of interest and principal, as well as distributions of proceeds from the sale of Offered Certificates, may be subject to the "backup withholding tax" under Section 3406 of the Code if recipients of such distributions fail to furnish to the payor certain information, including their taxpayer identification numbers, or otherwise fail to establish an exemption from such tax. Any amounts deducted and withheld from a distribution to a recipient would be allowed as a credit against such recipient's U.S. federal income tax. Furthermore, certain penalties may be imposed by the IRS on a recipient of distributions that is required to supply information but that does not do so in the proper manner.

Medicare Tax on Unearned Income

Certain Certificateholders that are individuals, estates, or trusts (other than nonresident alien individuals or a special exempt class of trusts), will be subject to a Medicare tax at a rate of 3.8% on all or a portion of their "net investment income" for the relevant taxable year. A Certificateholder's "net investment income" generally may include, among other things, interest and gain on the disposition of the Offered Certificates if the Offered Certificates 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. Holders of the Offered Certificates should consult their tax advisors regarding the applicability of the Medicare tax to an investment in the Offered Certificates.

Foreign Investors in Offered Certificates

A holder of an Offered Certificate that is a Non-U.S. Tax Person that is not subject to U.S. federal income tax as a result of any direct or indirect connection to the United States in addition to its ownership of the related Regular Interest generally is not expected to be subject to U.S. federal income or withholding tax in respect of a distribution on a Regular Interest, provided that the Non-U.S. Tax Person complies to the extent necessary with certain identification requirements (including delivery of a statement, signed by the Non-U.S. Tax Person under penalties of perjury, certifying that Non-U.S. Tax Person is not a U.S. Tax Person and providing the name and address of such Non-U.S. Tax Person) and is not subject to certain exceptions. This statement is generally made on IRS Form W-8BEN, W-8BEN-E or W-8IMY (with appropriate attachments) and must be updated whenever required information has changed or by the end of the third calendar year beginning after the statement was last delivered.

To the extent prescribed in regulations by the Secretary of the Treasury, a trust which was in existence on August 20, 1996 (other than a trust treated as owned by the grantor under subpart E of part I of subchapter J of chapter 1 of subtitle A of the Code), and which was treated as a U.S. Tax Person on August 19, 1996, may elect to continue to be treated as a U.S. Tax Person. It is possible that the IRS may assert that the foregoing tax exemption should not apply with respect to a Regular Interest held by a holder of Class R Certificates that owns directly or indirectly a 10% or greater interest in the Class R Certificates. If a Certificate is held through a securities clearing organization or certain other financial institutions, the organization or institution may provide the relevant signed statement to the withholding agent; in that case, however, the signed statement must be accompanied by the applicable IRS Form W-8 provided by the Certificateholder that owns the Certificate. If the holder does not qualify for exemption, distributions of interest, including distributions in respect of accrued OID, to such holder may be subject to a tax rate of 30%, subject to reduction under any applicable tax treaty.

Any capital gain realized on the sale, redemption, retirement or other taxable disposition of a Certificateholder by a Certificateholder that is not a U.S. Tax Person will be exempt from United States federal income and withholding tax, provided that (i) such gain is not effectively connected with the conduct of a trade or business in the United States by the Certificateholder and (ii) in the case of a Certificateholder that is not a U.S. Tax Person who is an individual, the Certificateholder is not present in the United States for 183 days or more in the taxable year.

Although it is not entirely clear, it is not expected that distributions received by a holder of a Component Certificate with respect to the Notional Principal Contract portion of such Certificate will be subject to U.S. federal withholding tax so long as the Notional Principal Contract is respected as a notional principal contract for U.S. federal income tax purposes. However, alternate characterizations are possible, which could result in withholding for foreign Certificateholders of the Component Certificates, particularly of the Class XS Certificates, and prospective investors should consult their tax advisors regarding the application of U.S. federal withholding tax to distributions received on the Notional Principal Contract portion of the Component Certificates, if applicable. See "*—Characterization of Investments in Offered Certificates*" and "*—Additional Considerations for the Component Certificates*" in this Offering Memorandum.

FATCA Regime

FATCA imposes U.S. withholding tax on certain payments of interest paid to certain foreign financial institutions and non-financial foreign entities that fail to take required steps to provide information regarding their "United States accounts" or their direct or indirect "substantial United States owners," as applicable, or to certify that they have no such accounts or owners. Various exceptions are provided under the legislation and related

administrative guidance. Foreign investors should consult their tax advisors regarding the application and impact of FATCA based upon their particular circumstances. The Issuing Entity will not be obligated to pay any additional amounts to "gross up" distributions to the Certificateholders 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 distributions in respect of the Offered Certificates, including under FATCA. Each Certificateholder of a Certificate or an interest therein, by acceptance of such Certificate or such interest in such Certificate, will be deemed to have agreed to provide the Paying Agent with information to avoid FATCA withholding. In addition, each Certificateholder will be deemed to understand and agree that the Paying Agent has the right to withhold under FATCA on distributions to any Certificateholder that are properly withholdable under law without corresponding gross-up if required FATCA information is not provided.

Special rules apply to partnerships, estates and trusts, and in certain circumstances certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

In addition, in certain circumstances, the foregoing rules will not apply to exempt a United States shareholder of a controlled foreign corporation from taxation on such United States shareholder's allocable portion of the interest income received by such controlled foreign corporation.

The Issuing Entity will not be obligated to pay any additional amounts to "gross up" payments to the Certificateholders or beneficial owners of the Offered Certificates 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 Certificates.

Prospective investors are urged to consult their tax advisors regarding the procedures for obtaining an exemption from withholding or reporting under the withholding, backup withholding and information reporting rules described above.

Tax Return Disclosure Requirements

Legislation and Treasury Department pronouncements directed at abusive tax shelter activity appear to apply to transactions not conventionally regarded as tax shelters. Taxpayers are required to report certain information on IRS Form 8886 if they participate in a "reportable transaction" (as defined under U.S. Treasury regulations promulgated under Section 6011 of the Code). A penalty in the amount of $10,000 in the case of a natural person and $50,000 in any other case is imposed on any taxpayer that fails to file timely an information return with the IRS with respect to a "reportable transaction." The rules defining "reportable transactions" are complex and include, among other categories of transactions, transactions that result in certain losses that exceed threshold amounts. Certificateholders are encouraged to consult their tax advisors regarding any possible disclosure obligations in light of their particular circumstances.

Other Matters

If a Mortgage Loan becomes subject to an eminent domain proceeding as described under "*The Pooling and Servicing Agreement—Obligations in Respect of Proposed Eminent Domain Mortgage Loan Acquisition*" in this Offering Memorandum, and the Mortgage Loan is sold as a result of such proceeding, the proceeds, if any, that are realized in excess of the REMIC's tax basis in such Mortgage Loan would be subject to a 100% prohibited transaction tax, unless the sale is incident to the foreclosure, default or imminent default of the Mortgage Loan.

STATE, LOCAL, FOREIGN AND OTHER TAX CONSIDERATIONS

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, local and foreign tax consequences of the acquisition, ownership, and disposition of the Offered Certificates. State, local and foreign 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 Offered Certificates.

ERISA CONSIDERATIONS

General

Section 406 of ERISA prohibits, and Section 4975 of the Code imposes adverse tax consequences on, certain transactions between employee benefit plans as defined in Section 3(3) of ERISA, including pension, profit-sharing or other retirement plans, that are subject to Title I of ERISA, "plans" as defined in Section 4975(e)(1) of the Code, including so-called "Keogh" plans, or an individual retirement accounts, educational savings accounts, that are subject to Section 4975 of the Code or any entity whose underlying assets are deemed to include plan assets by reason of such employee benefit plan's or plan's investment in such entity, including insurance company general and separate accounts (each a "**Plan**") and persons having obtained specific relationships to such a Plan, referred to as "parties in interest" under Section 3(14) of ERISA or "disqualified persons" under Section 4975 of the Code with respect to such Plan (collectively, "**Parties in Interest**"). ERISA also imposes certain duties on persons who are fiduciaries of Plans subject to ERISA, including the requirements of investment prudence and diversification, and the requirement that investments of any such Plan be made in accordance with the documents governing the Plan. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of an ERISA-governed Plan or renders investment advice for a fee with respect to such Plan's assets, is considered to be a fiduciary of the Plan.

Some plans, including governmental plans (as defined in Section 3(32) of ERISA), plans maintained outside of the United States primarily for the benefit of persons substantially all of whom are non-residential aliens as described in Section 4(b)(4) of ERISA and certain church plans (as defined in Section 3(33) of ERISA) if no election has been made under Section 410(d) of the Code, are not subject to ERISA requirements or the provisions of Section 4975 of the Code; provided, however, that such governmental, church or non-U.S. plans may be subject to federal, state, local or other laws that are substantially similar to Title I of ERISA or Section 4975 of the Code ("**Similar Law**"). It also should be noted that any such plans may be subject to other provisions of federal law, including, for example, in the case of any plan that is qualified under Section 401(a) of the Code and exempt from taxation under Section 501(a) of the Code, the restrictions imposed under Section 503 of the Code. Subject to the considerations and transfer restrictions set forth below, the Offered Certificates may be acquired by, on behalf of, or using assets of, a governmental, church or non-U.S. plan subject to Similar Law.

In addition to imposing general fiduciary standards, ERISA and Section 4975 of the Code prohibit a broad range of "prohibited transactions" involving assets of Plans and, as relevant here, the acquisition, holding and disposition of certificates between a Plan and persons that are Parties in Interest with respect to such Plan and impose taxes and/or other penalties under ERISA and/or Section 4975 of the Code on such transactions, unless a statutory or regulatory exception or administrative exemption applies.

In addition, certain transactions involving the assets of a trust might be deemed to constitute prohibited transactions under ERISA and the Code with respect to a Plan that purchases certificates issued by that trust if assets of the trust were deemed to be assets of the Plan. Under a regulation issued by the United States Department of Labor (the "**DOL**") at 29 C.F.R. Section 2510.3-101 as modified by Section 3(42) of ERISA (the "**Plan Assets Regulation**"), the assets of a trust would be treated as plan assets of the Plan for the purposes of ERISA and Section 4975 of the Code only if the Plan acquired an "equity interest" in the trust and none of the exceptions contained in the Plan Assets Regulation was applicable. An equity interest is defined under the Plan Assets Regulation as an interest other than an interest which is treated as indebtedness under applicable local law and which has no substantial equity features. An Offered Certificate will normally be treated as an equity interest for these purposes.

Purchases of Offered Certificates based upon the Underwriter's Exemption

The DOL has granted to each of Barclays, Deutsche Bank Securities, Goldman Sachs and Morgan Stanley or a predecessor or an affiliate thereof an administrative exemption, as most recently amended and restated by PTE 2013-08 (the "**Exemption**") from certain of the prohibited transaction rules of ERISA and the related excise tax provisions of Section 4975 of the Code with respect to the initial purchase, holding and subsequent resale by Plans of asset-backed and mortgage-backed securities issued by entities, such as the Issuing Entity, that hold certain fixed pools of secured receivables, and other obligations of the types held by the Issuing Entity such as the Mortgage Loans and the servicing, operation and management of the Issuing Entity and its assets, provided that the conditions and requirements of the Exemption are met. For purposes of the Exemption, the term "underwriter" includes (a) the underwriter named in the Exemption, (b) any person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with that underwriter and (c) any

member of the underwriting syndicate or selling group of which a person described in (a) or (b) is a manager or co-manager for a class of securities. The term "securities" potentially covered by the Exemption would include the Offered Certificates as interests issued by a trust that elects to be treated as a REMIC, provided that such Offered Certificates meet the terms and conditions generally described below.

General Conditions of the Exemption

Plans acquiring the Offered Certificates may be eligible for protection under the Exemption if:

i. at the time of the acquisition, such class of Offered Certificates acquired by the Plan have received a rating in one of the four highest generic rating categories by a "Rating Agency" as defined under the Exemption (each a "**Recognized Rating Agency**" and this requirement, the "**Minimum ERISA Rating Requirement**");

ii. with respect to any class of Offered Certificate evidencing rights and interests that are subordinated to the rights and interests evidenced by the other classes of Certificates, none of the loans backing the Certificates in the transaction has a loan-to-value ratio or a combined loan-to-value ratio at the date of issuance of the Certificates that exceeds 100%;

iii. the Trustee is not an affiliate of any other member of the "Restricted Group" other than the Initial Purchasers (under the Exemption, the "Restricted Group" with respect to the Offered Certificates includes the Sponsor, the Initial Purchasers, the Trustee, the Servicer, the Master Servicer, any obligor with respect to obligations or receivables included in the Issuing Entity constituting more than 5% of the aggregate unamortized principal balance of the assets in the Issuing Entity as of the initial date of issuance of the Offered Certificates or any affiliate of those parties);

iv. the Plan is an "accredited investor," as defined in Rule 501(a)(1) of Regulation D under the Securities Act (an "**Accredited Investor**") (each investor that is a Plan will be deemed to represent that it is an Accredited Investor);

v. the acquisition of such Offered Certificates by a Plan is on terms, including the price for such Offered Certificates, that are at least as favorable to the Plan as they would be in an arm's-length transaction with an unrelated party;

vi. the sum of all payments made to and retained by the Initial Purchasers in connection with the placement of such Offered Certificates represents not more than reasonable compensation for placing such Offered Certificates;

vii. the sum of all payments made to and retained by the Depositor pursuant to the sale of the Mortgage Loans to the Issuing Entity represents not more than the fair market value of those assets; and

viii. assets of the type included as assets of the Issuing Entity have been included in other investment pools; and certificates evidencing interests in those other pools have: (i) met the Minimum ERISA Rating Requirement and (ii) been purchased by investors other than Plans for at least one year prior to a Plan's acquisition of Offered Certificates in reliance upon the Exemption.

A "**Recognized Rating Agency**" means a credit rating agency that: (i) is currently recognized by the SEC as an NRSRO; (ii) has indicated on its most recently filed SEC Form NRSRO that it rates "issuers of asset-backed securities"; and (iii) has had, within a period not exceeding 12 months prior to the initial issuance of the securities, at least three "qualified ratings engagements." A "qualified ratings engagement" is one (a) requested by an issuer or underwriter of securities in connection with the initial offering of the securities; (b) for which the credit rating agency is compensated for providing ratings; (c) which is made public to investors generally; and (d) which involves the offering of securities of the type that would be granted relief by the "Underwriter Exemption" within the meaning of PTE 2013-08.

The Exemption also requires that a trust meet the following requirements:

i. the trust must consist solely of assets of a type that have been included in other investment pools;

ii. the securities issued by those other investment pools must have been rated in one of the four highest categories of one of the Recognized Rating Agencies for at least one year prior to the Plan's acquisition of the Offered Certificates; and

iii. the securities issued by those other investment pools must have been purchased by investors other than Plans for at least one year prior to any Plan's acquisition of the Offered Certificates.

Limitations on Scope of Relief

The Exemption will not apply to a Plan's investment in the Offered Certificates if the Plan fiduciary responsible for the decision to invest in such Offered Certificates is a mortgagor or obligor with respect to obligations representing more than 5% of the fair market value of the obligations constituting the assets of the Issuing Entity, or an affiliate of such an obligor. However, the Exemption will apply to a Plan's investment in the Offered Certificates if such Plan fiduciary is a mortgagor or obligor with respect to such obligations described above representing 5% or less of the fair market value of the fair market value of the obligations constituting assets in the Issuing Entity or an affiliate of such obligor, provided, that the following requirements are satisfied:

i. in the case of an acquisition in connection with the initial issuance of such Offered Certificates, at least 50% of each class of such Offered Certificates in which Plans have invested is acquired by persons independent of the Restricted Group and at least 50% of the aggregate interest in the Depositor is acquired by persons independent of the Restricted Group;

ii. the Plan's investment in any class of such Offered Certificates does not exceed 25% of the outstanding certificates of that class at the time of acquisition;

iii. immediately after the acquisition, no more than 25% of the Plan assets with respect to which the investing fiduciary has discretionary authority or renders investment advice are invested in such Offered Certificates evidencing interests in trusts sponsored or containing assets sold or serviced by the same entity; and

iv. the Plan is not sponsored by any member of the Restricted Group.

Whether the conditions of the Exemption will be satisfied as to any class of Offered Certificates will depend upon the relevant facts and circumstances existing at the time the Plan acquires such Offered Certificates. Any Plan investor that proposes to use assets of a Plan to acquire any Offered Certificates in reliance upon the Exemption should determine whether the Plan satisfies all of the applicable conditions and consult with its counsel regarding other factors that may affect the applicability of the Exemption.

Applicability of Exemption to the Offered Certificates

The Class A-1, Class A-2, Class A-3 and Class M-1 Certificates (each such Certificate, an "**ERISA Eligible Certificate**") should satisfy the general conditions for prohibited transaction exemptive relief under the Exemption (other than those conditions that are solely within the control of the Plan investors and subject to the considerations described herein).

It should be noted that since it is a condition of the issuance of the ERISA Eligible Certificates that they receive the ratings set forth in the Certificates Tables by Fitch, the Minimum ERISA Rating Requirement will be satisfied with respect to the ERISA Eligible Certificates as of the Closing Date (provided, as stated above, either Fitch satisfies the qualifications of a Recognized Rating Agency). However, it should be noted that the rating of an ERISA Eligible Certificate may change at any time. If the Minimum ERISA Rating Requirement is not met with respect to a class of ERISA Eligible Certificates, the Certificates of that class may no longer be eligible for relief under the Exemption, although a Plan that had purchased a Certificate of that class when the Certificate did meet the Minimum ERISA Rating Requirement would not be required to dispose of it. However, an Offered Certificate that does not meet the ERISA Minimum Rating Requirement may be eligible for purchase by a Plan investor that is an insurance company using an insurance company general account as defined in Section V(e) of Prohibited Transaction Class Exemption ("**PTCE**") 95-60, pursuant to Sections I and III of PTCE 95-60.

Each purchaser or transferee of an interest in an ERISA Eligible Certificate that satisfies the Minimum ERISA Rating Requirement upon acquisition and is, or is acting on behalf of, or using assets of, a Plan or a governmental, church or non-U.S. plan subject to Similar Law, will be required to provide a representation in form and substance satisfactory to the Certificate Registrar to the effect (or if the ERISA Eligible Certificate is

issued in book-entry form, will be deemed to represent by virtue of its acquisition of the ERISA Eligible Certificate) that (A) in the case of a purchaser that is, or is acting on behalf of or using assets of, a Plan, it is an "accredited investor" as defined in Rule 501(a)(1) of Regulation D of the Securities Act or (B) in the case of a purchaser that is, or is acting on behalf of or using assets of, a governmental, church or non-U.S. plan subject to Similar Law, its acquisition, holding and disposition of such ERISA Eligible Certificate will not constitute or otherwise result in a non-exempt violation of Similar Law.

The Depositor has the right to purchase all of the Offered Certificates then outstanding, as further described under "*The Pooling and Servicing Agreement—Optional Redemption*" of this Offering Memorandum. Without regard to whether the Exemption applies to the acquisition and holding of the ERISA Eligible Certificates, the sale of such Offered Certificates pursuant to the Optional Redemption may result in a separate prohibited transaction to which the Exemption is not applicable in the event the Depositor or any affiliate is a Party in Interest with respect to a Plan that holds an ERISA Eligible Certificate at that time. Therefore, the sale of the ERISA Eligible Certificates to the Depositor pursuant to the Optional Redemption must separately satisfy an administrative or statutory prohibited transaction exemption. These exemptions include, but are not limited to, PTCE 90-1 (regarding investments by insurance company pooled separate accounts), PTCE 91-38 (regarding investments by bank collective funds), PTCE 84-14 (regarding investment decisions made by qualified professional asset managers), PTCE 95-60 (regarding investments by insurance company general accounts) or PTCE 96-23 (regarding investment decisions by in-house asset managers) (collectively, the "**Investor-Based Class Exemptions**"). In addition, certain statutory prohibited transaction exemptions may be available to provide exemptive relief for a Plan, including, without limitation, the statutory exemption set forth in Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code regarding transactions with certain service providers (the "**Statutory Exemption**"). It should be noted that even if the conditions specified in one or more of the prohibited transaction exemptions described above (or any similar administrative or statutory exemption) are met, the scope of the relief provided may or may not cover all acts associated with the sale of the ERISA Eligible Certificates pursuant to the Optional Redemption that could be construed as prohibited transactions. Plan fiduciaries should consult their legal counsel concerning the application of these issues.

Accordingly, each purchaser or transferee of an interest in an ERISA Eligible Certificate that satisfies the Minimum ERISA Rating Requirement upon acquisition and is, or is acting on behalf of or using assets of, a Plan will be required to provide a representation in form and substance satisfactory to the Certificate Registrar to the effect (or if such ERISA Eligible Certificate is issued in book-entry form, will be deemed to represent by virtue of its acquisition of the ERISA Eligible Certificate) that any sale of such ERISA Eligible Certificate pursuant to the Optional Redemption meets all of the conditions for exemptive relief under one of the Investor-Based Class Exemptions, the Statutory Exemption or any other administrative or statutory exemption and will not constitute or otherwise result in a non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code.

As none of the Class B-1, Class B-2 or Class B-3 Certificates meets the Minimum ERISA Rating Requirement on the Closing Date, the Class B-1, Class B-2 and Class B-3 Certificates are not eligible to be purchased by, or on behalf of, Plans pursuant to the Exemption on the Closing Date. Accordingly, the Class B-1, Class B-2 and Class B-3 Certificates, as well as any class of ERISA Eligible Certificates that does not meet the Minimum ERISA Rating Requirement upon acquisition are hereinafter referred to as "**ERISA Restricted Certificates**." However, PTCE 95-60, Sections I and III, may be applicable to the acquisition, holding and transfer of certain ERISA Restricted Certificates, the operation and management of the Issuing Entity and its assets, and PTCE 95-60, Section I may be applicable to the sale of certain ERISA Restricted Certificates pursuant to the Optional Redemption discussed above.

The ERISA Restricted Certificates may be acquired by an investor, provided the Certificate Registrar receives the following:

- a representation from the purchaser or transferee of the ERISA Restricted Certificates in form and substance satisfactory to the Certificate Registrar to the effect that such purchaser or transferee is not a Plan or a governmental plan, church plan or non-U.S. plan subject to Similar Law, nor a person acting on behalf of such a Plan or plan or using the assets of such a Plan or plan to acquire or hold the ERISA Restricted Certificates;

- if the purchaser or transferee is or is acting on behalf of, or using assets of, a Plan and provided that the ERISA Restricted Certificate is the subject of an underwriting or placement by an Initial Purchaser or another underwriter that has obtained an individual exemption similar to the Exemption

(an "**ERISA Qualifying Underwriting**"), a representation in form and substance satisfactory to the Certificate Registrar to the effect that (i) the purchaser or transferee is an insurance company which is acquiring the ERISA Restricted Certificates with funds contained in an "insurance company general account," as that term is defined in Section V(e) of PTCE 95-60, (ii) the acquisition, holding and disposition of the ERISA Restricted Certificates are covered under Sections I and III of PTCE 95-60 and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code and (iii) the sale of any ERISA Restricted Certificates pursuant to the Optional Redemption is covered under Section I of PTCE 95-60 and will not constitute or otherwise result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code;

- if the purchaser or transferee is a governmental plan, church plan or non-U.S. plan subject to Similar Law, a representation in form and substance satisfactory to the Certificate Registrar to the effect that the acquisition, holding and disposition will not constitute or otherwise result in a non-exempt violation of Similar Law; or

- an opinion of counsel satisfactory to the Certificate Registrar that the acquisition, holding and disposition of the ERISA Restricted Certificates by, and the sale of any ERISA Restricted Certificates pursuant to the Optional Redemption by, a Plan or a governmental plan, church plan or non-U.S. plan subject to Similar Law, any person acting on behalf of such a Plan or plan or using assets of such a Plan or plan, will not, in the case of a Plan, constitute or otherwise result in prohibited transactions under Section 406 of ERISA or Section 4975 of the Code or, in the case of a governmental plan, church plan or non-U.S. plan subject to Similar Law, constitute or otherwise result in a non-exempt violation of Similar Law and will not subject the Trustee, the Paying Agent, the Certificate Registrar, the Depositor, the Servicer, the Master Servicer or the transferor, if any, to any obligation in addition to those undertaken in the Pooling and Servicing Agreement.

In the event that the representation is violated or is false, or any attempt to transfer to (or acquire from) a Plan or a governmental plan, church plan or non-U.S. plan subject to Similar Law or person acting on behalf of such a Plan or plan or using the assets of such a Plan or plan is attempted without the requisite opinion of counsel, the attempted transfer or acquisition will be void and of no effect. The purchaser of an ERISA Restricted Certificate in book-entry form will be deemed to have made the first three representations set forth above.

Neither the Class A-IO-S nor the Class XS Certificates may be acquired by, on behalf of, or using assets of a Plan or a governmental, church or non-U.S. plans subject to Similar Law.

Other Considerations With Respect to the Offered Certificates

Both the Exemption and PTCE 95-60 require that a Certificate be the subject of an ERISA Qualifying Underwriting in order for the acquisition, holding or disposition of a Certificate to qualify for exemptive relief thereunder. Certain classes or portions of classes of Offered Certificates may not be purchased by the Initial Purchasers on the Closing Date. Therefore, such classes or portions of classes of Offered Certificates will not be eligible to be acquired by Plans pursuant to the Exemption or PTCE 95-60, Sections I and III. However, in the event that any such Offered Certificate is subsequently the subject of an ERISA Qualifying Underwriting, such Offered Certificate may be acquired under the same conditions as are described above for other Offered Certificates that are eligible under either the Exemption and/or Sections I and III of PTCE 95-60, and the Investor-Based Class Exemptions, as applicable.

Any member of the Restricted Group, a mortgagor or obligor, or any of their affiliates might be considered or might become a Party in Interest with respect to a Plan. In that event, the acquisition or holding of Offered Certificates by, or the sale of any Offered Certificate pursuant to the Optional Redemption by, a Plan or a Person acting on behalf of, or using assets of, that Plan might be viewed as giving rise to a prohibited transaction under ERISA and Section 4975 of the Code, unless the Exemption or another exemption is available. Accordingly, before a Plan investor makes the investment decision to purchase, to commit to purchase or to hold any Offered Certificates, the Plan investor should make its own determination as to whether the Exemption is applicable and adequate exemptive relief is available thereunder or whether any other prohibited transaction exemption is available under ERISA and Section 4975 of the Code.

Insurance companies contemplating the investment of general account assets in the Offered Certificates should also consult with their legal advisors with respect to the applicability of Section 401(c) of ERISA, and the

DOL regulations issued thereunder regarding the potential application to, and exemption from, the fiduciary and prohibited transaction provisions of ERISA and/or Section 4975 of the Code to such accounts.

The sale of any Class A, Class M or Class B Certificates to a Plan or a governmental plan, church plan or non U.S. plan subject to Similar Law will not constitute a representation by the Sponsor, the Depositor, the Initial Purchasers, the Trustee, the Paying Agent, the Certificate Registrar, the Servicer or the Master Servicer that such an investment meets all relevant legal requirements relating to investments by such Plans or plans generally or by any particular Plan or plan, or that such an investment is appropriate for such Plans or plans generally or for any particular Plan or plans.

Prospective Plan investors should consult with their legal advisors concerning the impact of ERISA and Section 4975 of the Code, the effect of the assets of the Issuing Entity being deemed "plan assets" and satisfy themselves as to the applicability of the Exemption, PTCE 95-60, the other Investor-Based Class Exemptions, the Statutory Exemption or any other applicable exemption prior to making an investment in the Class A, Class M or Class B Certificates. Each Plan fiduciary should determine whether under the fiduciary standards of investment prudence and diversification, an investment in such Offered Certificates is appropriate for the Plan, also taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio.

LEGAL INVESTMENT

The Offered Certificates will not constitute "mortgage related securities" for purposes of the Secondary Mortgage Market Enhancement Act of 1984, as amended. You should consult your own legal advisors to determine whether the Certificates are legal investments for you and whether you can use the Certificates as collateral for borrowings. In addition, financial institutions should consult their legal advisors or regulators to determine the appropriate treatment of the Certificates 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 Offered Certificates. Institutions regulated by the Comptroller of the Currency, 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 Offered Certificates.

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 Offered Certificates.

LEGAL MATTERS

The legality of the Certificates and certain tax matters will be passed upon for the Sponsor, the Seller, the Depositor and the Issuing Entity by Hunton Andrews Kurth LLP and for the Initial Purchasers by Morgan, Lewis & Bockius LLP.

PLAN OF DISTRIBUTION

The Offered Certificates may only be offered (i) in the United States to Qualified Institutional Buyers and (ii) outside of the United States to "non-U.S. Persons" in compliance with Regulation S under the Securities Act. Such investors will be required to make or will be deemed to make certain representations with respect to their ability to invest in the Offered Certificates.

Subject to the terms and conditions set forth in a certificate purchase agreement, dated on or before the Closing Date (the "**Certificate Purchase Agreement**"), by and among the Initial Purchasers, the Depositor and the Sponsor, the Depositor will agree to sell, and the Initial Purchasers will agree to purchase the Purchased Certificates.

Placement of the Purchased Certificates by the Initial Purchasers may be effected from time to time, including after the Closing Date, in one or more negotiated transactions, or otherwise, at varying prices to be determined at the time of sale. Any profit on the resale of the Purchased Certificates by the Initial Purchasers may be deemed to be discounts and commissions paid to the Initial Purchasers under the Securities Act. The Purchased Certificates are offered subject to receipt and acceptance by the Initial Purchasers, to prior sale and to the Initial Purchasers' right to reject any order in whole or in part and to withdraw, cancel or modify the offer without notice.

The Certificate Purchase Agreement provides that the Depositor and the Sponsor will indemnify the Initial Purchasers against certain civil liabilities under the Securities Act or contribute to payments required to be made in respect thereof.

It is expected that delivery of the Purchased Certificates will be made through the facilities of DTC, on or about the Closing Date.

The Offered Certificates have not been registered under the Securities Act or registered or qualified under any applicable state securities laws, and none of the Depositor, the Issuing Entity or any other person is required to so register or qualify the Certificates or to provide registration rights to any investor therein.

There currently is no secondary market for the Certificates, 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. The Initial Purchasers have no obligation to make a market in the Certificates. In addition, the liquidity of the Certificates 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 Certificates for an indefinite period of time.

In addition, the Initial Purchasers and certain of their affiliates may provide secured financing of the Certificates (including the U.S. Risk Retention Certificates) retained by the Sponsor. In the case of any U.S. Risk Retention Certificates, such financing will be full recourse to the Sponsor and otherwise in accordance with the U.S. Risk Retention Rules. In the event that there is an event of default under a secured financing of the U.S. Risk Retention Certificates, such Certificates may be subject to foreclosure, and in such instance, the Sponsor may be out of compliance with the U.S. Risk Retention Rules. In addition, it is expected that the Sponsor will use a portion of the proceeds from the sale of the Certificates to the Initial Purchasers to pay off a portion of an amount owed by the Sponsor and its affiliates under secured financing facilities maintained with one or more of the Initial Purchasers and/or their affiliates.

The Initial Purchasers or their affiliates may or may not acquire as principal or finance any particular type of mortgage loan that is included in the Mortgage Pool, and the criteria of the Initial Purchasers and their affiliates for their acquisition or financing of mortgage loans may change from time to time. See "*Potential Conflicts of Interest Relating to the Initial Purchasers*."

United Kingdom

Each Initial Purchaser will represent and agree that:

(a) 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 the FSMA) received by it in connection with the issue or sale of the Offered Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Issuing Entity; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offered Certificates in, from or otherwise involving the United Kingdom; and

(c) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Offered Certificates to any UK retail investor in the United Kingdom. For the purposes of this paragraph:

(i) the expression "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 United Kingdom domestic law by virtue of the EUWA;

(II) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

(III) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of United Kingdom domestic law by virtue of the EUWA; and

(ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Offered Certificates to be offered so as to enable an investor to decide to purchase or subscribe to the Offered Certificates.

European Economic Area

Each Initial Purchaser will represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Offered Certificates to any EU retail investor in the European Economic Area. For the purposes of this paragraph:

(a) the expression "EU 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 Regulation (EU) 2017/1129; 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 Offered Certificates to be offered so as to enable an investor to decide to purchase or subscribe to the Offered Certificates.

RATINGS

The Rated Certificates will be assigned ratings not lower than those set forth in the Certificates Tables. The ratings of Fitch assigned to the Rated Certificates address (i) the likelihood of the receipt by the related Certificateholders of all principal distributions to which the Certificateholders are entitled and (ii) the ultimate distribution of interest (or, the timely distribution of interest with respect to the Class A-1 and Class A-2 Certificates), in each case on the class of Rated Certificates to which the related Certificateholders are entitled.

The rating process addresses structural and legal aspects associated with the Rated Certificates, including the nature of the Mortgage Loans. The ratings assigned to mortgage pass-through securities do not represent any assessment of the likelihood that Principal Prepayments will be made by the mortgagors or the degree to which such prepayments will differ from that originally anticipated.

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 the ratings initially assigned to the Rated Certificates is 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 Certificates.

In addition, the ratings do not address the payment of any Cap Carryover Amounts or the likelihood that there may be interest shortfalls as a result of the occurrence of extraordinary trust expenses in any given month.

The expected credit ratings to be assigned to the Rated Certificates by Fitch may be reduced, increased or withdrawn without warning.

The Sponsor has not requested that any rating agency rate the Rated Certificates other than as stated above. However, there can be no assurance as to whether any other rating agency will rate the Rated Certificates, or, if it does, what rating would be assigned by such other rating agency. A rating on the Rated Certificates by another rating agency, if assigned at all, may be lower than the ratings assigned to the Rated Certificates as stated above.

INDEX OF DEFINED TERMS

APPENDIX I

GLOSSARY OF DEFINED TERMS

"Accrual Period" means for each class of P&I Certificates and each Distribution Date the calendar month immediately preceding such Distribution Date. Interest will be calculated on the P&I Certificates for each Distribution Date on the basis of a 360-day year and an Accrual Period consisting of 30 days.

"Adverse REMIC Event" means any event that would result in (i) any REMIC failing to qualify as a REMIC for U.S. federal income tax purposes or (ii) the imposition of any U.S. federal income tax on any REMIC, so long as any Offered Certificates are outstanding.

"Aggregate Net Excess Servicing Strip" means, with respect to any Distribution Date, the excess, if any, of (a) the aggregate Excess Servicing Strip for such Distribution Date over (b) the Compensating Interest Payment for such Distribution Date.

"Angel Oak Agency Mortgage Loan" means any Mortgage Loan originated in accordance with the Angel Oak Originators' Agency Program.

"Angel Oak Agency Program" means the Angel Oak Originators' Underwriting Guidelines applicable to Angel Oak Agency Mortgage Loans.

"Angel Oak Bank Statement Mortgage Loan" means any Mortgage Loan originated in accordance with the Angel Oak Originators' Bank Statements Program.

"Angel Oak Bank Statements Program" means the Angel Oak Originators' Underwriting Guidelines applicable to Angel Oak Bank Statement Mortgage Loans.

"Angel Oak Investor Cash Flow Mortgage Loans" means Mortgage Loans originated in accordance with the Angel Oak Originators' Investor Cash Flow Program.

"Angel Oak Investor Cash Flow Program" means the Angel Oak Originators' Underwriting Guidelines applicable to Angel Oak Investor Cash Flow Mortgage Loans.

"Angel Oak Platinum Mortgage Loans" means Mortgage Loans originated in accordance with the Angel Oak Originators' Platinum Program.

"Angel Oak Platinum Program" means the Angel Oak Originators' Underwriting Guidelines applicable to Angel Oak Platinum Mortgage Loans.

"Angel Oak Portfolio Select Mortgage Loans" means Mortgage Loans originated in accordance with the Angel Oak Originators' Portfolio Select Program.

"Angel Oak Portfolio Select Program" means the Angel Oak Originators' Underwriting Guidelines applicable to Angel Oak Portfolio Select Mortgage Loans.

"Applied Realized Loss Amounts" are for any Distribution Date, after distributions on such Distribution Date to each class of Certificates, the excess, if any, of (i) the aggregate Certificate Principal Balance of the Certificates over (ii) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the last day of the related Due Period.

"Appraised Value" means, with respect to each Mortgage Loan, the value of the related Mortgaged Property as determined by an appraisal obtained by the applicable Originator from a third-party licensed appraiser at the time of origination.

"ATR Notice Loan" means any Mortgage Loan with respect to which the Servicer has received any written notice, complaint or counterclaim from the related mortgagor (or an agent thereof, including an attorney or credit counseling service) in a foreclosure proceeding alleging a violation of the ATR Rules with respect to such Mortgage Loan.

"ATR Rules" means the "Ability to Repay" rules promulgated pursuant to the Dodd-Frank Act.

"Automatic Review Trigger" means, (a) a Realized Loss has occurred with respect to an ATR Notice Loan or (b) the failure to deliver any related Mortgage Loan Document required to be delivered to the Custodian as part of the Mortgage Loan files, which failure remains uncured for one year following the Closing Date.

"Cap Carryover Amount" means for any Distribution Date on which the Interest Distribution Amount for any class of Class A Certificates is calculated based on the Net WAC Rate, the sum of (a) the excess, if any, of (i) the amount of interest such class of Certificates would have been entitled to receive on such Distribution Date if the Certificate Rate for such class of Certificates had been calculated without regard to the Net WAC Rate over (ii) the amount of interest such class of Certificates is entitled to receive on such Distribution Date based on the Net WAC Rate and (b) the unpaid portion of any such excess from prior Distribution Dates (and interest accrued thereon at the related Certificate Rate (calculated without regard to the Net WAC Rate)).

"Cap Carryover Reserve Account" will be an account established by the Paying Agent on the Closing Date pursuant to the Pooling and Servicing Agreement from which distributions from Monthly Excess Cashflow in respect of Cap Carryover Amounts on any class of Class A Certificates will be made. The Cap Carryover Reserve Account will be an asset of the Issuing Entity, but not of any REMIC.

"Capitalized Amount" means any amount representing a repayment of any amounts owed on a Mortgage Loan by the related mortgagor that is capitalized by the Servicer and added to the Scheduled Principal Balance of such Mortgage Loan in connection with a modification of such Mortgage Loan after the Cut-off Date.

"Certificate Principal Balance" for each class of P&I Certificates and any Distribution Date, will equal the Initial Certificate Principal Balance for such class of Certificates as reduced, but not below zero, by the sum of (i) all amounts paid on previous Distribution Dates on account of principal and (ii) with respect to each class of P&I Certificates, the amount of any Applied Realized Loss Amounts allocated to such class of Certificates in accordance with the priorities set forth under "*Description of the Certificates—Realized Losses; Allocation of Applied Realized Loss Amounts; Certificate Write-up Amounts*" and increased by the amount of any Certificate Write-up Amounts allocated to such class of Certificates in accordance with "*Description of the Certificates—Realized Losses; Allocation of Applied Realized Loss Amounts; Certificate Write-up Amounts*."

"Certificate Rate" means, (a) for the Class A Certificates and (x) each Distribution Date prior to the Distribution Date in July 2026, a per annum rate equal to the lesser of (i) the Class A Fixed Rate for such Distribution Date and (ii) the Net WAC Rate for such Distribution Date and (y) each Distribution Date from and including the Distribution Date in July 2026 and thereafter, a per annum rate equal to the lesser of (i) the Step-up Certificate Rate and (ii) the Net WAC Rate for such Distribution Date; (b) for the Class M-1, Class B-1 and Class B-3 Certificates and each Distribution Date, a per annum rate equal to the Net WAC Rate for such Distribution Date; and (c) for the Class B-2 Certificates and (x) each Distribution Date prior to the Distribution Date in July 2026, a per annum rate equal to the Net WAC Rate for such Distribution Date and (y) each Distribution Date from and including the Distribution Date in July 2026, a per annum rate equal to 0.000%.

"Certificate Type" means, for each class of Certificates, the "Certificate Type" set forth for such class of Certificates in the Certificates Table.

"Certificate Write-up Amount" means, with respect to any Distribution Date, the excess, if any, of (i) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the last day of the related Due Period over (ii) the aggregate Certificate Principal Balance of the P&I Certificates (after giving effect to distributions to be made to such Certificates on such Distribution Date); *provided*, *however*, in no event will the Certificate Write-up Amount for any Distribution Date exceed the amount of Applied Realized Loss Amounts allocated to the applicable class of Certificates which have not been previously reimbursed or with respect to which the Certificate Principal Balances have not been previously increased by prior application of Certificate Write-up Amounts, if any.

"Certificateholder Review Trigger" means, with respect to any Mortgage Loan (other than an ATR Notice Loan), a Realized Loss has occurred and Certificateholders holding Certificates evidencing greater than 25% of the aggregate outstanding Certificate Principal Balance have directed the Trustee, in accordance with the provisions of the Pooling and Servicing Agreement, to engage the Representation and Warranty Reviewer to commence a review of the related Mortgage Loan.

"Certificates" means the Class A-1 Certificates, the Class A-2 Certificates, the Class A-3 Certificates, the Class M-1 Certificates, the Class B-1 Certificates, the Class B-2 Certificates, the Class B-3 Certificates, the Class A-IO-S Certificates, the Class XS Certificates and the Class R Certificates.

"Certificates Tables" means, collectively, the tables set forth on pages 1 and 2 of this Offering Memorandum.

"CFPB" means the Consumer Financial Protection Bureau.

"Class A Certificates" means the Class A-1 Certificates, the Class A-2 Certificates and the Class A-3 Certificates.

"Class A Fixed Rate" means, for any Distribution Date, a per annum rate equal to 4.650%.

"Class B Certificates" means the Class B-1 Certificates, the Class B-2 Certificates and the Class B-3 Certificates.

"Class M Certificates" means the Class M-1 Certificates.

"Class Notional Amount" means, with respect to Class A-IO-S or Class XS Certificates and any Distribution Date, a notional amount equal to the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

"Class XS Distribution Amount" means, for the Class XS Certificates and each Distribution Date, an amount equal to the sum of (i) the positive excess, if any, of (a) interest accrued on the Class Notional Amount for the Class XS Certificates at a per annum rate equal to the Net WAC Rate for such Distribution Date over (b) the aggregate amount of interest accrued on the P&I Certificates at their respective Certificate Rates for such Distribution Date plus (ii) any amount under clause (i) remaining unpaid from any previous Distribution Dates other than those amounts deemed paid to the Cap Carryover Reserve Account pursuant to priority *third* under "*Description of the Certificates—Priority of Distributions—Monthly Excess Cashflow*."

"Closing Date" means July 13, 2022.

"Compensating Interest Payment" means, for any Distribution Date, the lesser of (a) the excess, if any, of the Prepayment Interest Shortfall related to the Mortgage Loans, if any, for such Distribution Date over the Prepayment Interest Excess related to the Mortgage Loans, if any, for such Distribution Date (excluding any payments made upon liquidation of Mortgage Loans) and (b) an amount equal to 1/12th of 0.25% multiplied by the Scheduled Principal Balance of each Mortgage Loan as of the first day of the related Due Period; provided, however, that the Compensating Interest Payment may not exceed the aggregate Excess Servicing Strip for such Distribution Date.

"Controlling Class" means the Class XS Certificates.

"Controlling Holder" means the holder of a majority percentage interest of the Controlling Class.

"Controlling Representative" means a representative appointed by the holders of a majority percentage interest of the Controlling Class.

"Credit Event" means the occurrence and continuation of a Delinquency Trigger Event or a Cumulative Loss Trigger Event which will continue until such Delinquency Trigger Event or Cumulative Loss Trigger Event is no longer occurring or until the aggregate Certificate Principal Balance of the Class A Certificates are reduced to zero, whichever occurs first.

"Cumulative Applied Realized Loss Amounts" means, for any Distribution Date, an amount equal to (i) the sum of the Applied Realized Loss Amounts for all prior Distribution Dates less (ii) the sum of (x) the Certificate Write-up Amounts for all prior Distribution Dates and (y) all amounts paid as reimbursements of Applied Realized Loss Amounts to the Certificates on all prior Distribution Dates pursuant to clause *second*, sub-clause *(ii)* under "*Description of the Certificates—Priority of Distributions—Monthly Excess Cashflow.*"

"Cumulative Loss Rate" means, with respect to any Distribution Date, the percentage equivalent of the aggregate Realized Losses since the Closing Date divided by the aggregate Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date.

"Cumulative Loss Trigger Event" means, with respect to any Distribution Date, the Cumulative Loss Rate exceeding the applicable percentages set forth in the table below with respect to such Distribution Date:

Distribution Date Occurring In	Percentage
July 2022 through June 2025	2.00%
July 2025 through June 2026	3.00%
July 2026 and thereafter	6.00%

"Current Interest" for any Distribution Date and each class of P&I Certificates will be an amount equal to the product of (i) the Certificate Rate for such class of Certificates for the related Accrual Period divided by 12 and (ii) the applicable Certificate Principal Balance immediately prior to such Distribution Date.

"Custodian Fee" means, with respect to each Mortgage Loan and each Distribution Date, an amount equal to $1/12^{th}$ of the Custodian Fee Rate multiplied by the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period.

"Custodian Fee Rate" means 0.0033% per annum.

"Custody Agreement" means the custody agreement, dated as of the Closing Date, by and among the Custodian, the Trustee and the Depositor.

"Cut-off Date" means the close of business on June 1, 2022.

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

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

"Delinquency Rate" means, with respect to any Distribution Date, the six month average of the monthly percentage equivalent (or, if fewer than six Distribution Dates have occurred at the time of such determination, the average of the number of months that have elapsed since the Closing Date) of (a) the aggregate Scheduled Principal Balance of the Mortgage Loans that are 60 days or more delinquent pursuant to the MBA delinquency methodology (including Mortgage Loans in foreclosure, REO property or bankruptcy status) and all Mortgage Loans subject to a servicing modification (but not a deferral) within the 12 months prior to such Distribution Date (in each case without duplication), divided by (b) the aggregate Scheduled Principal Balance of the Mortgage Loans as of the last day of the related Due Period.

"Delinquency Trigger Event" means, with respect to any Distribution Date, the Delinquency Rate exceeding the applicable percentages set forth in the table below with respect to such Distribution Date:

Distribution Date Occurring In	Percentage
July 2022 through June 2025	20.00%
July 2025 through June 2027	25.00%
July 2027 and thereafter	30.00%

"Distribution Date" means the 25th day of each month, or the immediately following business day if the 25th day is not a business day, commencing in July 2022.

"Dodd-Frank Act" means The Dodd-Frank Wall Street Reform and Consumer Protection Act.

"Due Date" means the date on which the scheduled monthly payments of interest and principal are due on a Mortgage Loan.

"Due Period" means, for any Distribution Date, the period beginning on the second day of the calendar month immediately preceding such Distribution Date and ending on the first day of the calendar month in which such Distribution Date occurs.

"Excess Servicing Fee Rate" means for any Mortgage Loan on any Distribution Date a rate equal to the greater of (a) zero and (b) (i) the Gross Administration Fee Rate for such Mortgage Loan for such Distribution Date, minus (ii) the Servicing Administration Fee Rate, minus (iii) a rate calculated by multiplying (A)(x) the Servicing Fee with respect to such Mortgage Loan for the related Due Period, divided by (y) the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period by (B) 12.

"Excess Servicing Strip" means for any Mortgage Loan on any Distribution Date, an amount equal to $1/12^{th}$ of the product of (a) the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period and (b) the Excess Servicing Fee Rate for such Mortgage Loan for such Distribution Date.

"Excess Servicing Strip Reimbursement Amount" means, with respect to any Distribution Date, the aggregate amount by which the Aggregate Net Excess Servicing Strip was reduced by Compensating Interest Payments on all prior Distribution Dates, to the extent not reimbursed to the Class A-IO-S Certificates from Net Prepayment Interest Excess.

"Exempted Mortgage Loan" is a Mortgage Loan made (i) with respect to a non-owner occupied mortgaged property or (ii) to a foreign national not residing in the United States.

"Fannie Mae" means the Federal National Mortgage Association.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation.

"Full Prepayment" means any payment of the entire Unpaid Principal Balance of a Mortgage Loan which is received in advance of its scheduled maturity date and 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.

"Gross Administration Fee" means, with respect to each Mortgage Loan and each Distribution Date, an amount equal to 1/12th of the applicable Gross Administration Fee Rate for such Mortgage Loan multiplied by the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period.

"Gross Administration Fee Rate" means, with respect to the Mortgage Loans, (a) 0.250% per annum with respect to a Mortgage Loan originated under the Angel Oak Agency Program and the Third Party Originator agency programs, (b) 0.375% per annum with respect to a Mortgage Loan originated under the Angel Oak Bank Statement Program, the Angel Oak Platinum Program, the Angel Oak Portfolio Select Program, the Third Party Originator alternative documentation programs, the Third Party Originator bank statement programs, Third Party Originator asset qualifier programs and the Third Party Originator full documentation programs or (c) 0.500% per annum with respect to a Mortgage Loan originated under the Angel Oak Investor Cash Flow Program or the Third Party Originator investor cash flow programs. As of the Cut-off Date, the weighted average Gross Administration Fee Rate is approximately 0.404% per annum.

"Initial Certificate Principal Balance" means, for each class of Class A Certificates, Class M Certificates and Class B Certificates, the "Initial Certificate Principal Balance" for such class of Certificates as set forth in the Certificates Tables.

"Initial Class Notional Amount" means, for the Class XS Certificates or the Class A-IO-S Certificates, the "Initial Class Notional Amount" for such class of Certificates as set forth in the Certificates Tables.

"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 mortgagor), 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 Accrual Conventions" means, for each class of Certificates, the "Interest Accrual Convention" set forth for such class of Certificates in the Certificates Table.

"Interest Carryforward Amount" for each class of Class A Certificates, Class M Certificates and Class B Certificates and each Distribution Date will be equal to the amount, if any, by which (a) the Interest Distribution Amount for such class for the immediately preceding Distribution Date exceeds (b) the aggregate amount actually distributed on such class in respect of interest on such preceding Distribution Date (including, in the case of the Class B-3 Certificates, the amount of interest that would have been distributed to the Class B-3 Certificates, but was actually deposited in the Step-Up Cap Carryover Reserve Account and used to pay Cap Carryover Amounts to the Class A Certificates), together with any Interest Carryforward Amount for such class for prior Distribution Dates plus interest on such Interest Carryforward Amount, to the extent permitted by law, at the then-applicable Certificate Rate for such class for the related Accrual Period. Notwithstanding the foregoing, as further described herein, the Interest Carryforward Amount with respect to the Class B-3 Certificates may be used to pay Cap Carryover Amounts to the Class A Certificates and such payments will decrease the amount distributable to the Class B-3 Certificates. The Class B-3 Certificates will not be entitled to be reimbursed for any amounts otherwise distributable to the Class B-3 Certificates in respect of Interest Carryforward Amounts that were distributed to the Class A Certificates as Cap Carryover Amounts on any Distribution Date.

"Interest Distribution Amount" for each class of Class A Certificates, Class M Certificates and Class B Certificates and each Distribution Date will be an amount equal to the Current Interest for that class on that Distribution Date, as reduced by each such class' share of Net Interest Shortfalls for such Distribution Date, which will be allocated to each class on a *pro rata* basis based on the amount of Current Interest payable to each such class of Certificates on such Distribution Date.

"Interest Remittance Amount" for any Distribution Date will be an amount equal to (a) the sum of (1) all interest collected (other than payaheads) or advanced in respect of Scheduled Payments on the Mortgage Loans during the related Due Period or interest collected with respect to Principal Prepayments during the related Prepayment Period, minus (x) the Gross Administration Fee, the Master Servicing Fee, the Trustee Fee, the Paying Agent Fee, the Custodian Fee and the Representation and Warranty Reviewer Fee and (y) amounts representing reimbursement of the interest portion of any P&I Advances payable to Servicer or the Master Servicer, as applicable, and any Servicing Advances payable to the Servicer (in each case, to the extent not reimbursed from related Liquidation Proceeds), the Net Prepayment Interest Excess payable to the Class A-IO-S Certificates and the Net Interest Excess payable to the Servicing Administrator in respect of the Servicing Administration Fee or as additional compensation, (2) the Compensating Interest Payment with respect to such Distribution Date, (3) the portion of any Repurchase Price, Make-Whole Amount or Substitution Adjustment Amount paid by the Representation Provider or the Seller during the related Prepayment Period allocable to interest, (4) amounts paid in connection with an Optional Termination or Optional Redemption, up to the amount of the interest portion of the Termination Price or Optional Redemption Price, as applicable, and (5) all Net Liquidation Proceeds, Insurance Proceeds, any Subsequent Recoveries and any other recoveries collected with respect to the Mortgage Loans during the related Prepayment Period, to the extent allocable to interest, as reduced by (b) (i) arbitration costs and expenses related to a repurchase request in connection with a Material Breach determination made by the Representation and Warranty Reviewer with respect to a Mortgage Loan to the extent reimbursable to the Representation Provider, Controlling Representative or Review Triggering Certificateholders and (ii) any costs, fees, expenses or liabilities reimbursable to the Master Servicer, the Servicing Administrator, the Servicer, the Custodian, the Trustee, the Paying Agent, the Certificate Registrar or the Representation and Warranty Reviewer, subject, in each applicable case, to the Annual Cap.

"Investor DSCR Mortgage Loans" means Mortgage Loans underwritten to a debt service coverage ratio.

"Issuing Entity" Angel Oak Mortgage Trust 2022-4, a New York common law trust.

"Liquidated Loan" means, any delinquent or defaulted Mortgage Loan (or REO property) that was liquidated, sold or as to which the 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" are all amounts received by the 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 of the related Mortgaged Property, required to be deposited in an escrow account or released to the mortgagor in accordance with the normal servicing procedures of the 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.

"Make-Whole Amount" means, with respect to any Liquidated Loan for which the Representation and Warranty Reviewer has made a final determination that a Material Breach has occurred, the excess of (a) the Repurchase Price that would have been applicable to such Mortgage Loan over (b) the sum of the Liquidation Proceeds and any Subsequent Recoveries received in respect of such Mortgage Loan.

"Master Servicer Collection Account" The account established and maintained by the Master Servicer, for benefit of the Issuing Entity, to hold funds remitted by the Servicer on each Servicer Remittance Date. To the extent that the Master Servicer and the Paying Agent are the same entity, the Master Servicer will not be required to establish a separate Master Servicer Collection Account, but such account will instead be deemed to be a sub-account of the Distribution Account, and any amounts permitted to be withdrawn from the Master Servicer Collection Account may or shall be withdrawn from the Distribution Account.

"Master Servicer Remittance Date" is, with respect to each Distribution Date, the second business day preceding such Distribution Date, commencing in July 2022. To the extent that the Master Servicer and the Paying Agent are the same entity, if the Master Servicer Collection Account is deemed to be a sub-account of the Distribution Account, any remittance by the Master Servicer to the Paying Agent will be deemed to have been made.

"Master Servicing Fee" means, with respect to each Mortgage Loan and each Distribution Date, an amount equal to 1/12th of the Master Servicing Fee Rate for such Mortgage Loan multiplied by the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period.

"Master Servicing Fee Rate" means the greater of (a) 0.0435% per annum and (b) the product of (x) 12 and (y) $3,500 divided by the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

"Material Breach" means any breach of a representation or warranty with respect to a Mortgage Loan (other than a TRID violation) 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 Trustee (or the Servicer on its behalf) to enforce payment of any obligations under the related Mortgage Note or to realize the benefits of, or exercise the rights under, the Mortgage Note or the Mortgage.

"MERS Mortgage Loan" means any Mortgage Loan registered with MERS on the MERS® System and which is identified as a MERS Mortgage Loan on the related Mortgage Loan Schedule.

"MERS® System" means the system of recording transfers of mortgages electronically maintained by MERS.

"MIN" means the Mortgage Identification Number for any MERS Mortgage Loan.

"MOM Loan" means any Mortgage Loan for which MERS is acting as the mortgagee of such Mortgage Loan, solely as nominee for the originator of such Mortgage Loan and its successors and assigns, at the origination thereof.

"Mortgage Interest Rate" means the per annum rate at which interest accrues on a Mortgage Loan, as specified in the related Mortgage Note.

"Mortgage Loan Documents" means, with respect to each Mortgage Loan, each of the following documents, delivered to the Custodian on the Closing Date:

(1) the related original Mortgage Note (or, if the original Mortgage Note has been lost or destroyed, a copy of such Mortgage Note, together with a lost note affidavit), endorsed in blank;

(2) the original of any guarantee executed in connection with the Mortgage Note;

(3) for each non-MERS Mortgage Loan, the original (or a copy of) the mortgage or other security instrument with evidence of recording indicated thereon;

(4) for each MERS Mortgage Loan, the original recorded mortgage noting the presence of the MIN and either language indicating MERS as original mortgagee of the Mortgage Loan or if the Mortgage Loan is not a MOM Loan at origination, the original recorded mortgage and the original assignment thereof that identifies MERS as the beneficiary or mortgagee;

(5) the originals or copies of any assumption, consolidation, modification or extension agreements with evidence of recording indicated thereon (or, if such original of such document has not yet been returned by the recording office, a copy thereof);

(6) for each non-MERS Mortgage Loan, the original assignment of mortgage in blank, in form and substance acceptable for recording but not recorded;

(7) for each non-MERS Loan, the originals of all intervening assignments;

(8) the policy of title insurance issued with respect to each Mortgage Loan;

(9) an original or copy of any powers of attorney (if applicable); and

(10) the original or copy of any security agreement, chattel mortgage or equivalent document (if any)

"Mortgage Loan Schedule" means the schedule attached to the Pooling and Servicing Agreement, which will identify each Mortgage Loan included in the Trust Estate, as such schedule may be amended by the Depositor or the Servicer from time to time to reflect the addition of Substitute Mortgage Loans to, or the deletion of Deleted Mortgage Loans from, the Trust Estate.

"Mortgage Loans" means the fixed and adjustable rate mortgage loans primarily secured by first liens on one-to-four family residential properties, planned unit developments, townhouses, condominiums properties, mixed-use properties and the related servicing rights assigned to the Trustee for the benefit of Certificateholders.

"Mortgage Note" means the promissory note evidencing each Mortgage Loan.

"Mortgage Pool" means the pool of mortgage loans expected to be transferred to the Issuing Entity by the Depositor on the Closing Date.

"Mortgaged Property" means each one-to-four family residential property, planned unit development, townhouse, condominium or mixed-use property securing a Mortgage Loan.

"Net Interest Excess" means on any Distribution Date, the excess, if any, of the Net Prepayment Interest Excess for such Distribution Date over the sum of (i) any Compensating Interest Payment for such Distribution Date and (ii) any Compensating Interest Payment previously deducted from interest distributions otherwise distributable to the Class A-IO-S Certificates on prior Distribution Dates.

"Net Interest Shortfalls" for any Distribution Date is the sum of (a) any Relief Act Shortfalls and (b) the excess, if any, of (i) Prepayment Interest Shortfalls for such Distribution Date over (ii) the sum of (x) the Prepayment Interest Excess for such Distribution Date and (y) the Compensating Interest Payment for such Distribution Date.

"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 Servicing Advances, Gross Administration Fees and any other accrued and unpaid fees and expenses incurred in connection with the liquidation of such Mortgage Loan or Mortgaged Property.

"Net Mortgage Rate" means, for any Mortgage Loan and any Distribution Date, a per annum rate equal to the applicable Mortgage Interest Rate for such Mortgage Loan as of the first day of the related Due Period, taking into account any modification or other amendments to the Mortgage Note, minus the sum of (i) the applicable Gross Administration Fee Rate with respect to such Mortgage Loan, (ii) the Master Servicing Fee Rate, (iii) the Paying Agent Fee Rate and (iv) the Custodian Fee Rate.

"Net Prepayment Interest Excess" means with respect to any Mortgage Loan and any Distribution Date, the excess, if any, of (a) the Prepayment Interest Excess for such Distribution Date over (b) the Prepayment Interest Shortfalls for such Distribution Date.

"Net WAC Rate" means, for any Distribution Date, a rate, expressed as a percentage, equal to (x) the weighted average of the Net Mortgage Rates of the Mortgage Loans (weighted based on the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period) minus (y) (a) a fraction, the numerator of which is the sum of (1) all fees, charges and other costs of the Issuing Entity (other than the Gross Administration Fees, Master Servicing Fees, Paying Agent Fees and Custodian Fees), including without limitation indemnification amounts and with respect to costs reimbursable to the Master Servicer, the Representation and Warranty Reviewer, the Servicing Administrator, the Trustee, the Paying Agent, the Certificate Registrar and the Custodian and indemnification payments payable to the Master Servicer, the Representation and Warranty Reviewer, the Servicing Administrator, the Trustee, the Paying Agent, the Certificate Registrar and the Custodian, subject to the Annual Cap, if applicable and (2) the Trustee Fees, Representation and Warranty Reviewer Fees and the costs and expenses of arbitration reimbursable to the Representation Provider, Controlling Representative or Review Triggering Certificateholders with respect to such Distribution Date (subject to the Annual Cap), and the denominator of which is the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period multiplied by (b) 12.

"Non-Offered Certificates" means the Certificates other than the Offered Certificates.

"Non-Qualified Mortgage Loans" means a mortgage loan that does not satisfy the requirements for a "qualified mortgage" set forth in Section 1026.43(e)(2) of Regulation Z.

"OCC" means the Office of the Comptroller of the Currency.

"Offered Certificates" means the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1, Class B-2, Class B-3, Class A-IO-S and Class XS Certificates.

"Partial Prepayment" means any Principal Prepayment other than a Full Prepayment.

"Paying Agent Fee" means, with respect to each Mortgage Loan and each Distribution Date, an amount equal to $1/12^{th}$ of the Paying Agent Fee Rate multiplied by the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period.

"Paying Agent Fee Rate" means the greater of (a) 0.0110% per annum and (b) the product of (x) 12 and (y) $1,000 divided by the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

"Payment Delay/Accrual Period" means, for each class of Certificates, the "Payment Delay/Accrual Period" set forth for such class of Certificates in the Certificates Table.

"Payment History" means, with respect to each Mortgage Loan, the fully itemized accounting maintained by the Servicer of any payments posted and adjustments or disbursements made in connection with such Mortgage Loan

"Prepayment Interest Excess" means, with respect to any Distribution Date and any Mortgage Loan, any amount paid by the related mortgagor in connection with a Full Prepayment of such Mortgage Loan in respect of interest during the portion of the Prepayment Period in which such Full Prepayment is remitted by the Servicer.

"Prepayment Interest Shortfall" means, with respect to any Distribution Date, the sum of, for each Full Prepayment of a Mortgage Loan during the portion of the Prepayment Period from and including the 16th day of the month preceding the month in which such Distribution Date occurs (or from the day following the Cut-off Date, in the case of the first Distribution Date) through the last day of such month, an amount equal to interest at

the applicable mortgage interest rate on the amount of such Full Prepayment for the number of days commencing on the date on which such Full Prepayment is applied and ending on the last day of the calendar month preceding such Distribution Date.

"Prepayment Period" means, with respect to any Distribution Date (other than the initial Distribution Date) and (i) any Partial Prepayment or other unscheduled payment of principal that is not a Full Prepayment, the immediately preceding calendar month and (ii) any Full Prepayment, the period beginning on the 16th day of the calendar month preceding the month in which such Distribution Date occurs through the 15th day of the calendar month in which such Distribution Date occurs. With respect to the initial Distribution Date, the Prepayment Period for any (i) Partial Prepayment is the period beginning at the close of business on June 1, 2022 and continuing through June 30, 2022 and (ii) Full Prepayment is the period beginning at the close of business on June 1, 2022 and continuing through July 15, 2022.

"Principal Prepayment" means any voluntary payment of principal on a Mortgage Loan which is received in advance of its scheduled Due Date and 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.

"Principal Remittance Amount" means, with respect to any Distribution Date will be an amount equal to (a) the sum of (1) all principal collected (other than payaheads) or advanced in respect of Scheduled Payments on the Mortgage Loans during the related Due Period, (2) the principal portion all Principal Prepayments received on the Mortgage Loans during the related Prepayment Period, (3) the portion of any Repurchase Price, Make-Whole Amount or Substitution Adjustment Amount paid by the Representation Provider or the Seller during the related Prepayment Period allocable to principal, (4) amounts paid in connection with an Optional Termination or Optional Redemption, up to the amount of the principal portion of the Termination Price or Optional Redemption Price, as applicable and (5) all Net Liquidation Proceeds, Insurance Proceeds, any Subsequent Recoveries and any other recoveries collected with respect to the Mortgage Loans during the related Prepayment Period, to the extent allocable to principal, as reduced by (b) the sum of (i) amounts representing reimbursement of the principal portion of any P&I Advances due to the Servicer or the Master Servicer, as applicable, to the extent allocable to principal, and any Servicing Advances to the extent not reimbursed from the Interest Remittance Amount and (ii) any costs, fees, expenses or liabilities reimbursable to the Servicing Administrator, the Master Servicer, the Servicer, the Custodian, the Trustee, the Paying Agent, the Certificate Registrar, the Representation Provider, the Controlling Representative, the Representation and Warranty Reviewer or Review Triggering Certificateholders to the extent not reimbursed or paid from the Interest Remittance Amount, subject, in each applicable case, to the Annual Cap.

"Purchased Certificate" means the Class A Certificates, the Class M Certificates, the Class B-1 Certificates and a portion of the Class B-2 Certificates.

"Qualified Mortgage" means a mortgage loan that satisfies the requirements for a "qualified mortgage" set forth in Section 1026.43(e)(2) of Regulation Z.

"Rated Certificate" means each of the Class A-1, Class A-2, Class A-3, Class M-1, Class B-1 and Class B-2 Certificates.

"Realized Loss" means:

- with respect to each Liquidated Loan and without duplication of any prior Realized Loss, an amount equal to the excess of (i) the Unpaid Principal Balance of the Liquidated Loan as of the date of such liquidation over (ii) the Net Liquidation Proceeds received during the month in which such liquidation occurred, to the extent not previously applied as recoveries of interest at the Net Mortgage Rate and to principal of the Liquidated Loan;

- as to any Mortgage Loan, the amount of any Deficient Valuation or Debt Service Reduction; or

- 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 Servicer or the amount of principal of the Mortgage Loan that has been deferred and that does not accrue interest.

"Rebuttable Presumption Mortgage Loan" means a mortgage loan that (i) is a "qualified mortgage" within the meaning of Section 1026.43(e)(2) of Regulation Z, (ii) complies with the total points and fees limitations for a qualified mortgage set forth in Section 1026.43(e)(3) of Regulation Z, (iii) is a "higher-priced

covered transaction" within the meaning of Section 1026.43(b)(4) of Regulation Z, (iv) does not provide for a balloon payment and (v) qualifies for the presumption of compliance set forth in Section 1026.43(e)(1)(ii) of Regulation Z.

"Record Date" means, (i) in the case of the first Distribution Date, the Closing Date and (ii) in the case of any Distribution Date after the first Distribution Date, the last business day of the month preceding the month of such Distribution Date.

"Regulation Z" means Section 1026.43(e)(2) of 12 C.F.R. Part 1026.

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

"Representation and Warranty Reviewer Fee" means, with respect to each Distribution Date, the sum of (i) 1/12th of $7,200 and (ii) in connection with a Review Trigger, $600 per Mortgage Loan reviewed plus the costs (such costs not to exceed an annual cap of $20,000) of any third-party products or reports, as set forth in the Pooling and Servicing Agreement. Any amounts in excess of such annual cap to be incurred by the Representation and Warranty Reviewer in obtaining third-party products or reports shall be at the mutual agreement of the Representation and Warranty Reviewer and the Sponsor.

"Repurchase Price" means, for a Mortgage Loan to be repurchased by the Representation Provider or the applicable Originator, as applicable, 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 Mortgage Interest Rate from the date the last monthly payment was made by the related mortgagor up to but not including that day that such repurchase occurs, (ii) any amounts representing unreimbursed Servicing Advances and P&I Advances with respect to such Mortgage Loan and (iii) expenses reasonably incurred or to be incurred by the Servicing Administrator, the Servicer, the Master Servicer, the Custodian, the Trustee, the Paying Agent or the Certificate Registrar in respect of the breach or defect giving rise to the purchase obligation.

"RESPA" means the Real Estate Settlement Procedures Act.

"Review Trigger" means an Automatic Review Trigger or a Certificateholder Review Trigger.

"Safe Harbor Mortgage Loan" means any mortgage loan where an application was taken on or after January 10, 2014 that (i) is a "qualified mortgage" within the meaning of Regulation Z without reference to Section 1026.43(e)(4), (5), (6) or (f) of Regulation Z, (ii) complies with the total points and fees limitations for a qualified mortgage set forth in Section 1026.43(e)(3) of Regulation Z (including the inflation adjustments provided for in Section 1026.43(e)(3)(ii) of Regulation Z), (iii) is not a "higher-priced covered transaction" within the meaning of Section 1026.43(b)(4) of Regulation Z, (iv) only includes a prepayment charge permitted by Section 1026.43(g) of Regulation Z, (v) does not provide for a balloon payment and (vi) qualifies for the safe harbor set forth in Section 1026.43(e)(1)(i) of Regulation Z.

"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 Debt Service Reduction, any Deficient Valuation and any modification that affects the amount of such scheduled payment due on such Mortgage Loan.

"Scheduled Principal Balance" for any Mortgage Loan (other than a Stop Advance Mortgage Loan or Liquidated Loan) as of any date of determination, is an amount generally equal to its outstanding principal balance as of the Cut-off Date after giving effect to Scheduled Payments due on or before such date, whether or not received, as (i) reduced by (1) the principal portion of all Scheduled Payments due on or before the Due Date in the Due Period immediately preceding such date of determination, whether or not received, (2) all amounts allocable to Full Prepayments and Partial Prepayments received on or before the last day of the related Prepayment Period immediately preceding such date of determination, (3) any principal reduction resulting from a Debt Service Reduction or Deficient Valuation prior to such date of determination and (4) any principal forgiveness resulting from a modification prior to such date of determination and (ii) increased by any Capitalized Amount resulting from a modification prior to such date of determination.

The Scheduled Principal Balance of any Stop Advance Mortgage Loan, as of any date of determination, is the Scheduled Principal Balance thereof immediately prior to the applicable Stop Advance Date, reduced by (1) any principal payments (including Principal Prepayments) applied to reduce the principal balance of such Mortgage Loan and (2) any related Liquidation Proceeds allocable to principal received or applied after the applicable Stop Advance Date, after giving effect to any servicing modification after such Stop Advance Date.

For the avoidance of doubt, other than determining the Repurchase Price for any Mortgage Loan repurchased by the Representation Provider, the Scheduled Principal Balance of any Mortgage Loan that has been prepaid in full or has become a Liquidated Loan during a Due Period will be zero. Any calculations of Scheduled Principal Balance or aggregate Scheduled Principal Balance as of the first day or last day of any Due Period will be made after giving effect to any Full Prepayments received in the related Prepayment Period.

"SEC" means the Securities and Exchange Commission.

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

"Servicer Remittance Date" is, with respect to each Distribution Date, the third business day preceding such Distribution Date, commencing in July 2022.

"Servicing Administration Fee" means with respect to each Mortgage Loan on any Distribution Date, an amount equal to 1/12th of the Servicing Administration Fee Rate multiplied by the Scheduled Principal Balance of such Mortgage Loan as of the first day of the related Due Period.

"Servicing Administration Fee Rate" means with respect to the Mortgage Loans on any Distribution Date, the greater of (i) zero and (ii)(a) 0.03% minus (b) the product of (x) 12 and (y) the Net Interest Excess for such Distribution Date divided by the aggregate Scheduled Principal Balance of the Mortgage Loans as of the first day of the related Due Period.

"Servicing Fee" means the fee payable to the Servicer from the Gross Administration Fee (or as otherwise set forth in the Pooling and Servicing Agreement) as compensation for the performance of its obligations as Servicer under the Pooling and Servicing Agreement, which will be at the rate agreed upon in writing by the Servicer and the Servicing Administrator.

"Servicing Notes" means, with respect to any Mortgage Loan, the records maintained by the Servicer in its servicing files or databases, which contain the notes and other comments created by the Servicer in connection with the servicing of such Mortgage Loan, including but not limited to, notes and other comments related to collections, customer service, loss mitigation, bankruptcy, real-estate owned, claims, escrow and foreclosure activity with respect to such Mortgage Loan.

"Step-Up Cap Carryover Reserve Account" will be an account established by the Paying Agent on the Closing Date pursuant to the Pooling and Servicing Agreement from which distributions from amounts otherwise distributable to the Class B-3 Certificates in respect of Cap Carryover Amounts on the Class A Certificates will be made. The Step-Up Cap Carryover Reserve Account will be an asset of the Issuing Entity, but not of any REMIC.

"Step-up Certificate Rate" means, with respect to the Class A Certificates, a per annum rate equal to the sum of the Class A Fixed Rate and 1.000%.

"Stop Advance Date" means the date a Mortgage Loan becomes a Stop Advance Mortgage Loan.

"Stop Advance Mortgage Loan" means a Mortgage Loan (i) that is 180 days or more delinquent in accordance with the MBA Method, or (ii) as to which a determination of nonrecoverability is made by the Servicer (after consultation with the Servicing Administrator) or the Master Servicer, as applicable, with respect to any P&I Advance.

"Subsequent Recovery" means any amount (net of amounts reimbursed to the Servicer related to Liquidated Loans) received on a Mortgage Loan subsequent to such Mortgage Loan being determined to be a Liquidated Loan that resulted in a Realized Loss in a prior Prepayment Period.

"Substitution Adjustment Amount" means, an amount with respect to any Deleted Mortgage Loan equal to the excess, if any, of (x) the Unpaid Principal Balance of the Deleted Mortgage Loan plus any accrued but unpaid interest thereon over (y) the Unpaid Principal Balance of the Substitute Mortgage Loan plus any accrued but unpaid interest thereon, each balance being determined as of the date of substitution.

"Termination Price" equal to the sum of (i) the Unpaid Principal Balance of each Mortgage Loan (without regard to any REO property) plus accrued and unpaid interest thereon, (ii) the fair market value of each REO property (but not in excess of the Unpaid Principal Balance of the related Mortgage Loan at the time it converted to an REO property), (iii) any unpaid Servicing Advances and (iv) any fees, expenses, indemnification amounts or other reimbursements owed to the transaction parties (without regard to the Annual Cap).

"Test" With respect to each representation and warranty made by the Representation Provider in the Pooling and Servicing Agreement with respect to the Angel Oak Mortgage Loans and set forth herein under "*Mortgage Loan Representations and Warranties—Representations and Warranties of the Representation Provider With Respect to the Angel Oak Mortgage Loans*," the corresponding review procedures set forth in Annex C. For the avoidance of doubt, there are no predetermined tests for determination of representation and warranty breaches for Third Party Originator Mortgage Loans.

"Test Failure" With respect to any Angel Oak Mortgage Loan and any Test, a determination by the Representation and Warranty Reviewer after completion of its review that such Test has not been satisfied; *provided*, *however*, unless otherwise set forth in Annex C with respect to any Test, the Representation and Warranty Reviewer will only make a determination of Test Failure with respect to any Test if the preponderance of the evidence indicates that a Test Failure exists; and *provided*, *further*, *however*, that a Test Failure will be deemed not to exist if the Test Failure with respect to the related Angel Oak Mortgage Loan and the related Test arose as a result of an exception that was disclosed with respect to that Angel Oak Mortgage Loan in the final Offering Memorandum.

"TILA" means the federal Truth in Lending Act.

"Trustee Fee" means, with respect to each Distribution Date, $1,000.

"Unpaid Principal Balance" of a Mortgage Loan means, as to any date of determination, the principal balance of such Mortgage Loan at its origination minus (i) all collections and other amounts credited against the principal balance of such Mortgage Loan prior to such date of determination minus (ii) any principal reduction resulting from a Debt Service Reduction or Deficient Valuation prior to such date of determination minus (iii) any principal forgiveness resulting from a modification prior to such date of determination plus (iv) any deferred principal balance created before or after the Closing Date in connection with a principal forbearance modification plus (v) any outstanding amounts, such as accrued and unpaid interest and certain Servicing Advances, added to the Unpaid Principal Balance as part of a modification. The Unpaid Principal Balance of a Liquidated Loan will be zero.

ANNEX A

CERTAIN CHARACTERISTICS OF THE MORTGAGE LOANS

For all tables, as applicable, Mortgage Loans that did not have a credit score at origination were excluded from the non-zero weighted average original credit score calculation; Investor DSCR Mortgage Loans that were underwritten to a debt service coverage ratio, and Mortgage Loans originated under the Asset Qualifier program that do not have a debt-to-income ratio were excluded from the non-zero weighted average original debt to-income ratio calculation; Mortgage Loans that were underwritten to a debt-to-income ratio and do not have a debt service coverage ratio were excluded from the non-zero weighted average original debt service coverage ratio calculation.

Product Type of the Mortgage Loans

Product Type of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
30 Year Fully Amortizing Fixed	368	162,726,970.07	88.08	442,192.85	5.256	75.61	75.61	728	31.61	1.22	5
40 Year Fully Amortizing Fixed with 10 Year I/O	30	15,943,704.69	8.63	531,456.82	4.780	67.80	67.80	753	41.85	1.28	5
30 Year Fully Amortizing Fixed with 10 Year I/O	8	5,379,259.95	2.91	672,407.49	5.197	83.76	83.76	734	31.03	1.24	5
30 Year Fully Amortizing ARM with 10 Year I/O	1	700,000.00	0.38	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

MBA Delinquency Status of the Mortgage Loans[(1)(2)]

MBA Delinquency Status of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Current - No COVID Relief Granted	405	183,636,941.00	99.40	453,424.55	5.220	75.10	75.10	730	32.10	1.23	5
30-59 Days Delinquent	2	1,112,993.70	0.60	556,496.85	4.851	77.73	77.73	737	36.75	0.74	3
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) Of the 407 Mortgage Loans, 405 Mortgage Loans, totaling $183,636,941.00 in Scheduled Principal Balance (approximately 99.40% of the aggregate Scheduled Principal Balance) are current as of the Cut-off Date.

(2) Of the 407 Mortgage Loans, 11 Mortgage Loans, totaling $4,497,606.76 in Scheduled Principal Balance (approximately 2.43% of the aggregate Scheduled Principal Balance) as of the Cut-off Date, have previously been at least 30 days delinquent in the twenty-four months prior to the Cut-off Date.

Active COVID Relief Status as of May 31, 2022

Active COVID Relief Status as of May 31, 2022	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
No Active COVID Relief	407	184,749,934.71	100.00	453,931.04	5.218	75.11	75.11	730	32.12	1.23	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Original Scheduled Principal Balance of the Mortgage Loans[1]

Range of Original Scheduled Principal Balance of the Mortgage Loans ($)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
50,000.01 - 100,000.00	8	726,691.57	0.39	90,836.45	5.508	59.96	59.96	721	11.90	1.47	5
100,000.01 - 150,000.00	30	3,695,766.80	2.00	123,192.23	4.775	67.54	67.54	746	30.53	1.43	6
150,000.01 - 200,000.00	44	7,648,071.88	4.14	173,819.82	5.335	72.12	72.12	722	36.30	1.48	5
200,000.01 - 250,000.00	48	10,584,025.89	5.73	220,500.54	5.218	70.04	70.04	720	34.49	1.30	5
250,000.01 - 300,000.00	44	11,977,114.54	6.48	272,207.15	5.273	74.54	74.54	733	31.33	1.21	6
300,000.01 - 350,000.00	49	15,823,977.88	8.57	322,938.32	5.308	75.23	75.23	726	32.46	1.09	6
350,000.01 - 400,000.00	22	8,160,689.22	4.42	370,940.42	5.356	74.09	74.09	722	29.44	1.19	5
400,000.01 - 450,000.00	23	9,670,841.24	5.23	420,471.36	5.484	80.08	80.08	714	28.40	1.13	5
450,000.01 - 500,000.00	20	9,442,694.43	5.11	472,134.72	5.615	74.63	74.63	717	32.25	1.19	5
500,000.01 - 550,000.00	13	6,701,768.34	3.63	515,520.64	4.948	73.84	73.84	751	27.93	0.97	6
550,000.01 - 600,000.00	15	8,677,175.59	4.70	578,478.37	5.047	69.22	69.22	735	28.16	1.44	6
600,000.01 - 650,000.00	5	3,128,777.59	1.69	625,755.52	5.115	69.38	69.38	701	34.60	1.44	4
650,000.01 - 700,000.00	13	8,701,902.09	4.71	669,377.08	5.428	75.61	75.61	714	31.62	0.67	6
700,000.01 - 750,000.00	13	9,374,548.47	5.07	721,119.11	5.263	74.92	74.92	744	33.57	1.02	5
750,000.01 - 800,000.00	6	4,657,617.52	2.52	776,269.59	5.017	72.72	72.72	756	39.03	N/A	6
800,000.01 - 850,000.00	9	7,355,551.40	3.98	817,283.49	4.972	78.60	78.60	731	24.91	0.98	4
850,000.01 - 900,000.00	5	4,407,824.35	2.39	881,564.87	4.868	78.89	78.89	760	39.01	1.33	5
900,000.01 - 950,000.00	3	2,810,561.74	1.52	936,853.91	5.869	88.35	88.35	711	33.73	N/A	8
950,000.01 - 1,000,000.00	7	6,850,666.68	3.71	978,666.67	5.143	76.50	76.50	737	34.86	0.95	7
1,000,000.01 - 1,250,000.00	12	13,120,381.18	7.10	1,093,365.10	4.953	74.05	74.05	735	34.34	1.37	5
1,250,000.01 - 1,500,000.00	9	12,144,906.87	6.57	1,349,434.10	5.429	82.24	82.24	718	29.13	N/A	5
1,500,000.01 - 1,750,000.00	3	5,125,341.43	2.77	1,708,447.14	5.238	76.29	76.29	734	33.94	N/A	4
1,750,000.01 - 2,000,000.00	1	1,935,823.82	1.05	1,935,823.82	5.250	85.00	85.00	715	49.22	N/A	5
2,000,000.01 - 2,250,000.00	3	6,610,969.97	3.58	2,203,656.66	4.759	71.26	71.26	754	27.55	N/A	5
2,250,000.01 - 2,500,000.00	1	2,300,687.60	1.25	2,300,687.60	5.125	80.00	80.00	758	39.60	N/A	7
3,000,000.01 - 3,250,000.00	1	3,115,556.64	1.69	3,115,556.64	4.999	75.00	75.00	742	37.19	N/A	8
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The average original Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date was approximately $457,904.26.

Scheduled Principal Balance of the Mortgage Loans[1]

Range of Scheduled Principal Balance of the Mortgage Loans ($)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
50,000.01 - 100,000.00	9	798,016.91	0.43	88,668.55	5.474	56.74	56.74	726	17.82	1.47	5
100,000.01 - 150,000.00	30	3,768,438.62	2.04	125,614.62	4.815	67.87	67.87	743	30.89	1.40	6
150,000.01 - 200,000.00	44	7,703,467.30	4.17	175,078.80	5.327	72.65	72.65	723	36.30	1.49	5
200,000.01 - 250,000.00	49	10,873,972.69	5.89	221,917.81	5.276	69.97	69.97	717	33.51	1.30	5
250,000.01 - 300,000.00	44	12,085,569.93	6.54	274,672.04	5.248	74.63	74.63	737	32.70	1.21	6
300,000.01 - 350,000.00	49	15,912,346.99	8.61	324,741.78	5.276	75.35	75.35	727	31.76	1.08	6
350,000.01 - 400,000.00	21	7,851,646.94	4.25	373,887.95	5.365	73.54	73.54	719	28.56	1.24	5
400,000.01 - 450,000.00	22	9,293,719.63	5.03	422,441.80	5.503	80.53	80.53	716	29.10	1.13	5
450,000.01 - 500,000.00	20	9,442,694.43	5.11	472,134.72	5.615	74.63	74.63	717	32.25	1.19	5
500,000.01 - 550,000.00	14	7,250,569.71	3.92	517,897.84	5.103	74.68	74.68	745	25.65	0.97	6
550,000.01 - 600,000.00	14	8,128,374.22	4.40	580,598.16	4.915	68.15	68.15	740	30.67	1.44	6
600,000.01 - 650,000.00	6	3,773,013.23	2.04	628,835.54	5.116	70.34	70.34	703	34.60	1.44	5
650,000.01 - 700,000.00	12	8,057,666.44	4.36	671,472.20	5.452	75.66	75.66	714	31.62	0.67	6
700,000.01 - 750,000.00	14	10,120,410.89	5.48	722,886.49	5.096	72.93	72.93	746	33.57	1.02	5
750,000.01 - 800,000.00	4	3,111,755.09	1.68	777,938.77	5.505	76.26	76.26	743	41.27	N/A	7
800,000.01 - 850,000.00	10	8,155,551.40	4.41	815,555.14	4.975	78.94	78.94	736	26.05	0.98	4
850,000.01 - 900,000.00	5	4,407,824.35	2.39	881,564.87	4.868	78.89	78.89	760	39.01	1.33	5
900,000.01 - 950,000.00	5	4,704,018.51	2.55	940,803.70	5.569	85.99	85.99	727	31.48	N/A	7
950,000.01 - 1,000,000.00	6	5,904,174.57	3.20	984,029.10	5.126	75.94	75.94	740	39.42	0.95	7
1,000,000.01 - 1,250,000.00	12	13,417,232.05	7.26	1,118,102.67	5.070	74.75	74.75	730	33.73	1.37	5
1,250,000.01 - 1,500,000.00	8	10,901,091.33	5.90	1,362,636.42	5.335	81.36	81.36	718	28.65	N/A	5
1,500,000.01 - 1,750,000.00	3	5,125,341.43	2.77	1,708,447.14	5.238	76.29	76.29	734	33.94	N/A	4
1,750,000.01 - 2,000,000.00	1	1,935,823.82	1.05	1,935,823.82	5.250	85.00	85.00	715	49.22	N/A	5
2,000,000.01 - 2,250,000.00	3	6,610,969.97	3.58	2,203,656.66	4.759	71.26	71.26	754	27.55	N/A	5
2,250,000.01 - 2,500,000.00	1	2,300,687.60	1.25	2,300,687.60	5.125	80.00	80.00	758	39.60	N/A	7
3,000,000.01 - 3,250,000.00	1	3,115,556.64	1.69	3,115,556.64	4.999	75.00	75.00	742	37.19	N/A	8
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The average Scheduled Principal Balance of the Mortgage Loans as of the Cut-off Date was approximately $453,931.04.

Mortgage Interest Rates of the Mortgage Loans[1]

Range of Mortgage Interest Rates of the Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
3.000 - 3.499	7	2,655,432.04	1.44	379,347.43	3.234	51.29	51.29	775	38.51	N/A	7
3.500 - 3.999	34	14,959,700.48	8.10	439,991.19	3.762	54.95	54.95	770	29.19	1.29	6
4.000 - 4.499	36	14,353,749.63	7.77	398,715.27	4.258	68.54	68.54	765	23.59	1.44	6
4.500 - 4.999	74	38,703,259.99	20.95	523,017.03	4.779	73.79	73.79	752	33.08	1.17	5
5.000 - 5.499	92	45,028,370.32	24.37	489,438.81	5.209	79.42	79.42	728	30.64	1.29	5
5.500 - 5.999	92	40,713,515.14	22.04	442,538.21	5.707	79.37	79.37	712	33.38	1.18	5
6.000 - 6.499	37	14,763,521.82	7.99	399,014.10	6.232	79.18	79.18	693	35.81	1.00	6
6.500 - 6.999	26	9,999,347.49	5.41	384,590.29	6.806	82.20	82.20	691	32.15	1.02	6
7.000 - 7.499	7	3,037,484.84	1.64	433,926.41	7.165	79.04	79.04	656	45.53	1.31	5
7.500 - 7.999	1	165,267.57	0.09	165,267.57	7.625	80.00	80.00	657	32.66	N/A	6
8.000 - 8.499	1	370,285.39	0.20	370,285.39	8.250	74.80	74.80	623	38.98	N/A	3
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average Mortgage Interest Rate of the Mortgage Loans as of the Cut-off Date was approximately 5.218%.

Month and Year of Origination of the Mortgage Loans

Month and Year of Origination of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
March 2020	1	105,975.12	0.06	105,975.12	6.425	75.00	75.00	677	N/A	1.45	26
May 2021	1	977,807.09	0.53	977,807.09	6.750	90.00	90.00	735	47.99	N/A	12
June 2021	1	324,847.85	0.18	324,847.85	5.875	85.00	85.00	724	33.34	N/A	11
July 2021	2	433,016.75	0.23	216,508.37	5.487	74.95	74.95	736	29.34	N/A	10
August 2021	14	3,922,483.54	2.12	280,177.40	4.412	70.44	70.44	767	27.36	1.42	9
September 2021	43	22,930,261.53	12.41	533,261.90	5.245	75.02	75.02	725	35.88	1.19	8
October 2021	65	30,515,919.78	16.52	469,475.69	5.088	75.36	75.36	739	32.70	1.07	7
November 2021	49	20,714,523.98	11.21	422,745.39	5.198	74.03	74.03	728	30.98	1.13	6
December 2021	90	41,352,122.56	22.38	459,468.03	5.276	76.24	76.24	727	35.24	1.34	5
January 2022	92	40,293,592.84	21.81	437,973.84	5.229	74.90	74.90	733	26.79	1.19	4
February 2022	26	13,048,342.35	7.06	501,859.32	5.261	71.03	71.03	698	28.52	1.19	3
March 2022	23	10,131,041.34	5.48	440,480.06	5.368	78.36	78.36	750	34.25	1.26	2
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Original Term to Maturity (Months) of the Mortgage Loans[1]

Original Term to Maturity (Months) of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
360	377	168,806,230.01	91.37	447,761.88	5.259	75.81	75.81	728	31.59	1.21	5
480	30	15,943,704.69	8.63	531,456.82	4.780	67.80	67.80	753	41.85	1.28	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average original term to maturity of the Mortgage Loans as of the Cut-off Date was approximately 370 months.

Modification Status of the Mortgage Loans

Modification Status	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Have Not Been Modified	407	184,749,934.71	100.00	453,931.04	5.218	75.11	75.11	730	32.12	1.23	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Month and Year of Maturity of the Mortgage Loans

Month and Year of Maturity of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
April 2050	1	105,975.12	0.06	105,975.12	6.425	75.00	75.00	677	N/A	1.45	26
June 2051	1	977,807.09	0.53	977,807.09	6.750	90.00	90.00	735	47.99	N/A	12
July 2051	1	324,847.85	0.18	324,847.85	5.875	85.00	85.00	724	33.34	N/A	11
August 2051	2	433,016.75	0.23	216,508.37	5.487	74.95	74.95	736	29.34	N/A	10
September 2051	12	3,452,233.54	1.87	287,686.13	4.468	69.81	69.81	765	27.36	1.08	9
October 2051	42	22,235,261.53	12.04	529,410.99	5.299	76.50	76.50	723	35.49	1.19	8
November 2051	61	27,348,723.33	14.80	448,339.73	5.166	76.92	76.92	736	31.05	1.07	7
December 2051	43	18,280,903.13	9.89	425,137.28	5.225	75.31	75.31	726	30.96	1.18	6
January 2052	80	37,587,120.42	20.34	469,839.01	5.318	77.12	77.12	725	35.35	1.35	5
February 2052	90	37,865,732.63	20.50	420,730.36	5.221	74.34	74.34	732	25.51	1.19	4
March 2052	22	10,863,567.31	5.88	493,798.51	5.355	71.45	71.45	689	28.52	1.14	3
April 2052	22	9,331,041.33	5.05	424,138.24	5.400	78.05	78.05	747	34.11	1.26	2
September 2061	2	470,250.00	0.25	235,125.00	4.000	75.00	75.00	784	N/A	1.90	9
October 2061	1	695,000.00	0.38	695,000.00	3.500	27.80	27.80	785	46.93	N/A	8
November 2061	6	3,577,161.10	1.94	596,193.52	4.395	63.37	63.37	758	42.91	1.42	7
December 2061	4	2,023,656.20	1.10	505,914.05	5.148	62.30	62.30	751	N/A	1.09	6
January 2062	12	5,053,216.81	2.74	421,101.40	4.939	71.27	71.27	751	36.59	1.29	5
February 2062	2	1,696,900.00	0.92	848,450.00	5.344	76.25	76.25	714	45.24	1.44	4
March 2062	2	1,627,520.59	0.88	813,760.29	4.753	72.76	72.76	754	N/A	1.24	3
April 2062	1	800,000.00	0.43	800,000.00	5.000	82.05	82.05	783	35.38	N/A	2
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Loan Age (Months) of the Mortgage Loans[(1)]

Range of Loan Age (Months) of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
1 - 3	47	22,622,129.23	12.24	481,321.90	5.318	74.64	74.64	721	31.03	1.22	3
4 - 6	231	102,507,529.18	55.48	443,755.54	5.244	75.18	75.18	730	31.06	1.25	5
7 - 9	124	57,778,629.50	31.27	465,956.69	5.098	74.89	74.89	735	33.75	1.14	8
10 - 12	4	1,735,671.68	0.94	433,917.92	6.271	85.31	85.31	733	40.59	N/A	11
25 - 27	1	105,975.12	0.06	105,975.12	6.425	75.00	75.00	677	N/A	1.45	26
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average loan age of the Mortgage Loans as of the Cut-off Date was approximately 5 months.

Remaining Term to Maturity (Months) of the Mortgage Loans[(1)]

Range of Remaining Term to Maturity (Months) of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
331 - 335	1	105,975.12	0.06	105,975.12	6.425	75.00	75.00	677	N/A	1.45	26
346 - 350	4	1,735,671.68	0.94	433,917.92	6.271	85.31	85.31	733	40.59	N/A	11
351 - 355	238	108,904,241.94	58.95	457,580.85	5.234	76.41	76.41	729	33.30	1.23	6
356 - 360	134	58,060,341.27	31.43	433,286.13	5.275	74.39	74.39	726	27.58	1.20	3
471 - 475	25	11,819,284.10	6.40	472,771.36	4.688	64.94	64.94	757	42.15	1.27	6
476 - 480	5	4,124,420.59	2.23	824,884.12	5.044	76.00	76.00	743	41.00	1.29	3
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average remaining term to maturity of the Mortgage Loans as of the Cut-off Date was approximately 365 months.

Original Credit Scores of the Mortgage Loans[1]

Range of Original Credit Scores of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Not Provided or Not Applicable	4	853,464.54	0.46	213,366.13	6.239	65.45	65.45	N/A	N/A	1.22	5
601 - 625	6	2,028,190.66	1.10	338,031.78	6.493	70.06	70.06	621	29.53	N/A	6
626 - 650	14	5,467,830.61	2.96	390,559.33	6.371	72.04	72.04	640	38.97	1.18	5
651 - 675	41	18,743,412.92	10.15	457,156.41	5.997	76.09	76.09	663	33.33	1.05	5
676 - 700	62	25,127,244.35	13.60	405,278.13	5.531	77.41	77.41	689	33.69	1.28	6
701 - 725	69	31,351,063.94	16.97	454,363.25	5.423	77.60	77.60	715	29.74	1.17	5
726 - 750	65	33,560,665.28	18.17	516,317.93	5.027	76.35	76.35	739	32.27	1.24	6
751 - 775	62	31,565,084.05	17.09	509,114.26	4.956	76.51	76.51	764	32.94	1.38	6
776 - 800	73	32,734,908.27	17.72	448,423.40	4.550	69.82	69.82	788	29.76	1.12	5
801 - 825	11	3,318,070.11	1.80	301,642.74	4.573	65.83	65.83	805	37.71	1.31	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The non-zero weighted average original credit score of the Mortgage Loans at origination was approximately 730.

Updated Credit Scores of the Mortgage Loans[1]

Range of Updated Credit Scores of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Not Provided or Applicable	4	853,464.54	0.46	213,366.13	6.239	65.45	65.45	N/A	N/A	1.22	5
511 - 530	1	658,490.47	0.36	658,490.47	5.875	80.00	80.00	625	36.81	N/A	8
531 - 550	1	324,847.85	0.18	324,847.85	5.875	85.00	85.00	724	33.34	N/A	11
551 - 570	2	601,215.52	0.33	300,607.76	5.871	81.49	81.49	673	47.10	N/A	6
571 - 590	2	397,842.16	0.22	198,921.08	6.346	69.15	69.15	622	23.70	N/A	7
591 - 610	6	3,488,756.46	1.89	581,459.41	6.137	82.10	82.10	665	38.14	1.05	7
611 - 630	10	5,195,643.17	2.81	519,564.32	6.017	76.90	76.90	660	38.13	0.89	6
631 - 650	15	5,467,622.08	2.96	364,508.14	5.982	78.04	78.04	674	36.33	1.14	5
651 - 670	25	11,442,096.39	6.19	457,683.86	5.634	75.11	75.11	679	28.92	1.01	5
671 - 690	48	17,396,045.51	9.42	362,417.61	5.560	74.54	74.54	692	31.63	1.11	6
691 - 710	49	19,132,725.52	10.36	390,463.79	5.561	79.01	79.01	704	31.37	1.20	5
711 - 730	49	26,110,553.65	14.13	532,868.44	5.339	76.76	76.76	732	28.50	1.37	5
731 - 750	65	30,887,597.93	16.72	475,193.81	5.084	75.42	75.42	745	36.51	1.16	6
751 - 770	49	22,441,385.86	12.15	457,987.47	5.079	75.70	75.70	751	32.92	1.43	5
771 - 790	53	28,962,747.38	15.68	546,466.93	4.579	71.18	71.18	770	28.69	1.21	5
791 - 810	24	9,866,670.06	5.34	411,111.25	4.518	72.03	72.03	788	36.16	1.12	6
811 - 830	4	1,522,230.16	0.82	380,557.54	4.102	52.18	52.18	795	23.58	1.45	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The non-zero weighted average updated credit score of the Mortgage Loans was approximately 724.

Original Loan-to-Value Ratios of the Mortgage Loans[1]

Range of Original Loan-to-Value Ratios of the Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
20.01 - 25.00	2	162,000.11	0.09	81,000.06	4.565	22.35	22.35	725	17.82	N/A	6
25.01 - 30.00	5	2,953,269.34	1.60	590,653.87	3.868	28.16	28.16	757	34.41	N/A	6
30.01 - 35.00	2	362,447.92	0.20	181,223.96	4.760	33.65	33.65	736	N/A	1.45	5
35.01 - 40.00	2	826,273.92	0.45	413,136.96	3.998	37.00	37.00	717	47.90	N/A	4
40.01 - 45.00	5	2,072,125.21	1.12	414,425.04	4.790	42.35	42.35	727	18.36	1.03	5
45.01 - 50.00	16	7,208,393.80	3.90	450,524.61	4.077	48.15	48.15	743	35.35	1.10	6
50.01 - 55.00	10	2,489,119.89	1.35	248,911.99	4.274	53.93	53.93	753	31.29	1.34	6
55.01 - 60.00	19	6,009,203.95	3.25	316,273.89	4.452	59.44	59.44	757	25.94	1.62	6
60.01 - 65.00	25	9,066,811.77	4.91	362,672.47	4.927	63.49	63.49	739	21.76	1.03	6
65.01 - 70.00	56	25,680,942.63	13.90	458,588.26	5.200	69.47	69.47	725	27.24	1.25	5
70.01 - 75.00	84	30,948,509.15	16.75	368,434.63	5.096	74.77	74.77	742	32.40	1.23	6
75.01 - 80.00	88	47,755,213.44	25.85	542,672.88	5.301	79.84	79.84	719	33.56	1.22	5
80.01 - 85.00	36	17,998,895.58	9.74	499,969.32	5.674	84.81	84.81	712	35.44	1.40	5
85.01 - 90.00	57	31,216,728.00	16.90	547,661.89	5.731	89.97	89.97	736	33.15	N/A	6
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average original loan-to-value ratio of the Mortgage Loans as of the Cut-off Date was approximately 75.11%, calculated with respect to each Mortgage Loan as the quotient of (a) the principal balance of the Mortgage Loan at origination divided by (b) the value determined in accordance with the Underwriting Guidelines.

Original Combined Loan-to-Value Ratios of the Mortgage Loans[1]

Range of Original Combined Loan-to-Value Ratios of the Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
20.01 - 25.00	2	162,000.11	0.09	81,000.06	4.565	22.35	22.35	725	17.82	N/A	6
25.01 - 30.00	5	2,953,269.34	1.60	590,653.87	3.868	28.16	28.16	757	34.41	N/A	6
30.01 - 35.00	2	362,447.92	0.20	181,223.96	4.760	33.65	33.65	736	N/A	1.45	5
35.01 - 40.00	2	826,273.92	0.45	413,136.96	3.998	37.00	37.00	717	47.90	N/A	4
40.01 - 45.00	5	2,072,125.21	1.12	414,425.04	4.790	42.35	42.35	727	18.36	1.03	5
45.01 - 50.00	16	7,208,393.80	3.90	450,524.61	4.077	48.15	48.15	743	35.35	1.10	6
50.01 - 55.00	10	2,489,119.89	1.35	248,911.99	4.274	53.93	53.93	753	31.29	1.34	6
55.01 - 60.00	19	6,009,203.95	3.25	316,273.89	4.452	59.44	59.44	757	25.94	1.62	6
60.01 - 65.00	25	9,066,811.77	4.91	362,672.47	4.927	63.49	63.49	739	21.76	1.03	6
65.01 - 70.00	56	25,680,942.63	13.90	458,588.26	5.200	69.47	69.47	725	27.24	1.25	5
70.01 - 75.00	84	30,948,509.15	16.75	368,434.63	5.096	74.77	74.77	742	32.40	1.23	6
75.01 - 80.00	88	47,755,213.44	25.85	542,672.88	5.301	79.84	79.84	719	33.56	1.22	5
80.01 - 85.00	36	17,998,895.58	9.74	499,969.32	5.674	84.81	84.81	712	35.44	1.40	5
85.01 - 90.00	57	31,216,728.00	16.90	547,661.89	5.731	89.97	89.97	736	33.15	N/A	6
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average combined loan-to-value ratio of the Mortgage Loans at origination was approximately 75.11%, calculated with respect to each Mortgage Loan as the quotient of (a) the sum of the principal balance of the Mortgage Loan and the related second lien Mortgage Loan at origination divided by (b) the value determined in accordance with the Underwriting Guidelines.

Current Loan-to-Value Ratios of the Mortgage Loans[1]

Range of Current Loan-to-Value Ratios of the Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
10.01 - 15.00	1	71,325.34	0.04	71,325.34	5.125	24.00	24.00	780	25.36	N/A	7
15.01 - 20.00	1	90,674.77	0.05	90,674.77	4.125	21.05	21.05	681	11.90	N/A	6
25.01 - 30.00	5	2,953,269.34	1.60	590,653.87	3.868	28.16	28.16	757	34.41	N/A	6
30.01 - 35.00	2	362,447.92	0.20	181,223.96	4.760	33.65	33.65	736	N/A	1.45	5
35.01 - 40.00	3	1,538,771.67	0.83	512,923.89	4.115	38.90	38.90	755	29.92	N/A	4
40.01 - 45.00	5	1,503,624.63	0.81	300,724.93	5.162	44.12	44.12	689	47.29	1.01	6
45.01 - 50.00	16	7,208,393.80	3.90	450,524.61	4.077	48.15	48.15	743	35.35	1.10	6
50.01 - 55.00	9	2,345,122.73	1.27	260,569.19	4.168	53.89	53.89	757	31.29	1.41	6
55.01 - 60.00	19	6,009,203.95	3.25	316,273.89	4.452	59.44	59.44	757	25.94	1.62	6
60.01 - 65.00	28	9,831,803.90	5.32	351,135.85	4.956	64.00	64.00	735	21.33	1.03	6
65.01 - 70.00	55	25,296,917.40	13.69	459,943.95	5.207	69.51	69.51	726	27.38	1.24	5
70.01 - 75.00	85	32,157,916.07	17.41	378,328.42	5.091	75.15	75.15	743	33.41	1.23	6
75.01 - 80.00	86	47,111,804.30	25.50	547,811.68	5.298	79.87	79.87	720	33.56	1.22	5
80.01 - 85.00	35	17,051,930.91	9.23	487,198.03	5.711	84.80	84.80	708	35.17	1.40	5
85.01 - 90.00	57	31,216,728.00	16.90	547,661.89	5.731	89.97	89.97	736	33.15	N/A	6
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average current loan-to-value ratio of the Mortgage Loans as of the Cut-off Date was approximately 74.52%, calculated with respect to each Mortgage Loan as the quotient of (a) the Scheduled Principal Balance of the Mortgage Loan divided by (b) the value determined in accordance with the Underwriting Guidelines.

Current Combined Loan-to-Value Ratios of the Mortgage Loans[1]

Range of Current Combined Loan-to-Value Ratios of the Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
10.01 - 15.00	1	71,325.34	0.04	71,325.34	5.125	24.00	24.00	780	25.36	N/A	7
15.01 - 20.00	1	90,674.77	0.05	90,674.77	4.125	21.05	21.05	681	11.90	N/A	6
25.01 - 30.00	5	2,953,269.34	1.60	590,653.87	3.868	28.16	28.16	757	34.41	N/A	6
30.01 - 35.00	2	362,447.92	0.20	181,223.96	4.760	33.65	33.65	736	N/A	1.45	5
35.01 - 40.00	3	1,538,771.67	0.83	512,923.89	4.115	38.90	38.90	755	29.92	N/A	4
40.01 - 45.00	5	1,503,624.63	0.81	300,724.93	5.162	44.12	44.12	689	47.29	1.01	6
45.01 - 50.00	16	7,208,393.80	3.90	450,524.61	4.077	48.15	48.15	743	35.35	1.10	6
50.01 - 55.00	9	2,345,122.73	1.27	260,569.19	4.168	53.89	53.89	757	31.29	1.41	6
55.01 - 60.00	19	6,009,203.95	3.25	316,273.89	4.452	59.44	59.44	757	25.94	1.62	6
60.01 - 65.00	28	9,831,803.90	5.32	351,135.85	4.956	64.00	64.00	735	21.33	1.03	6
65.01 - 70.00	55	25,296,917.40	13.69	459,943.95	5.207	69.51	69.51	726	27.38	1.24	5
70.01 - 75.00	85	32,157,916.07	17.41	378,328.42	5.091	75.15	75.15	743	33.41	1.23	6
75.01 - 80.00	86	47,111,804.30	25.50	547,811.68	5.298	79.87	79.87	720	33.56	1.22	5
80.01 - 85.00	35	17,051,930.91	9.23	487,198.03	5.711	84.80	84.80	708	35.17	1.40	5
85.01 - 90.00	57	31,216,728.00	16.90	547,661.89	5.731	89.97	89.97	736	33.15	N/A	6
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The weighted average current combined loan-to-value ratio of the Mortgage Loans at origination was approximately 74.52%, calculated with respect to each Mortgage Loan as the quotient of (a) the sum of the Scheduled Principal Balance of the Mortgage Loan and the principal balance of the related second lien Mortgage Loan at origination divided by (b) the value determined in accordance with the Underwriting Guidelines.

Mortgage Loans with Known Subordinate Liens

Mortgage Loans with Known Subordinate Liens	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
First Lien (no known second lien)	407	184,749,934.71	100.00	453,931.04	5.218	75.11	75.11	730	32.12	1.23	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Occupancy Type of the Mortgage Loans

Occupancy Type of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Owner-Occupied	209	111,375,403.39	60.28	532,896.67	5.325	77.08	77.08	722	32.76	N/A	6
Investment Property	183	63,588,048.48	34.42	347,475.67	5.034	71.10	71.10	745	31.17	1.23	5
Second Home	15	9,786,482.83	5.30	652,432.19	5.190	78.87	78.87	728	26.82	N/A	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Property Type of the Mortgage Loans

Property Type of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Single Family Detached	218	108,720,066.63	58.85	498,715.90	5.188	74.11	74.11	730	31.43	1.13	6
Planned Unit Development	109	50,299,105.20	27.23	461,459.68	5.363	78.39	78.39	725	31.82	1.12	5
Condominium	39	12,848,831.24	6.95	329,457.21	4.993	72.27	72.27	738	39.45	1.21	6
Two-to-Four Family	33	9,432,544.50	5.11	285,834.68	5.075	71.32	71.32	743	32.49	1.51	4
Single Family Attached	5	2,303,077.58	1.25	460,615.52	5.299	83.70	83.70	760	45.67	1.47	5
Mixed Use	1	592,500.00	0.32	592,500.00	5.349	75.00	75.00	792	N/A	1.76	5
Townhouse	2	553,809.55	0.30	276,904.77	5.032	69.78	69.78	754	29.74	N/A	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Loan Purpose of the Mortgage Loans

Loan Purpose of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Purchase	247	120,771,678.69	65.37	488,954.16	5.417	80.50	80.50	728	33.56	1.21	6
Cash-Out Refinance	131	50,265,540.38	27.21	383,706.42	4.991	66.94	66.94	726	27.21	1.27	5
Rate/Term Refinance	29	13,712,715.64	7.42	472,852.26	4.298	57.63	57.63	763	33.71	1.13	6
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Self-Employed Status of the Mortgage Loans

Self-Employed Status of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Yes	206	115,551,577.56	62.54	560,929.99	5.203	77.38	77.38	726	30.76	N/A	5
Investor DSCR	145	43,851,245.27	23.74	302,422.38	5.133	70.20	70.20	744	N/A	1.23	5
No	56	25,347,111.88	13.72	452,627.00	5.432	73.29	73.29	725	38.94	N/A	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Documentation Type of the Mortgage Loans

Documentation Type of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Business Bank Statements (12 to 23 Months)	116	66,907,729.24	36.22	576,790.77	5.206	76.54	76.54	725	30.63	N/A	5
Investor DSCR	145	43,851,245.27	23.74	302,422.38	5.133	70.20	70.20	744	N/A	1.23	5
Business Bank Statements (24 Months)	42	25,327,962.99	13.71	603,046.74	5.145	78.65	78.65	737	26.34	N/A	5
Full Documentation (24 Months)	48	23,121,575.91	12.52	481,699.50	5.613	75.57	75.57	721	38.23	N/A	7
Personal Bank Statements (12 to 23 Months)	16	6,507,178.68	3.52	406,698.67	5.126	82.29	82.29	731	35.84	N/A	6
Third Party-Prepared P&L Statements (24 Months) + Bank Statements (2 Months)	11	5,865,019.73	3.17	533,183.61	5.702	81.25	81.25	698	39.45	N/A	7
Personal Bank Statements (24 Months)	11	4,175,467.86	2.26	379,587.99	5.409	80.79	80.79	697	36.00	N/A	4
Third Party-Prepared P&L Statements (12 Months) + Bank Statements (2 Months)	2	2,527,906.17	1.37	1,263,953.09	3.857	62.09	62.09	793	20.42	N/A	8
Asset Qualifier	5	2,459,839.83	1.33	491,967.97	4.065	45.40	45.40	757	44.41	N/A	6
Full Documentation (12 to 23 Months)	3	1,613,480.48	0.87	537,826.83	5.795	80.13	80.13	659	43.60	N/A	5
1099 Statements (1 Year)	2	929,460.01	0.50	464,730.01	5.676	87.03	87.03	684	48.57	N/A	6
DU/LP Approved/Eligible	4	694,957.06	0.38	173,739.27	3.691	67.06	67.06	795	41.18	N/A	9
Third Party-Prepared P&L Statements (12 Months) + Bank Statements (12 Months)	1	571,138.73	0.31	571,138.73	5.875	90.00	90.00	731	47.01	N/A	8
1099 Statements (2 Year)	1	196,972.73	0.11	196,972.73	4.000	63.17	63.17	667	35.38	N/A	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Original Debt-to-Income Ratios of the Mortgage Loans[1]

Range of Original Debt-to-Income Ratios of the Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Investor DSCR	145	43,851,245.27	23.74	302,422.38	5.133	70.20	70.20	744	N/A	1.23	5
Asset Qualifier	5	2,459,839.83	1.33	491,967.97	4.065	45.40	45.40	757	44.41	N/A	6
0.01 - 5.00	4	1,800,633.25	0.97	450,158.31	5.523	75.07	75.07	701	3.18	N/A	6
5.01 - 10.00	15	7,746,979.79	4.19	516,465.32	4.899	69.20	69.20	732	7.64	N/A	4
10.01 - 15.00	20	12,100,807.50	6.55	605,040.38	5.016	73.92	73.92	733	12.60	N/A	6
15.01 - 20.00	19	10,800,721.96	5.85	568,459.05	5.332	81.80	81.80	731	17.62	N/A	5
20.01 - 25.00	16	8,428,971.80	4.56	526,810.74	4.951	76.51	76.51	736	22.13	N/A	6
25.01 - 30.00	26	13,363,501.93	7.23	513,980.84	5.459	80.81	80.81	717	28.17	N/A	5
30.01 - 35.00	30	12,740,217.45	6.90	424,673.92	5.295	73.99	73.99	720	32.67	N/A	6
35.01 - 40.00	36	24,348,861.78	13.18	676,357.27	5.311	76.04	76.04	724	37.36	N/A	6
40.01 - 45.00	47	22,204,039.50	12.02	472,426.37	5.222	81.12	81.12	739	42.32	N/A	6
45.01 - 50.00	41	23,319,881.47	12.62	568,777.60	5.537	78.51	78.51	707	48.28	N/A	5
50.01 - 55.00	3	1,584,233.17	0.86	528,077.72	3.893	55.09	55.09	794	52.29	N/A	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

(1) The non-zero weighted average debt-to-income ratio of the Mortgage Loans at origination was approximately 32.12%.

Geographic Concentration of the Mortgaged Properties (by State) of the Mortgage Loans

Geographic Concentration of the Mortgaged Properties (by State) of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
California	103	56,151,955.00	30.39	545,164.61	4.969	70.22	70.22	727	33.24	1.04	6
Florida	88	42,683,236.10	23.10	485,036.77	5.189	75.30	75.30	737	31.85	1.24	5
Texas	35	15,319,331.45	8.29	437,695.18	5.415	79.22	79.22	723	34.93	1.20	6
Arizona	25	13,949,700.28	7.55	557,988.01	5.118	80.88	80.88	746	28.18	1.20	6
Georgia	18	7,448,815.42	4.03	413,823.08	5.759	83.67	83.67	707	28.23	1.21	5
Nevada	15	6,304,783.75	3.41	420,318.92	5.538	76.33	76.33	732	33.87	1.16	6
North Carolina	15	4,060,425.04	2.20	270,695.00	5.371	79.72	79.72	740	39.07	1.16	6
New Jersey	8	4,054,382.45	2.19	506,797.81	5.553	79.68	79.68	731	39.69	1.35	4
Virginia	9	3,518,717.19	1.90	390,968.58	4.855	67.44	67.44	734	19.18	1.06	6
Colorado	8	3,411,373.18	1.85	426,421.65	5.681	78.01	78.01	735	30.58	1.20	3
Pennsylvania	9	3,127,672.05	1.69	347,519.12	5.557	74.79	74.79	708	26.76	1.72	5
Ohio	11	2,299,692.25	1.24	209,062.93	5.564	77.37	77.37	711	41.85	1.48	4
Alabama	2	1,964,767.01	1.06	982,383.51	5.507	80.00	80.00	684	28.73	N/A	3
Oregon	4	1,945,945.10	1.05	486,486.27	6.269	84.90	84.90	733	43.92	1.06	9
New York	3	1,862,499.99	1.01	620,833.33	5.026	76.15	76.15	724	27.86	1.24	5
Washington	4	1,678,798.51	0.91	419,699.63	5.135	71.08	71.08	743	18.17	1.45	4
Utah	4	1,446,335.77	0.78	361,583.94	5.414	66.90	66.90	730	34.75	1.18	5
Tennessee	4	1,370,790.03	0.74	342,697.51	4.722	75.32	75.32	725	44.26	1.78	5
Illinois	3	1,241,912.89	0.67	413,970.96	5.620	83.94	83.94	727	28.21	1.03	5
South Carolina	4	1,199,184.90	0.65	299,796.22	6.034	80.73	80.73	702	23.87	N/A	5
Connecticut	4	1,100,252.45	0.60	275,063.11	5.734	82.35	82.35	716	38.29	1.54	6
Maryland	4	962,126.77	0.52	240,531.69	5.889	76.76	76.76	743	41.33	1.59	7
Louisiana	2	872,627.50	0.47	436,313.75	5.399	80.00	80.00	731	44.41	N/A	6
Michigan	3	829,172.93	0.45	276,390.98	5.489	80.83	80.83	769	16.57	1.09	5
Delaware	3	784,439.99	0.42	261,480.00	5.760	80.00	80.00	737	N/A	1.23	5
New Mexico	5	762,197.91	0.41	152,439.58	5.102	63.48	63.48	714	43.61	2.14	5
Minnesota	2	759,278.52	0.41	379,639.26	4.174	79.00	79.00	774	36.75	1.67	4
Hawaii	1	735,319.72	0.40	735,319.72	5.625	70.00	70.00	727	N/A	1.43	4
Montana	2	656,720.43	0.36	328,360.22	3.963	58.66	58.66	772	N/A	0.84	6
Wisconsin	1	574,371.34	0.31	574,371.34	4.375	75.00	75.00	776	9.16	N/A	4
Idaho	1	484,318.64	0.26	484,318.64	4.875	75.00	75.00	789	N/A	1.02	4
Oklahoma	2	441,966.36	0.24	220,983.18	5.850	75.00	75.00	711	8.83	1.35	4
Mississippi	2	283,405.22	0.15	141,702.61	5.722	75.36	75.36	707	N/A	1.52	5
Rhode Island	1	183,653.05	0.10	183,653.05	5.250	62.47	62.47	646	N/A	1.02	3
Arkansas	1	171,430.85	0.09	171,430.85	4.875	75.00	75.00	770	N/A	1.86	5
West Virginia	1	108,334.67	0.06	108,334.67	3.750	64.41	64.41	709	17.63	N/A	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Ability to Repay Status of the Mortgage Loans

Ability to Repay Status of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Non-Qualified Mortgage Loans	224	121,161,886.22	65.58	540,901.28	5.314	77.22	77.22	723	32.28	N/A	6
Exempted Mortgage Loans	183	63,588,048.48	34.42	347,475.67	5.034	71.10	71.10	745	31.17	1.23	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Originator of the Mortgage Loans

Originator of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Angel Oak Mortgage Solutions	169	83,402,819.79	45.14	493,507.81	5.241	75.52	75.52	728	32.30	1.15	5
Impac	83	30,876,919.93	16.71	372,011.08	4.793	70.11	70.11	740	28.39	1.28	6
Greenbox	59	23,289,583.81	12.61	394,738.71	5.847	78.06	78.06	724	32.84	1.12	7
Angel Oak Home Loans	38	13,297,210.79	7.20	349,926.60	5.316	78.93	78.93	731	27.33	1.23	5
Other Third Party Originators	58	33,883,400.39	18.34	584,196.56	5.079	75.16	75.16	730	34.90	1.32	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Origination Channel of the Mortgage Loans

Origination Channel of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Broker	272	130,213,150.42	70.48	478,724.82	5.314	75.52	75.52	728	33.43	1.15	5
Retail	79	30,472,324.79	16.49	385,725.63	4.954	74.92	74.92	739	29.68	1.46	6
Correspondent	38	17,015,595.50	9.21	447,778.83	4.904	75.30	75.30	739	26.65	1.21	6
Unknown	18	7,048,863.99	3.82	391,603.55	5.338	67.99	67.99	713	27.06	1.16	4
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Angel Oak Loan Origination Program

Angel Oak Loan Origination Program	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Angel Oak Bank Statement	118	67,582,005.35	36.58	572,728.86	5.281	78.08	78.08	726	30.88	N/A	4
Angel Oak Investor Cash Flow	68	18,738,791.84	10.14	275,570.47	5.061	72.45	72.45	745	N/A	1.17	4
Angel Oak Platinum	7	5,653,502.77	3.06	807,643.25	4.629	60.84	60.84	744	41.36	N/A	5
Angel Oak Portfolio Select	12	4,474,286.11	2.42	372,857.18	6.442	78.79	78.79	679	36.95	N/A	6
Angel Oak Agency	2	251,444.50	0.14	125,722.25	4.088	69.02	69.02	786	36.84	N/A	10
Third Party Origination	200	88,049,904.13	47.66	440,249.52	5.182	74.15	74.15	732	32.59	1.27	6
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Original Interest Only Status of the Mortgage Loans

Original Interest Only Status of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
No	368	162,726,970.07	88.08	442,192.85	5.256	75.61	75.61	728	31.61	1.22	5
Yes	39	22,022,964.64	11.92	564,691.40	4.933	71.45	71.45	750	37.82	1.23	5
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Original Interest Only Mortgage Terms (Months) of the Interest Only Mortgage Loans

Original Interest Only Mortgage Term (Months) of the Interest Only Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
120	39	22,022,964.64	100.00	564,691.40	4.933	71.45	71.45	750	37.82	1.23	5
Total:	**39**	**22,022,964.64**	**100.00**	**564,691.40**	**4.933**	**71.45**	**71.45**	**750**	**37.82**	**1.23**	**5**

Interest Rate Type of the Mortgage Loans

Interest Rate Type of the Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Fixed Rate	406	184,049,934.71	99.62	453,324.96	5.213	75.17	75.17	730	32.12	1.24	5
Adjustable Rate	1	700,000.00	0.38	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**407**	**184,749,934.71**	**100.00**	**453,931.04**	**5.218**	**75.11**	**75.11**	**730**	**32.12**	**1.23**	**5**

Original Fixed Period (Months) of the Adjustable Rate Mortgage Loans[1]

Original Fixed Period (Months) of the Adjustable Rate Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
84	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average original fixed period of the adjustable rate Mortgage Loans as of the Cut-off Date was approximately 84 months.

Index of the Adjustable Rate Mortgage Loans

Index of Adjustable Rate Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
SOFR - 30 Day Average	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

Gross Margin of the Adjustable Rate Mortgage Loans[1]

Gross Margin of the Adjustable Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
6.000	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average Gross Margin of the adjustable-rate Mortgage Loans as of the Cut-off Date was approximately 6.000%.

Initial Periodic Rate Cap of the Adjustable Rate Mortgage Loans[1]

Initial Periodic Rate of the Adjustable Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
5.000	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average initial periodic rate cap of the adjustable rate Mortgage Loans as of the Cut-off Date was approximately 5.000%.

Subsequent Periodic Rate Cap of the Adjustable Rate Mortgage Loans[1]

Subsequent Periodic Rate Cap of the Adjustable Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
1.000	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average subsequent periodic rate cap of the adjustable rate Mortgage Loans as of the Cut-off Date was approximately 1.000%.

Maximum Mortgage Interest Rate of the Adjustable Rate Mortgage Loans[1]

Range of the Maximum Mortgage Interest Rate of the Adjustable Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
11.001 - 11.500	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average maximum Mortgage Interest Rate of the adjustable rate Mortgage Loans as of the Cut-off Date was approximately 11.375%.

Minimum Mortgage Interest Rates of the Adjustable Rate Mortgage Loans[1]

Range of Minimum Mortgage Interest Rates of the Adjustable Rate Mortgage Loans (%)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
5.501 - 6.000	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average minimum Mortgage Interest Rate of the adjustable rate Mortgage Loans as of the Cut-off Date was approximately 6.000%.

Rate Reset Frequency (Months) of the Adjustable Rate Mortgage Loans[1]

Rate Reset Frequency (Months) of the Adjustable Rate Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
6	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average rate reset frequency of the adjustable rate Mortgage Loans as of the Cut-off Date was approximately 6 months.

Months to Next Rate Reset of the Adjustable Rate Mortgage Loans[1]

Range of Months to Next Rate Reset of the Adjustable Rate Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
76 - 80	1	700,000.00	100.00	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
Total:	**1**	**700,000.00**	**100.00**	**700,000.00**	**6.375**	**60.09**	**60.09**	**800**	**N/A**	**0.67**	**7**

(1) The weighted average months to next rate reset of the adjustable rate Mortgage Loans as of the Cut-off Date was approximately 77 months.

Scheduled Principal Balance of the Investor DSCR Mortgage Loans[1]

Range of the Scheduled Principal Balance of the Investor DSCR Mortgage Loans ($)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
50,000.01 - 100,000.00	7	636,016.80	1.45	90,859.54	5.705	65.50	65.50	726	N/A	1.47	5
100,000.01 - 150,000.00	22	2,743,358.03	6.26	124,698.09	4.968	67.54	67.54	745	N/A	1.40	5
150,000.01 - 200,000.00	25	4,377,069.38	9.98	175,082.78	5.133	70.39	70.39	729	N/A	1.49	5
200,000.01 - 250,000.00	21	4,651,813.21	10.61	221,514.91	4.980	69.78	69.78	743	N/A	1.30	5
250,000.01 - 300,000.00	17	4,626,329.32	10.55	272,137.02	5.150	71.51	71.51	756	N/A	1.21	6
300,000.01 - 350,000.00	19	6,205,404.37	14.15	326,600.23	5.309	70.33	70.33	725	N/A	1.08	5
350,000.01 - 400,000.00	5	1,855,991.67	4.23	371,198.33	5.468	72.85	72.85	750	N/A	1.24	5
400,000.01 - 450,000.00	4	1,680,261.64	3.83	420,065.41	5.224	68.70	68.70	729	N/A	1.13	4
450,000.01 - 500,000.00	6	2,873,251.13	6.55	478,875.19	5.789	66.50	66.50	725	N/A	1.19	5
500,000.01 - 550,000.00	3	1,578,715.60	3.60	526,238.53	4.770	72.96	72.96	759	N/A	0.97	4
550,000.01 - 600,000.00	4	2,359,396.23	5.38	589,849.06	4.805	67.57	67.57	754	N/A	1.44	5
600,000.01 - 650,000.00	1	636,900.00	1.45	636,900.00	4.875	70.00	70.00	696	N/A	1.44	4
650,000.01 - 700,000.00	1	700,000.00	1.60	700,000.00	6.375	60.09	60.09	800	N/A	0.67	7
700,000.01 - 750,000.00	3	2,183,089.40	4.98	727,696.47	5.335	71.65	71.65	762	N/A	1.02	4
800,000.01 - 850,000.00	1	820,823.42	1.87	820,823.42	4.750	49.85	49.85	722	N/A	0.98	4
850,000.01 - 900,000.00	2	1,796,000.00	4.10	898,000.00	4.687	77.49	77.49	750	N/A	1.33	4
950,000.01 - 1,000,000.00	2	1,988,516.63	4.53	994,258.32	4.561	73.46	73.46	781	N/A	0.95	6
1,000,000.01 - 1,250,000.00	2	2,138,308.45	4.88	1,069,154.22	4.873	77.53	77.53	771	N/A	1.37	5
Total:	**145**	**43,851,245.27**	**100.00**	**302,422.38**	**5.133**	**70.20**	**70.20**	**744**	**N/A**	**1.23**	**5**

(1) The average Scheduled Principal Balance of the Investor DSCR Mortgage Loans as of the Cut-off Date was approximately $302,422.38.

Original Debt Service Coverage Ratios of the Investor DSCR Mortgage Loans[1][2]

Range of Original Debt Service Coverage Ratios of the Investor DSCR Mortgage Loans (x)	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Not Provided or Not Applicable	2	424,028.39	0.97	212,014.20	5.752	69.25	69.25	699	N/A	N/A	6
0.61 - 0.80	9	4,268,689.83	9.73	474,298.87	5.366	71.94	71.94	759	N/A	0.74	5
0.81 - 1.00	17	6,490,195.42	14.80	381,776.20	5.270	66.49	66.49	734	N/A	0.91	5
1.01 - 1.20	43	12,907,429.06	29.43	300,172.77	5.146	69.34	69.34	742	N/A	1.09	5
1.21 - 1.40	30	7,671,133.93	17.49	255,704.46	5.232	73.89	73.89	745	N/A	1.29	5
1.41 - 1.60	20	6,783,379.78	15.47	339,168.99	5.004	71.04	71.04	742	N/A	1.48	5
1.61 - 1.80	7	2,003,285.42	4.57	286,183.63	4.922	67.98	67.98	767	N/A	1.70	5
1.81 - 2.00	10	1,723,921.45	3.93	172,392.15	4.517	72.11	72.11	757	N/A	1.88	6
2.01 - 2.20	4	1,077,777.27	2.46	269,444.32	4.418	69.08	69.08	758	N/A	2.11	5
2.21 - 2.40	2	302,328.39	0.69	151,164.20	5.315	66.72	66.72	695	N/A	2.27	4
2.41 - 2.60	1	199,076.33	0.45	199,076.33	5.250	57.14	57.14	715	N/A	2.48	4
Total:	**145**	**43,851,245.27**	**100.00**	**302,422.38**	**5.133**	**70.20**	**70.20**	**744**	**N/A**	**1.23**	**5**

(1) The weighted average original debt service coverage ratio of the Investor DSCR Mortgage Loans at origination was approximately 1.23x.

(2) The original debt service coverage ratio, which is used in the underwriting of the Investor DSCR Mortgage Loans, is based on a property's cash flow, not personal income. It is calculated by dividing the monthly payment (PITIA) by monthly rental income using market rents from the appraisal if no lease is in place.

Loan Purpose of the Investor DSCR Mortgage Loans

Loan Purpose of the Investor DSCR Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Purchase	70	22,535,171.20	51.39	321,931.02	5.211	74.53	74.53	749	N/A	1.21	5
Cash-Out Refinance	64	17,754,722.73	40.49	277,417.54	5.060	65.55	65.55	741	N/A	1.27	5
Rate/Term Refinance	11	3,561,351.34	8.12	323,759.21	5.005	65.92	65.92	734	N/A	1.13	6
Total:	**145**	**43,851,245.27**	**100.00**	**302,422.38**	**5.133**	**70.20**	**70.20**	**744**	**N/A**	**1.23**	**5**

Lease in Place Flag of the Investor DSCR Mortgage Loans

Lease in Place Flag of the Investor DSCR Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
No	123	37,579,894.96	85.70	305,527.60	5.119	72.09	72.09	745	N/A	1.23	5
Yes	22	6,271,350.31	14.30	285,061.38	5.218	58.85	58.85	739	N/A	1.18	5
Total:	**145**	**43,851,245.27**	**100.00**	**302,422.38**	**5.133**	**70.20**	**70.20**	**744**	**N/A**	**1.23**	**5**

Self Employed Status of the Investor DSCR Mortgage Loans

Self Employed Status of the Investor DSCR Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
Unknown	89	25,064,275.75	57.16	281,621.08	5.082	70.53	70.53	745	N/A	1.17	4
No	50	17,075,793.76	38.94	341,515.88	5.141	69.62	69.62	746	N/A	1.31	6
Yes	6	1,711,175.76	3.90	285,195.96	5.817	71.11	71.11	715	N/A	1.21	6
Total:	**145**	**43,851,245.27**	**100.00**	**302,422.38**	**5.133**	**70.20**	**70.20**	**744**	**N/A**	**1.23**	**5**

Prepayment Term of the Investor Purpose Mortgage Loans

Prepayment Term of the Investor Purpose Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
No Prepayment Charge	58	20,372,331.45	32.04	351,247.09	5.088	69.12	69.12	741	32.03	1.21	6
12	5	4,170,370.94	6.56	834,074.19	5.187	75.35	75.35	745	39.36	1.14	6
24	8	3,099,919.55	4.88	387,489.94	4.936	73.70	73.70	763	N/A	1.12	5
36	104	34,026,770.12	53.51	327,180.48	4.962	71.32	71.32	745	26.33	1.25	5
48	2	368,261.53	0.58	184,130.77	5.689	68.61	68.61	733	N/A	0.95	4
60	6	1,550,394.88	2.44	258,399.15	5.516	75.98	75.98	754	N/A	1.21	6
Total:	**183**	**63,588,048.48**	**100.00**	**347,475.67**	**5.034**	**71.10**	**71.10**	**745**	**31.17**	**1.23**	**5**

Remaining Prepayment Term of the Investor Purpose Mortgage Loans

Remaining Prepayment Term of the Investor Purpose Mortgage Loans	Number of Mortgage Loans	Aggregated Scheduled Principal Balance ($)	Aggregated Scheduled Principal Balance (%)	Average Scheduled Principal Balance ($)	Weighted Average Mortgage Interest Rate (%)	Weighted Average Original Loan-To-Value Ratio (%)	Weighted Average Original Combined Loan-To-Value Ratio (%)	Non-Zero Weighted Average Original Credit Score	Non-Zero Weighted Average Original Debt-to-Income Ratio (%)	Non-Zero Weighted Average Original Debt Service Coverage Ratio (x)	Weighted Average Seasoning (Months)
No Prepayment Charge	58	20,372,331.45	32.04	351,247.09	5.088	69.12	69.12	741	32.03	1.21	6
1 - 6	2	3,491,147.62	5.49	1,745,573.81	5.210	78.30	78.30	758	39.36	N/A	7
7 - 12	4	785,198.44	1.23	196,299.61	5.252	62.21	62.21	679	N/A	1.18	7
13 - 18	2	1,299,888.16	2.04	649,944.08	5.047	75.00	75.00	770	N/A	0.90	7
19 - 24	6	1,800,031.39	2.83	300,005.23	4.856	72.76	72.76	758	N/A	1.28	4
25 - 30	31	8,776,997.13	13.80	283,128.94	4.511	69.72	69.72	753	15.03	1.24	7
31 - 36	72	25,143,797.87	39.54	349,219.41	5.114	71.87	71.87	743	28.61	1.26	4
42 - 48	2	368,261.53	0.58	184,130.77	5.689	68.61	68.61	733	N/A	0.95	4
49 - 58	6	1,550,394.88	2.44	258,399.15	5.516	75.98	75.98	754	N/A	1.21	6
Total:	**183**	**63,588,048.48**	**100.00**	**347,475.67**	**5.034**	**71.10**	**71.10**	**745**	**31.17**	**1.23**	**5**

ANNEX B

SUMMARY OF THE PRE-OFFERING REVIEW OF THE MORTGAGE LOANS

ORIGINATOR APPROVED – DUE DILIGENCE PROVIDER IDENTIFIED EXCEPTIONS

Credit exceptions noted below conform to the Originator's Exception Policy guidelines.

Dummy ID	Exception Category	Exception Details	Compensating Factors
2022040001	HOUSING HISTORY	Housing history does not meet guidelines	LTV: 75.00%; Reserves: 324 Months
2022040005	ACREAGE	Appraisal guideline violation: Subject property of 12 acres exceeds guideline limit of 2 acres for qualification as eligible property	Credit Score: 752; LTV: 75.00%
2022040006	PAYMENT SHOCK	Payment shock exceeds lender guidelines	DTI (Back End): 18.63%; Residual Income: $15,597/month
2022040026	HOUSING HISTORY	Housing history does not meet guidelines	Credit Score: 786; DTI (Back End): 5.85%; Residual Income: $98,427/month
2022040041	TRADE LINE	Borrower(s) have not met the minimum tradeline requirement per lender guidelines	Credit Score: 776; DTI (Back End): 9.16%; Residual Income: $117,573/month
2022040064	TRADE LINE	Less than 3 trade line with activity in the last 12 months	Credit Score: 739; DTI (Back End): 31.40%; Residual Income: $3,812/month
2022040068	CREDIT	Credit history insufficient/does not meet guidelines	LTV: 70.00%; DTI (Back End): 8.03%; Residual Income: $26,020/month
2022040071	PROPERTY	Exception made for subject 912 sq ft less than 1200 sq ft guideline requirement	LTV: 75.00%; DSCR: 1.45x

Dummy ID	Exception Category	Exception Details	Compensating Factors
2022040074	RESERVES	Liquid Reserves are less than Guidelines Required	DTI (Back End): 35.90%; Residual Income: $3,387/month
2022040084	LTV	Underwriting LTV exceeds Guideline Maximum Allowable	DTI (Back End): 26.32%; Residual Income: $12,640/month
2022040086	INSURANCE	Hazard Insurance Coverage is Not Sufficient	LTV: 75.00%; DSCR: 1.05x
2022040145	NSF	Overdraft/NSF Count Exceeds Tolerance	DTI (Back End): 33.31%; Residual Income: $21,526/month
2022040146	HOUSING HISTORY	Housing history does not meet guidelines	LTV: 66.67%; DTI (Back End): 35.65%; Residual Income: $6,746/month
2022040169	CREDIT HISTORY	Seasoning of Bankruptcy does not meet guidelines	DTI (Back End): 31.21%; Residual Income: $10,605/month
2022040174	LTV	Underwriting LTV exceeds Guideline Maximum Allowable	Credit Score: 717; DTI (Back End): 11.09%; Residual Income: $220,266/month
2022040235	PAYMENT SHOCK	Payment shock exceeds lender guidelines	Credit Score: 734; DTI (Back End): 21.16%; Residual Income: $25,515/month
2022040247	TRADE LINE	Minimum Trade Line Requirement Not Met	DSCR: 1.35x; Reserves: 29 Months
2022040332	RESIDUAL INCOME	Residual income does not meet guidelines	Credit Score: 794; Reserves: 31 Months
2022040372	DSCR	Qualifying FICO is below 700 for DSCR less than 0.85.	LTV: 75.00%;Credit History: 0x30 in past 24 months
2022040379	PROPERTY	Property listed for sale in past 12 months	Credit Score: 777; DTI (Back End): 27.15%; Residual Income: $8,620/month

Dummy ID	Exception Category	Exception Details	Compensating Factors
2022040385	CREDIT HISTORY	Credit history insufficient/does not meet guidelines	LTV: 70.00%; DTI (Back End): 34.71%; Residual Income: $14,060/month
2022040389	LTV	Original LTV (OLTV) does not meet eligibility requirement(s)	Residual Income: $5,965/month; Employment History: 10 years
2022040411	DOCUMENTATION	Per section 3.6.3 of the Guide, missing evidence of: personal guaranty	Credit Score: 784; DSCR: 1.85x
2022040412	LOAN AMOUNT	Lender approved exception for loan <$250k minimum loan amount	Credit Score: 784; DSCR: 1.99x
2022040413	HOUSING HISTORY	12mo rental housing history not provided in file	Credit Score: 802; Employment History: 11 years
2022040478	RESERVES	Audited Reserves are less than Guideline Required Reserves (Number of Months)	Credit Score: 770; Residual Income: $3,434/month
2022040488	LTV	Audited LTV Exceeds Guideline LTV	Residual Income: $12,954/month; Reserves: 14 Months
2022040497	PAYMENT SHOCK	Trade line count does not meet program requirements; Payment Shock Does Not Meet Guideline Requirements	DTI (Back End): 35.57%; Residual Income: $3,828/month
2022040513	LTV	Audited LTV Exceeds AUS LTV	Reserves: 16 Months; DSCR: 1.40x
2022040526	PROPERTY	Minimum Required GLA is 800 Feet, Subject Property GLA is only 552 Feet	Credit Score: 725; Residual Income: $3,094/month
2022040529	DTI	DTI at 48.89% and as per guideline a residual income of $3500 is required to avail the 50% max DTI. Current residual income is at $3242.	LTV: 59.13%; Reserves: 4 Months

Dummy ID	Exception Category	Exception Details	Compensating Factors
2022040532	RESIDUAL INCOME	Exception requested for subject property location rural & residual income is less than minimum of $2500	Credit Score: 720; Reserves: 23 Months
2022040533	LTV	Current Guidelines Set Max LTV at 75%	Residual Income: $4,673/month; Credit Score: 713
2022040538	TRADE LINE	Borrower does not meet minimum 2 tradelines with 12+ month history and reported in last 12 months	Credit Score: 780; LTV: 24.00%; DTI (Back End): 25.36%; Residual Income: $5,649/month
2022040542	DOCUMENTATION	Exception to allow a xxxx Origination to have xxx Lending Guide Matrices Applied	Credit Score: 758; DTI (Back End): 38.88%; Residual Income: $10,519/month
2022040546	HOUSING HISTORY	Borrower is unable to document rental history.	DTI (Back End): 8.83%; Residual Income: $32,556/month
2022040547	PROPERTY	subject property in rural area	DTI (Back End): 35.11%; Residual Income: $11,453/month
2022040548	LTV	Exception required for the LTV of 85%	Credit Score: 773;DTI (Back End): 27.65%;Residual Income: $3,957/month
2022040554	EMPLOYMENT HISTORY	Borrower must be self-employed for 2+ years.	Credit Score: 784; Residual Income: $5,776/month
2022040596	PROPERTY	According to the underwriting guidelines, at least one borrower must have been on title for six months. If the LLC has more than one member and only one member will be on the new loan, the time it was held by the LLC may not be counted month ownership requirement. In this case the borrower is 90% owner	Credit Score: 763; DTI (Back End): 30.22%; Residual Income: $7,546/month

Dummy ID	Exception Category	Exception Details	Compensating Factors
		and spouse (not on the loan) is 10% owner.	
2022040604	TRADE LINE	According to the underwriting guidelines the bank statement program required at least one trade line active in the last 6 months	Credit Score: 747; DTI (Back End): 32.23%; Residual Income: $7,596/month
2022040606	CREDIT SCORE	According to the underwriting guidelines, a minimum 700 FICO when DSCR is below 1.00. In this case, the loan has a DSCR of 0.80x with a FICO of 686.	LTV: 54.69%; Reserves: 158 Months
2022040608	CASH-OUT	According to the underwriting guidelines, LTV great than 65%, the maximum cash out is $500,000. In this case the cash out was $717,345.22.	Credit Score: 771; LTV: 70.00%
2022040617	DSCR	According to the underwriting guidelines, the minimum loan amount is $100,000 and LTV > 75% requires a minimum DSCR of 1.00. In this case, the loan amount is $96,000 at 80% and the DSCR is .97x.	Credit Score: 795; Reserves: 86 Months
2022040659	DOCUMENTATION	Final loan application does not disclose all properties in the name of borrower	Credit Score: 773; DSCR: 1.89x
2022040737	PAYMENT SHOCK	Guideline exception for payment shock >350%	DTI (Back End): 14.81%; Residual Income: $22,690/month
2022040772	DTI	The audit calculated DTI of 51.34% exceeds the guideline maximum of 50%	Credit Score: 779; Residual Income: $4,851/month
2022040809	LOAN AMOUNT	Subject loan amount for $3,146,250 exceeds the maximum $3,000,000	Credit Score: 756; DTI (Back End): 37.19%; Residual Income: $52,971/month

Dummy ID	Exception Category	Exception Details	Compensating Factors
2022040810	HOUSING HISTORY	Guideline exception for VOR	Credit Score: 771; LTV: 63.64%; DTI (Back End): 23.27%
2022040812	LOAN AMOUNT	Lender exception for loan amount exceeding guidelines of $1.5mil	DTI (Back End): 35.02%; Residual Income: $29,025/month

ANNEX C:
REPRESENTATION AND WARRANTY REVIEW PROCEDURES

	AOMT 2022-4 Representations and Warranties	Test
1.	Each Mortgage Loan with a written appraisal, as indicated on the Mortgage Loan Schedule, contains a written appraisal prepared by an appraiser licensed or certified by the applicable governmental body in which the mortgaged property is located and in accordance with the requirements of Title XI of the Financial Institutions Reform Recovery and Enforcement Act of 1989 ("FIRREA"). The appraisal, and any or all supporting schedules required per the applicable guidelines, were written in form and substance to customary Fannie Mae or Freddie Mac standards for Mortgage Loans of the same type as the Mortgage Loans and USPAP standards and satisfies applicable legal and regulatory requirements. The appraisal was made and signed prior to the final approval of the Mortgage Loan application. The person performing any property valuation (including an appraiser) received no benefit from, and such person's compensation or flow of business from the Originator was not affected by, the approval or disapproval of the Mortgage Loan.	If there is more than one appraisal required by the related Underwriting Guidelines, then all applicable appraisals utilized by the Originator to establish the property value to which the Mortgage Loan was originated will be subject to this Test. For the avoidance of doubt, any automated or electronic valuation tool used in an effort to test the valuation established by an appraisal will not be subject to the Tests below. For the avoidance of doubt, the Representation and Warranty Reviewer will not form an opinion of value regarding the mortgaged property. Test 1(a), Written Valuation Test: The Representation and Warranty Reviewer will access the Review Materials provided which contains the origination documents associated with such Mortgage Loan and confirm that the Review Materials contains one or more accompanying appraisals, in accordance with the Originator's applicable Underwriting Guidelines. By locating the appraisal document(s) the Representation and Warranty Reviewer will have confirmed that such appraisal valuations were "written" and not conveyed verbally or in some other form. Test 1(b), Valuation Qualification Test: The Representation and Warranty Reviewer will look up the appraiser's name and license number against commercially reasonable sources to determine if such license was valid as of the date of the appraisal. The primary source shall be the National Appraisal Registry (https://www.asc.gov/National-Registry/NationalRegistry.aspx and https://www.asc.gov/State-Appraiser-Regulatory-Programs/StateContactinformation.aspx). If this website is not available at the time the Test is conducted and the Representation and Warranty Reviewer is not aware of a substitute site, then the Representation and Warranty Reviewer will not be obligated to determine a new Test. If the primary source or substitute source is not available then this Test will not be deemed a Test Failure. Test 1(c), Valuation Date Test: The Representation and Warranty Reviewer will review the date of applicable valuations and confirm that they pre-date the date on the Mortgage Note. For the avoidance of doubt, in conducting this review, if there is a recertification of an appraisal used to underwrite the Mortgage Loan, such date of the recertification will be used only if there is clear evidence in the Review Materials that the recertification was used in connection with the origination of the Mortgage Loan. Test 1(d), Valuation Client Test: The Representation and Warranty Reviewer will review the "Lender/Client" disclosed on the appraisal(s) to confirm it was completed for the Originator (as stated on the note), or if the Originator is not stated, evidence in the Review Materials that the Originator has approved its use.

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		If no clear evidence exists in the Review Materials, this Test will not be deemed a Test Failure. Test 1(e), Valuation Independence Test: The Representation and Warranty Reviewer will check the Review Materials, including but not limited to the Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s) and appraisal(s) for evidence of non-independence or compensation related to the approval/disapproval of the Mortgage Loan. If these factors are not evident on the face of the Review Materials, then no additional discovery will be necessary. Additionally, the Review Materials will be reviewed to determine if the appraisal was submitted to an independent appraisal management company providing service to the industry. If this factor is not evident on the face of the Review Materials, then additional discovery is not necessary. Test 1(f), Valuation FIRREA/USPAP Test: The Representation and Warranty Reviewer will fill out the checklist provided in Exhibit M and make a subjective determination if any of the responses, taken in the aggregate, cause the Mortgage Loan to fall out of the general requirements of Title XI of FIRREA or USPAP as defined as of the origination date of the Mortgage Loan. Such determination will be made in the Representation and Warranty Reviewer's sole discretion, after consulting with an employee of the Representation and Warranty Reviewer with at least 10 years of experience reviewing appraisals and who is familiar with generally acceptable appraisal practices. Test 1(g), Valuation Form Test: The Representation and Warranty Reviewer will examine the appraisal(s) for completion on a Fannie Mae or Freddie Mac authorized form in use at the time of origination which will render the appraisal(s) compliant with Fannie Mae or Freddie Mac substance and standards applicable as of the origination date of the Mortgage Loan. If a non-Fannie Mae or Freddie Mac form was used, the form used will be subjected to a review for basic standards considered in the appraisal, including consideration of sales comps, listing comps, signature, comments and distance from subject. The Representation and Warranty Reviewer will conduct all of the above Tests to establish adherence as of the origination date. For example, if the appraiser was licensed as of the origination date, but is no longer licensed as of the Closing Date, this will not result in a Test Failure, since this representation is made in regard to the processes and procedures involved in establishing a property value in conjunction with the origination of the Mortgage Loan.
2.	With respect to each Mortgage Loan whose document type on the Mortgage Loan Schedule indicates documented income, employment and/or assets, the applicable Originator verified the mortgagor's income, employment and/or assets in accordance with its written Underwriting Guidelines. With respect to each Mortgage Loan other than a Mortgage Loan for which the mortgagor documented his or her income by	Test 2(a), Income, Employment and Assets Test: With respect to application types originated to a program where any of income, assets or employment are required by the related Underwriting Guidelines to be documented, if the Review Materials contain the supporting documentation required by such Underwriting Guidelines relating to such program, the Review Materials will be

	AOMT 2022-4 Representations and Warranties	Test
	providing Form W-2 or tax returns, the applicable Originator employed a process designed to verify the income with third party documentation (including bank statements).	deemed to be reasonable documentation supporting such income, assets and/or employment. The Representation and Warranty Reviewer may assume, without independent investigation or verification, that the Review Materials (provided such materials appear regular on their face) are accurate and complete in all material respects and the Representation and Warranty Reviewer may rely on such written information and documentation in connection with any review without independent verification.
3.	With respect to each Mortgage Loan, the applicable Originator gave due consideration at the time of origination to factors, including but not limited to, other real estate owned by the mortgagor, commuting distance to work and appraiser comments and notes, to evaluate whether the occupancy status of the property as represented by the mortgagor was reasonable.	Test 3(a), Underwriting Guidelines Test: The Representation and Warranty Reviewer will review the Review Materials for evidence of lack of consideration of factors relating to the occupancy status of the mortgaged property, as required by the Underwriting Guidelines. The underwriter's decisions do not need to be documented; however, the Representation and Warranty Reviewer will (i) look to see if the related Underwriting Guidelines require documentation of those certain items related to occupancy and (ii) review the Review Materials for evidence that the underwriter ignored those certain items. No additional discovery will be necessary, unless there exists evidence in the Review Materials that the requirements of the representation and warranty were not adhered to. Test 3(b), Second Home Test: If identified as a second home on the Mortgage Loan Schedule and in the underwriting approval, the Representation and Warranty Reviewer should confirm that the property meets the acceptable standards for a second home according to the related Underwriting Guidelines. In the absence of a full definition of a second home in the related Underwriting Guidelines, the Representation and Warranty Reviewer will consider whether the mortgaged property meets the definition of second home by Fannie Mae or Freddie Mac, and there is no evidence of rental income.
4.	With respect to each Mortgage Loan, no portion of the loan proceeds has been escrowed for the purpose of making monthly payments on behalf of the mortgagor and no payments due and payable under the terms of the Mortgage Note and mortgage or deed of trust, except for seller or builder concessions or amounts paid or escrowed for payment by the mortgagor's employer, have been paid by any person (other than a guarantor) who was involved in or benefited from the sale of the Mortgaged Property or the origination, refinancing, sale or servicing of the Mortgage Loan.	Test 4(a), Source of Payments Test: The Representation and Warranty Reviewer will review the final Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s) in the Review Materials for evidence of escrowed payments and confirm that none of the escrow amounts are for principal and interest payments due under the Mortgage Note after closing by examining the payment history and related servicing notes.

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5.	The information on the Mortgage Loan Schedule correctly and accurately reflects the information contained in the applicable Originator's records (including, without limitation, the Mortgage Loan file) in all material respects. In addition, the information contained under each of the headings in the Mortgage Loan Schedule (e.g. mortgagor's income, employment and occupancy, among others) is true and correct in all material respects. With respect to each Mortgage Loan, any seller or builder concession in excess of the allowable limits established by Fannie Mae or Freddie Mac has been subtracted from the Appraised Value of the Mortgaged Property for purposes of determining the LTV and combined LTV ("CLTV"). As of the Closing Date, the most recent FICO score listed on the Mortgage Loan Schedule was no more than six months old, unless disclosed on the Mortgage Loan Schedule. As of the date of funding of the Mortgage Loan to the mortgagor, no appraisal or other property valuation listed on the Mortgage Loan Schedule was more than twelve months old.	Test 5(a), Data Test: The Representation and Warranty Reviewer will review the data in the fields indicated in the Pooling and Servicing Agreement to the relating to the terms of the mortgage, security agreement, or deed of trust and the Mortgage Note and confirm that such fields match the terms on the applicable document. Test 5(b), Data Test: The Representation and Warranty Reviewer will review the appraisal and recertification (or appraisals and recertifications if more are required per the related Underwriting Guidelines) to confirm the date of the appraisal(s) or recertification(s) used in connection with the origination of the Mortgage Loan and confirm such date is within 12 months prior to the date on the Mortgage Note. Test 5(c), Data Test: The Representation and Warranty Reviewer will review the data in the fields provided in the Mortgage Loan Schedule relating to the terms of the mortgage, security agreement, or deed of trust and the Mortgage Note and confirm that such fields match the terms on the applicable document. Test 5(d), Data Test: Credit Score Date Test (e) 5 The Representation and Warranty Reviewer will review the most recent credit score dates on the Mortgage Loan Schedule in the Review Materials and confirm for each mortgagor that such date is within 12 months prior to the Closing Date unless otherwise noted in the deal tape. If it is not within 12 months from the Closing Date, that shall be a Test Failure with respect to the Sponsor. Test 5(e), Data Test: Builder or Seller Concession Test: To the extent that the builder or seller concessions are disclosed on the Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s), the Representation and Warranty Reviewer will confirm these are taken into consideration in a way consistent with the applicable Underwriting Guidelines.
6.	Each Mortgage Loan was either underwritten in substantial conformance to the applicable Originator's Underwriting Guidelines in effect at the time of origination taking into account the compensating factors set forth in such Originator's Underwriting Guidelines as of the Closing Date, without regard to any underwriter discretion or, if not underwritten in substantial conformance to the applicable Originator's guidelines, has reasonable and documented compensating factors.	Test 6(a), Underwriting Test: The Representation and Warranty Reviewer will use the information provided in the Review Materials to test for conformance with the related Underwriting Guidelines. If the Representation and Warranty Reviewer deems the Mortgage Loan to not have been substantially underwritten to such Underwriting Guidelines then the Representation and Warranty Reviewer will review whether all exceptions to the Underwriting Guidelines took place in accordance with such Underwriting Guidelines, or whether such exceptions were disclosed in which case the exception will be deemed not to be a Test Failure. For the avoidance of doubt, the Representation and Warranty Reviewer will not re-confirm the reasonableness of any compensating factors if the related Mortgage Loan was originated pursuant to the exception policy under the

	AOMT 2022-4 Representations and Warranties	Test
		Underwriting Guidelines.
7.	Other than with respect to the TRID rule, compliance with which is covered by representation and warranty number 40 below, at the time of origination or the date of modification each Mortgage Loan complied in all material respects with all then-applicable federal, state and local laws, including (without limitation) truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws and disclosure laws or such noncompliance was cured subsequent to origination, as permitted by applicable law. The servicing of each Mortgage Loan prior to the Closing Date complied in all material respects with all then-applicable federal, state and local laws; provided, however, that the Representation Provider will only be deemed to be in breach of this representation in the event that the noncompliance resulted in foreclosure or ultimate realization on the note being precluded or where, upon foreclosure, specific costs could be attributed to noncompliance. The Mortgage Loan meets or is exempt from applicable state, federal or local laws, regulations and other requirements pertaining to usury.	Test 7(a), Applicable Origination Law Test: The Representation and Warranty Reviewer will utilize an industry-accepted compliance testing software (determined in the Representation and Warranty Reviewer's sole discretion) and will rerun the Mortgage Loan for compliance with laws and regulations in effect at the time of origination. The Representation and Warranty Reviewer will not be required to test any laws which were not programmed as of the origination date and will not confirm or guarantee that Compliance software in the Representation and Warranty Reviewer's system tests for every applicable state, local, and federal law. Any non-compliance that can be cured subsequent to origination shall not be deemed to fail this Test if such non-compliance has been cured prior to a final determination. If non-compliance is identified, the Representation and Warranty Reviewer will review the Review Materials provided on the Closing Date, and if such compliance exception was noted in Annex B to the Offering Memorandum, then the Representation and Warranty Reviewer shall not deem such non-compliance to fail this Test. Test 7(b), Applicable Servicing Law Test and Additional Compliance Testing: With respect to servicing the Representation and Warranty Reviewer will confirm that nothing on the face of the servicing notes or the servicing payment history, in each case, for the time period on or prior to the Closing Date, appears to violate commercially well-known laws. For the avoidance of doubt, if it is not evident by reviewing such servicing notes, the Test cannot be considered failed.
8.	With respect to each Mortgage Loan, unless otherwise indicated on the Mortgage Loan Schedule, each mortgagor is a natural person or other acceptable forms (e.g. land trust), and at the time of origination, the mortgagor was legally entitled to reside in or enter the U.S.	Test 8(a), Mortgagor Natural Person Test: The Representation and Warranty Reviewer will review the Mortgage Loan documents to confirm that the mortgagor was a natural person (as opposed to a legal person which may be an organization), or if the mortgagor was not a natural person, that it is an inter vivos trust or other obligor that meets the requirements of the related Underwriting Guidelines. Test 8(b), Mortgagor Residency Test: The Representation and Warranty Reviewer will review the 1003 used at the time of underwriting to confirm the citizenship status or residency status is compatible with other documents in the Review Materials. If there is no evidence to contradict the status of US citizenship indicated on the 1003, this Test will not be deemed to have failed. If the Review Materials indicate that the related mortgagor is not a US citizen, the Representation and Warranty Reviewer will review the related Underwriting Guidelines to determine the policy regarding residency requirements for lending to non-US citizens and verify that proper documentation is present in the Review Materials.

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9.	Immediately prior to the transfer and assignment to the Depositor contemplated herein, the Seller was the sole owner and holder of the Mortgage Loan free and clear of any and all liens (other than any senior lien indicated on the Mortgage Lon Schedule), pledges, charges or security interests of any nature, and the Seller has good and marketable title and full right and authority to sell and assign the same.	Test 9(a), Sole Owner and Holder Test: The Representation and Warranty Reviewer will review the foreclosure title rundown to confirm that there are no other superior liens (including tax liens) on the related property. Test 9(b), Right to Sell and Transfer Test: The Representation and Warranty Reviewer will review the servicing notes for any evidence that the Seller did not have the rights to transfer the Mortgage Loan to the Depositor. For the avoidance of doubt, the Representation and Warranty Reviewer will only review the servicing notes for the Mortgage Loan in making its determination and will not be obligated to independently verify such information.
10.	The Mortgage is a valid, subsisting and enforceable first lien on the property therein described, and, except as noted in the Mortgage Loan Schedule, the Mortgaged Property is free and clear of all encumbrances and liens having priority over the lien of the Mortgage, except for: the lien of current real property taxes and assessments not yet due and payable; covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of hazardous substances or hazardous wastes or for other environmental protection purposes; and such other matters to which like properties are commonly subject that do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage; and any security agreement, chattel mortgage or equivalent document related to and delivered to the Trustee or to the Custodian with any Mortgage establishes in the Seller a valid and subsisting first lien on the property described therein, and the Seller has full right to sell and assign the same to the Trustee.	Test 10(a), Lien Test (Purchase Date): The Representation and Warranty Reviewer will review either the final title policy or a certified copy of the final title policy and will confirm that the lien position is described as a first lien subject only to normal easements. Test 10(b), Lien Test (Closing Date): The Representation and Warranty Reviewer will review either the final title policy or a certified copy of the final title policy and will confirm that the Sponsor is not aware that the lien position is described as other than a first lien subject only to normal easements.
11.	All taxes, governmental assessments, insurance premiums and water, sewer and municipal charges that previously became due and payable have been paid or an escrow of funds has been established, to the extent permitted by law, in an amount sufficient to pay for any such item that remains unpaid.	Test 11(a), Escrowed Items Test: The Representation and Warranty Reviewer will review the final Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s) to confirm that amounts required in the final commitment letter, or other documents that contain the relevant information, to be paid at closing of the Mortgage Loan are listed. For the avoidance of doubt, the Representation and Warranty Reviewer will, without further investigation, determine that such items listed on the final Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s) will be deemed to have been paid.

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12.	The Mortgaged Property is undamaged by water, fire, earthquake, earth movement other than earthquake, windstorm, flood, tornado or similar casualty (excluding casualty from the presence of hazardous wastes or hazardous substances) to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises was intended or would render the property uninhabitable. Additionally, there is no proceeding (pending or threatened) for the total or partial condemnation of the Mortgaged Property.	Test 12(a), Property Condition Test (As of Purchase Date): The Representation and Warranty Reviewer will review the Review Materials to confirm that there was no damage noted in the Mortgage Loan file to the Mortgaged Property that was not already considered in the appraisal (or multiple appraisals if required by the related Originator's Underwriting Guidelines) value. Test 12(b), Property Condition Test (as of Closing Date): The Representation and Warranty Reviewer will review the Review Materials to confirm that the Sponsor was not aware of any damage noted in the Mortgage Loan file to the Mortgaged Property that was not already considered in the appraisal (or multiple appraisals if required by the related Originator's Underwriting Guidelines) value.
13.	The Mortgaged Property is free and clear of all mechanics' and materialmen's liens or a title policy affording, in substance, the same protection afforded by this warranty has been furnished to the Trustee by the Depositor or the Seller.	Test 13(a), Mechanic Liens Test: The Representation and Warranty Reviewer will review the final title insurance policy, the foreclose title rundown, and servicing notes for evidence of a mechanics lien or other similar lien put on the related Mortgaged Property on or prior to the Closing Date and whether such lien is prior to, or equal or coordinate with the lien. With the passage of time, if it is not possible for the Representation and Warranty Reviewer to determine the actual date the lien was put on versus the Closing Date, then such Mortgage Loan will not be considered to be subject to a Test Failure.
14.	Except for Mortgage Loans secured by co-op shares and Mortgage Loans secured by residential long-term leases, the Mortgaged Property consists of a fee-simple estate in real property; all the improvements included for the purpose of determining the Appraised Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such property and no improvements on adjoining properties encroach on the Mortgaged Property (unless insured against under the related title insurance policy); and the Mortgaged Property and all improvements thereon comply with all requirements of any applicable zoning and subdivision laws and ordinances.	Test 14(a), Fee Simple Test: The Representation and Warranty Reviewer will review the appraisal(s) used for underwriting the Mortgage Loan and the final title policy or report/title commitment letter to confirm the property is a "fee-simple" interest. Test 14(b), Improvement Test: The Representation and Warranty Reviewer will review the survey, if available in the Review Materials and if required by the related Underwriting Guidelines, along with the appraisal(s) and title used to underwrite the Mortgage Loan to determine whether all improvements were considered. Additionally, the Representation and Warranty Reviewer will review the servicing notes for evidence of issues relating to zoning and subdivision laws and ordinances. The Representation and Warranty Reviewer will verify that the subject Mortgaged Property has deeded or prescriptive access taken into account in such appraisal(s). The Representation and Warranty Reviewer will rely on the evidence available in the Review Materials in order to determine a Test pass or Test Failure. If there is no evidence to make a conclusive determination, no Test Failure will be determined.

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15.	All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.	Test 15(a), Underwriting Guidelines Test: The Representation and Warranty Reviewer will review the Review Materials for evidence of lack of consideration of factors relating to the occupancy status of the Mortgaged Property, as required by the Underwriting Guidelines. The underwriter's decisions do not need to be documented; however, the Representation and Warranty Reviewer will (i) look to see if the related Underwriting Guidelines require documentation of those certain items related to occupancy and (ii) review the Review Materials for evidence that the underwriter ignored those certain items. No additional discovery will be necessary, unless there exists evidence in the Review Materials that the requirements of the representation and warranty were not adhered to. Test 15(b), Second Home Test: If identified as a second home on the Mortgage Loan Schedule and in the underwriting approval, the Representation and Warranty Reviewer should confirm that the property meets the acceptable standards for a second home according to the related Underwriting Guidelines. In the absence of a full definition of a second home in the related Underwriting Guidelines, the Representation and Warranty Reviewer will consider whether the Mortgaged Property meets the definition of second home by Fannie Mae or Freddie Mac, and there is no evidence of rental income. Test 15(c), Certificate Issuance Test: With respect to each Mortgage Loan identified as a purchase mortgage on the Mortgage Loan Schedule, the Representation and Warranty Reviewer will look in the Review Materials for any inspections, licenses, and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and, with respect to the use and occupancy of the same, have been made or obtained from the appropriate authorities as evidenced by the property report or a copy of the certificate, as required per the applicable Underwriting Guidelines.

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16.	The Mortgage Note, the related Mortgage and other agreements executed in connection therewith are genuine, and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law). Additionally, all parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the Mortgage, and each Mortgage Note and Mortgage has been duly and properly executed by the mortgagor.	Test 16(a), Genuine, Legal, Valid and Binding Test: The Representation and Warranty Reviewer will review evidence provided at closing of the Mortgage Loan to the extent it is available in the Review Materials that may confirm that all mortgagors are aged 18 or older. Test 16(b), Genuine, Legal, Valid and Binding Test: The Representation and Warranty Reviewer will review evidence provided at closing of the Mortgage Loan to the extent it is available in the Review Materials that may confirm that the proper parties (as per the final commitment letter or other similar documents) signed the mortgage, security agreement, or deed of trust and the Mortgage Note at closing of the Mortgage Loan. Test 16(c), Genuine, Legal, Valid and Binding Test: The Representation and Warranty Reviewer will review evidence provided at closing of the mortgage loan to the extent it is available in the Review Materials that may confirm that pages required to be notarized have the applicable notary and that the acknowledgements are dated and filled out correctly. Test 16(d), Enforceability Test: The Representation and Warranty Reviewer shall instruct the Trustee to request the Servicer to provide to the Trustee (which shall make such documentation available to the Representation and Warranty Reviewer in electronic format), pursuant to the Pooling and Servicing Agreement, any documentation related to liquidation proceedings related to the Mortgage Loan that is the subject of the review. The Representation and Warranty Reviewer will review any such liquidation documentation provided by the Servicer, and shall review the servicing notes to confirm that none of the enforceability provisions were contested at the time of liquidation or attempted liquidation that resulted in an inability for the foreclosure to result in marketable title. For the avoidance of doubt, the Representation and Warranty Reviewer will only be obligated to review such information provided in the electronic format in making its determination and will not be obligated to independently verify such information.
17.	The proceeds of the Mortgage Loan have been fully disbursed, there is no requirement for future advances thereunder, and any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds have been complied with (except for escrow funds for exterior items, which could not be completed due to weather, and escrow funds for the completion of swimming pools). Additionally, all costs, fees and expenses incurred in making, closing or recording the Mortgage Loan have been paid, except recording fees with respect to Mortgages not recorded as of the Closing Date.	Test 17(a): The Representation and Warranty Reviewer will review the Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s) and the commitment letter or other similar documents that contain the relevant information for confirmation of proceeds that were required to be dispersed or placed in escrow to confirm they were done so in accordance with the applicable documents. For the avoidance of doubt, the Representation and Warranty Reviewer will, without further investigation determine that such items listed on the final Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s) will be deemed to have been paid.
18.	The Mortgage Loan (except any Mortgage Loan secured by a Mortgaged Property located in any jurisdiction for which an	Test 18(a), Qualified Insurer Test (as of origination date): The Representation and Warranty Reviewer will check the

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	opinion of counsel of the type customarily rendered in such jurisdiction in lieu of title insurance is instead received and any Mortgage Loan secured by co-op shares) is covered by an American Land Title Association mortgagee title insurance policy or other generally acceptable form of policy or insurance acceptable to Fannie Mae or Freddie Mac, issued by a title insurer acceptable to Fannie Mae or Freddie Mac insuring each Originator or its successors and assigns as to the first or second priority lien of the Mortgage in the original principal amount of the Mortgage Loan and subject only to the following: (a) the lien of current real property taxes and assessments not yet due and payable; (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; (c) liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of hazardous substances or hazardous wastes or for other environmental protection purposes; and (d) such other matters to which like properties are commonly subject that do not individually, or in the aggregate, materially interfere with the benefits of the security intended to be provided by the Mortgage. The related Originator is the sole insured of such mortgagee title insurance policy, the assignments to the Seller by the Originator, to the Depositor by the Seller and to the Trustee by the Depositor of such Originator's interest in such mortgagee title insurance policy does not require any consent of or notification to the insurer that has not been obtained or made, such mortgagee title insurance policy is in full force and effect and will be in full force and effect and inure to the benefit of the Trustee, no claims have been made under such mortgagee title insurance policy and no prior holder of the related mortgage, including the seller, has done, by act or omission, anything that would impair the coverage of such mortgagee title insurance policy.	AM Best Website (or like industry tool) to confirm that as of the time the Mortgage Loan was originated the insurer's rating met the requirements of a qualified insurer. If the Representation and Warranty Reviewer is unable to determine the acceptability of the Insurer rating as of the origination date, then no Test Failure will have occurred unless there is evidence in the Review Materials which shows the rating as less than required for a qualified insurer at origination. Test 18(b), Title Policy Issuance Test: If the final title insurance policy is contained in the Review Materials, the final policy will be used; otherwise the Representation and Warranty Reviewer will verify that the intent to issue a final title insurance policy existed as of the origination date via a confirmation of the Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s) payment existence. Test 18(c), Policy Type Test: The Representation and Warranty Reviewer will confirm that the title policy is an ALTA/CLTA policy (or other form of policy or insurance acceptable to Fannie Mae or Freddie Mac). If no copy of final title policy or a certified title policy is in the Review Materials, this Test will be deemed a Test Failure. Test 18(d), Policy Type Test: The Representation and Warranty Reviewer will review either the final title policy or a certified title policy to confirm that the coverage provided by the title policy is assignable. The Representation and Warranty Reviewer will review either the final title policy or a certified title policy and will confirm the proper endorsements required for the loan type (e.g. variable rate endorsement) are included. Test 18(e), Policy Coverage Amount Test: The Representation and Warranty Reviewer will review either the final title policy or a certified title policy to confirm that the amount of coverage provided by the title policy is sufficient to cover the original principal balance of the Mortgage Loan.
19.	The Mortgaged Property securing each Mortgage Loan is insured by an insurer acceptable to Fannie Mae or Freddie Mac against loss by fire and such hazards as covered under a standard extended coverage endorsement in an amount not less than the lesser of 100% of the insurable value of the Mortgaged Property or the outstanding principal balance of the Mortgage Loan. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the project. If, upon origination of the Mortgage Loan, the improvements on the Mortgaged Property were in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, 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 in an amount	Test 19(a), Qualified Insurer Test: The Representation and Warranty Reviewer will check the AM Best Website to confirm that as of the time the Mortgage Loan was originated the insurer's rating met the requirements of a qualified insurer. If the AM Best Website is not available, or the insurer is not rated, then the Representation and Warranty Reviewer will confirm that the insurer meets the definition of qualified insurer acceptable to Fannie Mae or Freddie Mac guidelines in effect at the time of origination. If the Representation and Warranty Reviewer is unable to determine the acceptability of the Insurer rating as of the origination date, then no Test Failure will have occurred unless there is evidence in the Review Materials which shows the rating as less than required for a qualified insurer at

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	representing coverage not less than the least of the outstanding principal balance of the Mortgage Loan, the full insurable value of the Mortgaged Property, or the maximum amount of insurance that was available under the National Flood Insurance Act of 1968, as amended. Additionally, each Mortgage obligates the mortgagor thereunder to maintain all such insurance at the mortgagor's cost and expense.	origination. Test 19(b), Hazard Coverage Amount Test: The Representation and Warranty Reviewer will review the homeowners insurance policy (i.e., hazard insurance policy) provided in the Review Materials and validate that the coverage amount is the greater of (A) the lesser of (i) outstanding principal balance as of the origination date, and (ii) the full insurable value as noted on the policy declaration page or (B) replacement cost. For a condominium unit, the Representation and Warranty Reviewer will confirm that coverage is consistent with Originator's Underwriting Guidelines and the unit is included in a blanket policy Test 19(c), Flood Coverage Amount Test: The Representation and Warranty Reviewer will review the flood policy provided in the Review Materials and validate that the coverage amount is greater than or equal to the lesser of the (i) outstanding principal balance as of the origination date, (ii) the full insurable value as noted on the policy declaration page and (iii) the maximum insurance available under the 1968 National Flood Insurance Act, as amended. For a condominium unit, the Representation and Warranty Reviewer will confirm that coverage is consistent with Originator's Underwriting Guidelines and the unit is included in a blanket policy. Test 19(d), Flood Cert Requirement Test: With respect to flood insurance, the Representation and Warranty Reviewer will review the flood certificate in the Review Materials to determine if such property is in a flood zone and if insurance is required. If a flood certificate is not required by the Underwriting Guidelines to be obtained, then the Representation and Warranty Reviewer will review the appraisal to determine if the appraisal makes a note that the property is in a flood zone. If flood insurance is required, then the Representation and Warranty Reviewer will confirm that the policy was obtained in a manner consistent with the related Originator's Underwriting Guidelines. Test 19(e), Payee Test: The Representation and Warranty Reviewer will review the flood insurance and homeowner's insurance declarations page provided in the Review Materials to ensure the mortgagee clause is present, and that the payee, its successors and/or assigns is listed as the current holder.
20.	There is no monetary default (including any related event of acceleration), monetary breach or monetary violation existing under the Mortgage or the related Mortgage Note and no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a monetary default, monetary breach, monetary violation or event of acceleration. Additionally, the Seller has not waived any such default, breach, violation or event of acceleration, and no foreclosure action is currently threatened or has been commenced with respect to the Mortgage Loan.	Test 20(a), Non-monetary Default Test: The Representation and Warranty Reviewer will review the mortgage, deed of trust or security agreement and the Mortgage Note to determine what constitutes a nonmonetary default, nonmonetary breach, nonmonetary violation or event of acceleration under those documents. The Representation and Warranty Reviewer will then review the Review Materials to determine if there is evidence of (i) whether a nonmonetary default, nonmonetary breach, nonmonetary violation or event of acceleration existed under any of the Mortgage, deed of trust or security agreement and the Mortgage Note, or (ii)

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		whether any nonmonetary default, nonmonetary breach, nonmonetary violation or event of acceleration has been waived. If the Representation and Warranty Reviewer is unable to determine if the existence of a Test Failure in (i) above was known as of the purchase date and Cut-off Date respectively then no Test Failure will be deemed to have occurred. Test 20(b): The Representation and Warranty Reviewer reviewed the Review Materials to determine no default, breach, violation or event of acceleration has been waived. Test 20(c): The Representation and Warranty Reviewer reviewed the Review Materials to determine no foreclosure action is currently threatened or has been commenced with respect to the Mortgage Loan. For the avoidance of doubt, if the Representation and Warranty Reviewer is unable to locate in the Review Materials any evidence of such nonmonetary default, nonmonetary breach, nonmonetary violation or event of acceleration existing under the Mortgage or the related Mortgage Note, or evidence that a default, breach, violation or event of acceleration has been waived, or evidence that a foreclosure action is currently threatened or has been commenced with respect to the Mortgage Loan using the aforementioned means, then no additional discovery will be necessary and a Test Failure will not be deemed to have occurred.
21.	No Mortgage Note or Mortgage is subject to any right of rescission, set-off, counterclaim or defense, including the defense of usury, nor will the operation of any of the terms of the Mortgage Note or Mortgage or the exercise of any right thereunder render the Mortgage Note or Mortgage unenforceable in whole or in part or subject it to any right of rescission, set-off, counterclaim or defense, including the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto.	Test 21(a), Mortgage and Mortgage Note Status Test: Using the results of an industry accepted compliance testing software (determined in the Representation and Warranty Reviewer's sole discretion) the Representation and Warranty Reviewer will confirm that none of the terms of the Mortgage Note as of its date cause a right of rescission, set- off, counterclaim or defense. The Representation and Warranty Reviewer will not be required to test any laws which are not already programmed into the compliance testing software and will not confirm or guarantee that the vendor software tests for every applicable state, local, and federal law. Additionally, the Representation and Warranty Reviewer will review the servicing notes to determine whether a claim has been asserted and noted in the Review Materials.
22.	Each Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security, including realization by judicial foreclosure (subject to any limitation arising from any bankruptcy, insolvency or other law for the relief of debtors), and there is no homestead or other exemption available to the mortgagor that would interfere with such right of foreclosure.	Test 22(a), Mortgage Enforcement Test: The Representation and Warranty Reviewer will review the Mortgage to confirm the existence of language that enables the holder of the mortgage, deed of trust or security agreement to foreclose. Using Fannie Mae or Freddie Mac approved Mortgage document formats approved at the time of origination will be considered acceptable and a Test Failure will not be deemed to have occurred.

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23.	Each Mortgage Loan is a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code (but determined without regard to the rule in Treasury Regulations Section 1.860G-2(f)(2) that treats certain defective mortgage loans as qualified mortgages), and, accordingly, such Mortgage Loan is secured by an interest in real property having a fair market value either (i) at the date the Mortgage Loan was originated at least equal to 80% of the adjusted issue price of the Mortgage Loan on the date such Mortgage Loan was originated or (ii) at the Closing Date at least equal to 80% of the adjusted issue price of the Mortgage Loan on the Closing Date, provided that, in each case, (1) the fair market value of the real property interest must first be reduced by (A) the amount of any lien on the real property interest that is senior to the Mortgage Loan and (B) a proportionate amount of any lien that is in parity with the Mortgage Loan and (2) if the Mortgage Loan was "significantly modified" prior to the Closing Date so as to result in a taxable exchange under Section 1001 of the Code, it either (x) was modified as a result of the default or reasonably foreseeable default of such Mortgage Loan or (y) satisfies the provisions of clause (i) above (substituting the date of the last such modification for the date the Mortgage Loan was originated) or clause (ii), including the proviso thereto. With respect to any partial release of all or a portion of a Mortgaged Property from the lien of the related Mortgage Loan, including due to a partial condemnation, either: (x) such release (A)(i) would not constitute a "significant modification" of the subject Mortgage Loan within the meaning of Section 1.860G-2(b)(2) of the Treasury Regulations and (ii) would not cause the subject Mortgage Loan to fail to be a "qualified mortgage" within the meaning of Section 860G(a)(3)(A) of the Code or (B) would comply with Section 1.860G-2(b)(3) of the Treasury Regulations including by extension pursuant to a qualified paydown transaction in compliance with IRS Revenue Procedure 2010-30 or (y) the mortgagee or servicer can condition such release on an opinion of tax counsel to the effect specified in the immediately preceding clause (x)(A) or (x)(B).	Test 23(a), Qualified Mortgage Test: The Representation and Warranty Reviewer will confirm that (i) the Mortgage Loan is secured by a first lien (at the time of origination) and (ii) using the original appraisal value, was originated with an LTV less than or equal to 125%.
24.	With respect to each Mortgage where a lost note affidavit has been delivered to the Custodian in place of the related Mortgage Note, the related Mortgage Note is no longer in existence.	Test 24(a), Lost Note Affidavit Test: If, in reviewer's judgment, there is an indication in file that a lost note affidavit should exist, then the Representation and Warranty Reviewer will manually review the file to verify subject note is not present. If subject note is not present, review file for lost note affidavit. If lost note affidavit is present, verify the form has been completed accurately and executed.
25.	With respect to each Mortgage Loan, all parties that have had any interest in such Mortgage Loan, whether as mortgagee, assignee, pledge or otherwise, are (or, during the period in which they held and disposed of such interest, were) in compliance with any and all applicable licensing requirements of the laws of the state wherein the related Mortgaged Property is located, except to the extent that failure to be so licensed would not give rise to any claim against the Issuing Entity.	Test 25(a), Mortgage Loan Interest Test: The Representation and Warranty Reviewer will review the parties disclosed on assignments and will review any notes made on or prior to the Closing Date in the Review Materials. If any party has knowledge of another party not being in compliance with law and has noted such event in the Review Materials on or prior to the Closing Date, then a Test Failure will be deemed to have occurred. If these factors are not evident on the face of such Review Materials, then no additional discovery will be necessary and a Test Failure will not be deemed to have occurred.

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26.	No fraud or material error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of any Originator, any correspondent or mortgage broker involved in the origination of such Mortgage Loan, the mortgagor or any appraiser, builder, developer or other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan.	Test 26(a), Origination Fraud Test: The Representation and Warranty Reviewer will review the results of any fraud review testing done at the time of origination by the Originator included in the Review Materials and consider whether identified alerts were researched, addressed and cleared prior to closing of the related Mortgage Loan. The Representation and Warranty Reviewer shall have no duty to acquire additional information or evidence not provided to it in the related Review Materials and any additional written information provided in the Review Materials. Fraudulent documentation test the Representation and Warranty Reviewer will review any bank statement, asset documentation and income documentation for evidence of fraudulent documentation, and will determine whether, based on reasonable and sufficient evidence, any fraud, misrepresentation, material error, material omission, or gross negligence is evident or took place during the origination process. Notwithstanding this, the Representation and Warranty Reviewer will not be required to independently verify whether any bank statements, asset documentation, income documentation or other documentation in the Review Materials is not fraudulent.
27.	With respect to any insurance policy, including, but not limited to, hazard or title insurance, covering a Mortgage Loan and the related Mortgaged Property, none of the Representation Provider, the Originators or the Seller has engaged in, and the mortgagor has not engaged in, any act or omission that would impair the coverage of any such policy, the benefits of the endorsement or the validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind as has been or will be received, retained or realized by any attorney, firm, or other person or entity, and no such unlawful items have been received, retained or realized by the Originator or the Seller.	Test 27(a), Policy Impairment Test (as of the Closing Date): The Representation and Warranty Reviewer will review the Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s), servicing notes and payment history to ensure that each flood insurance and homeowner's or title insurance policy has been paid and there is no evidence of the flood insurance, title or homeowner's insurance policy being impaired. If there is no evidence in the servicing comments of (i) impairment, (ii) any evidence that any party engaged in any act or omission which would impair the coverage of any such policy, the benefits of the endorsement, or the validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind has been or will be received, retained or realized by any attorney, firm or other person or entity, and (iii) no such unlawful items have been received, retained or realized by the Servicer is not evident in the servicing notes, then additional discovery is not necessary and a Test Failure will not be deemed to have occurred.

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28.	In the event the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently serves and is named in the Mortgage, and no fees or expenses are or will become payable by the Representation Provider or the Seller to such trustee under the deed of trust, except in connection with a trustee's sale after default by the mortgagor under the Mortgage.	Test 28(a), Qualified Trustee Test: In the deed of trust states, the Representation and Warranty Reviewer will confirm that a trustee has been appointed as of the origination date and such trustee was qualified under applicable law as of the origination date. For the avoidance of doubt, the Representation and Warranty Reviewer will use commercially reasonable means, such as the applicable state website(s), to validate the trustee's qualification under applicable law. Test 28(b), Trustee Fees Test: The Representation and Warranty Reviewer will review the deed of trust to determine there are no on-going fees that are payable under the document and that any initial fees are shown as being paid on the Closing Disclosure, HUD-1, or, if business purpose loan, other applicable settlement statement(s).
29.	Each original Mortgage was recorded, and all subsequent assignments of the original mortgage have been recorded in the appropriate jurisdictions in which such recordation is necessary to perfect the liens against creditors of the Seller or are being recorded.	Test 29(a), Recordable Form Test: The Representation and Warranty Reviewer will verify the assignment contains parties, property description, name, date as on the Note and Mortgage and that the notary stamp is affixed on or after the mortgage date and the Assignment of Mortgage for the benefit of the Trustee. If the custodial certification does not indicate that an exception exists with respect to the delivery of the related assignment to such Custodian, then additional discovery is not necessary and a Test pass will be deemed to have occurred. For each Mortgage (or deed of trust) verify the Mortgage contains signatures of all the mortgagors, the property description, name, date, and correct notary, date, stamp, and acknowledgement. If the custodial certification does not indicate that an exception exists with respect to the delivery of the related Mortgage to such Custodian, then additional discovery is not necessary and a Test pass will be deemed to have occurred. Test 29(b), Mortgage Recordation Test: For each non-MERS Mortgage Loan the Representation and Warranty Reviewer will verify, using the Review Materials, that the original mortgage was recorded, is out for recording or evidence that it was sent for recording. If the custodial certification does not indicate that an exception exists with respect to the delivery of the related Mortgage to the Custodian, then additional discovery is not necessary and a Test pass will be deemed to have occurred. Test 29(c), Mortgage Recordation Test: For each non-MERS Mortgage Loan, using the Review Materials, verify that the assignment contains parties, property description, name, date, notary stamp on or after the mortgage date. For each MERS originated Mortgage Loan, verify the existence of a MIN # on the Mortgage. For each MERS Mortgage Loan (which was not a MOM Mortgage Loan) verify an assignment in the name of MERS.

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30.	The Mortgage contains an enforceable provision for the acceleration of the payment of the Unpaid Principal Balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee.	Test 30(a), Due On Sale Test: The Representation and Warranty Reviewer will review the mortgage, security agreement or deed of trust to determine if there is a provision that allows for the acceleration of the payment of the unpaid principal balance of the Mortgage Loans in the event that the Mortgaged Property or the cooperative shares are sold or transferred without the prior written consent of the Mortgagee there under. Using mortgage document formats acceptable to Fannie Mae or Freddie Mac at the time of origination will be considered a Test pass.
31.	The Mortgaged Property is either a fee-simple estate or a long-term residential lease. If the Mortgage Loan is secured by a long-term residential lease: (i) the terms of such lease expressly permit the mortgaging of the leasehold estate, the assignment of the lease without the lessor's consent (or the lessor's consent has been obtained and such consent is in the Mortgage Loan file) and the acquisition by the holder of the Mortgage of the rights of the lessee upon foreclosure or assignment in lieu of foreclosure or provide the holder of the Mortgage with substantially similar protection; (ii) the terms of such lease do not allow the termination thereof upon the lessee's default without the holder of the Mortgage being entitled to receive written notice of, and opportunity to cure, such default or prohibit the holder of the Mortgage from being insured under the hazard insurance policy related to the Mortgaged Property; (iii) the original term of such lease is not less than 15 years; (iv) the term of such lease does not terminate earlier than five years after the maturity date of the Mortgage Note; and (v) the Mortgaged Property is located in a jurisdiction in which the use of leasehold estates for residential properties is an accepted practice.	Test 31(a), Fee Simple Test: The Representation and Warranty Reviewer will review the appraisal(s) used for underwriting the Mortgage Loan and the final title policy or report/title commitment letter to confirm the property is a "fee-simple" interest. Test 31(b), Leasehold Test: For any Mortgage Loan in which the Representation and Warranty Reviewer finds evidence on the Mortgage Loan Schedule of a leasehold interest, the Representation and Warranty Reviewer will review the Review Materials to determine the factors listed in the representation and will review the servicing notes for any evidence that leasehold estate is not in compliance with the applicable Underwriting Guidelines.
32.	No Mortgage Loan in the Issuing Entity is a "high-cost" loan, "covered" loan or any other similarly designated loan as defined under any state, local or federal law, as defined by applicable predatory and abusive lending laws*; provided,* that, for the avoidance of doubt, no representation or warranty is made as to whether a Mortgage Loan constitutes a highly-priced mortgage loan, as permitted by specific state or federal laws.	Test 32(a), High Cost Test: The Representation and Warranty Reviewer will utilize the results of an industry accepted compliance testing software (determined in the Representation and Warranty Reviewer's sole discretion) in determining if a loan is a "high cost" loan, "covered" loan, "threshold" loan or "predatory" loan under any applicable state, federal, or local law at the time of the origination of the Mortgage Loan. The Representation and Warranty Reviewer will not be required to test any laws which are not already programmed into the compliance software and will not confirm or guarantee that it tests for every applicable state, local, and federal law.

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33.	The instruments and documents with respect to each Mortgage Loan required to be delivered to the Trustee or Custodian pursuant to Section 2.01 of the Pooling and Servicing Agreement on or prior to the Closing Date have been delivered to the Trustee or Custodian.	Test 33(a), Custodial Documents Test: The Representation and Warranty Reviewer will review each custodial certification and any related exception report as provided by the Trustee in the Review Materials to confirm that the applicable Custodian has produced them and that the custodial certification is in the form required under the custody agreement. The Representation and Warranty Reviewer will not re-review the findings of the applicable Custodian and will rely conclusively on the certification confirming the presence of the mortgage loan documents required to be delivered. Additionally, any documents that are noted as missing because they are out for recording will not be determined to be Test Failure, unless such failure to deliver is in violation of such document delivery requirements.
34.	Unless otherwise indicated on the Mortgage Loan Schedule, none of the Depositor, the Seller nor any prior holder of the mortgage or the related Mortgage Note has modified the mortgage or the related Mortgage Note in any material respect, satisfied, canceled or subordinated the Mortgage in whole or in part, released the Mortgaged Property in whole or in part from the lien of the Mortgage or executed any instrument of release, cancellation, modification or satisfaction, except in each case as reflected in an agreement included in the Mortgage Loan file.	Test 34(a), Modification Test: The Representation and Warranty Reviewer will review the Mortgage Loan Schedule and if a modification is disclosed therein then no additional review will be required and a Test Failure will not be deemed to have occurred. Otherwise, the Representation and Warranty Reviewer will review the Review Materials for evidence of a modification agreement, note or other document, signed by the mortgagor modifying the original terms of the Mortgage Note. The Representation and Warranty Reviewer will then check the date of the modification to the Closing Date and the purchase date to determine if a Test Failure has occurred.
35.	Each Mortgaged Property is located in the U.S. or a territory of the U.S. and consists of a one- to four-unit residential property, which may include, but is not limited to, a single-family dwelling, townhouse, condominium unit or unit in a planned unit development or, in the case of Mortgage Loans secured by co-op shares, leases or occupancy agreements.	Test 35(a), Property Location Test: The Representation and Warranty Reviewer will review the appraisal(s) and confirm the Mortgaged Property location noted on the appraisal(s) used to underwrite the Mortgage Loan is in one of the 50 States or US territories in existence at the time of origination. Test 35(b), Property Type Test: The Representation and Warranty Reviewer will review the final appraisal(s) and confirm the subject in the appraisal is a 1-4 family residential property as defined in the related Underwriting Guidelines and, as noted in the appraisal or evident from the appraisal pictures. The Representation and Warranty Reviewer will not conduct any other independent review to confirm the type or use of the property. Test 35(c), Condo Tests: The Representation and Warranty Reviewer will confirm that the condominium project meets the Originator's Underwriting Guidelines. If the Originator does not have specific standards then the Fannie Mae or Freddie Mac standards will be used. For the avoidance of doubt, this representation is made as of the time of origination. If the property is subsequently converted to a different property type, even if the Originator has knowledge then it will not constitute a Test Failure.

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36.	Each Mortgage Loan is less than 60 days MBA delinquent as of the Cut-off Date.	Test 36(a), Delinquency Status (as of Cut-off Date): The Representation and Warranty Reviewer will review the payment status disclosed on the Mortgage Loan Schedule and compare to the payment history and the servicing notes, if any, to confirm that the delinquency status disclosed in the Mortgage Loan Schedule is consistent with the payment history. Test 36(b), Delinquency History Test: Using the Mortgage Loan Schedule, payment history, and the servicing notes, the Representation and Warranty Reviewer will confirm that there has not been more than 60 days MBA Delinquent in the 12 months preceding the Cut-off Date, unless otherwise indicated on the Mortgage Loan Schedule in the Review Materials. For the avoidance of doubt, any delinquency caused by servicer error or by a payment by a mortgagor to an account other than that designated by the servicer but for which there is evidence of reconciliation of such payment in the Review Materials will not be deemed a delinquency for purposes of determining whether there is a Test Failure.
37.	No Originator has received notice that the mortgagor is a debtor in any state or federal bankruptcy or insolvency proceeding as of the Cut-off Date.	Test 37(a), Prior Mortgage Bankruptcy Test (as Closing Date): The Representation and Warranty Reviewer will review the Review Materials to confirm that bankruptcy was not filed on or before the Closing Date or whether an exception for prior bankruptcy was disclosed in which case the exception will not be deemed a Test Failure. Test 37(b), PACER Test (as of origination date and Closing Date): The Representation and Warranty Reviewer will utilize PACER (or another industry acceptable software at a comparable price point to PACER determined in the Representation and Warranty Reviewer's sole discretion) to conclusively determine if there is a record of bankruptcy filed on or prior to the origination date or the Closing Date. For the avoidance of doubt, this Test can only result in failure if the bankruptcy filing occurred on or before the origination date or the Closing Date. For each of the above Tests, the Representation and Warranty Reviewer will review the Review Materials for evidence that the Sponsor was not aware of any such prior bankruptcy or insolvency proceeding.

	AOMT 2022-4 Representations and Warranties	Test
38.	Other than with respect to Exempted Mortgage Loans, the applicable Originator made a reasonable and good faith determination that the mortgagor would have a reasonable ability to repay the Mortgage Loan according to its terms, in accordance with, at a minimum, the eight underwriting factors set forth in 12 C.F.R 1026.43(c)(2).	Test 38(a), ATR Test: The Representation and Warranty Reviewer will check the Review Materials to confirm that all required underwriting factors been reviewed and considered when determining the ATR. a. Current and reasonably expected income b. Current employment status c. Monthly mortgage payment including principal and interest d. Monthly payment on any other loans secured by the same property e. Monthly payments for property taxes, insurance, HOA fees, or ground leases f. Debts, alimony, and child support obligations g. Monthly DTI ratio or residual income h. Credit history, being reasonable in light of the facts and circumstances. This could include a review of the number and age of credit lines, payment history, and public records, judgments, collections, and bankruptcies.
39.	With respect to each Mortgage Loan, the proceeds of which were used to purchase the related Mortgaged Property, either (1) the mortgagor paid with his/her own funds a purchase price equal to at least the lesser of (i) 100% minus the CLTV of the Mortgage Loan and (ii) 5% of the purchase price or (2) the mortgagor received a gift to fund the purchase price in accordance with the Underwriting Guidelines.	Test 39(a), Down Payment Test: The Representation and Warranty Reviewer will review the amount of down payment from Mortgagor's own funds used in underwriting the Mortgage Loan and compare to the information in the Review Materials. The Representation and Warranty Reviewer will rely on the definition of "own funds" in the related Originator's Underwriting Guidelines. If "own funds" is not specified within the Underwriting Guidelines, the Representation and Warranty Reviewer will not perform this test. Unless otherwise stated in the related Underwriting Guidelines, this will be tested by establishing that the mortgagor's bank account(s) as included in the Review Materials, reviewed in conjunction with the origination, contained sufficient funds for satisfying the originator's "own funds" requirement under the related Underwriting Guidelines. The Representation and Warranty Reviewer will review the Mortgage Loan Schedule to confirm that there is no evidence that the related Mortgagor paid less than 5% of the purchase price with his/her own funds.
40.	With respect to each Mortgage Loan for which an application was taken on or after October 3, 2015, either: (i) the Mortgage Loan was originated in compliance with TRID; (ii) the Mortgage Loan is exempt from TRID; or (iii) with respect to each TRID compliance exception with respect to a Mortgage Loan, such TRID compliance exception will not result in civil liability or has been cured in a manner which negates the associated civil liability.	Not Applicable

	AOMT 2022-4 Representations and Warranties	Test
41.	As of the Closing Date, each Mortgaged Property complied in all material respects with all environmental laws, rules, and regulations that were applicable to such mortgage property.	The Representation and Warranty Reviewer will review any appraisal(s) and any notes in the Review Materials for evidence of knowledge of environmental hazards present as of the origination date. If such hazard is noted, the Representation and Warranty Reviewer will confirm that the acknowledgement by the mortgagor was done in compliance with law for that particular environmental concern, and if that is the case, then a Test Failure will not be deemed to have occurred. If there is no evidence of any environmental hazards in the Review Materials as of the origination date, then no additional discovery will be necessary and a Test Failure will not be deemed to have occurred.
42.	Any Prepayment Premium or yield maintenance charge applicable to any Mortgage Loan constitutes a "customary prepayment penalty" within the meaning of Treasury Regulations Section 1.860G-1(b)(2).	Not Applicable

ANNEX D

REPRESENTATIONS AND WARRANTIES GIVEN WITH RESPECT TO THIRD PARTY ORIGINATOR MORTGAGE LOANS

In the Pooling and Servicing Agreement, the Representation Provider will represent, warrant and covenant as follows to the Trustee on behalf of the Issuing Entity as of the Closing Date or as of such date specifically provided herein with respect to each Third Party Originator Mortgage Loan. Capitalized terms used in Annex D are defined in or incorporated by reference to the related underlying purchase agreement or the Pooling and Servicing Agreement.

(a) Each Mortgage Loan with a written appraisal, as indicated on the Mortgage Loan Schedule, contains a written appraisal prepared by an appraiser licensed or certified by the applicable governmental body in which the Mortgaged Property is located and in accordance with the requirements of Title XI of FIRREA and the Underwriting Guidelines. The appraisal, and any or all supporting schedules required per the applicable guidelines, were written in form and substance to customary Fannie Mae or Freddie Mac standards for Mortgage Loans of the same type as the Mortgage Loans and Uniform Standards of Professional Appraisal Practice standards and satisfies applicable legal and regulatory requirements. The appraisal was made and signed prior to the final approval of the Mortgage Loan application. The Person performing any property valuation (including an appraiser) received no benefit from, and such Person's compensation or flow of business from the seller was not affected by, the approval or disapproval of the Mortgage Loan.

(b) With respect to each Mortgage Loan whose document type on the Mortgage Loan Schedule indicates documented income, employment and/or assets, the seller verified the mortgagor's income, employment and/or assets in accordance with the applicable Underwriting Guidelines. With respect to each Mortgage Loan other than a Mortgage Loan for which the mortgagor documented his or her income by providing Form W-2 or tax returns, the seller employed a process designed to verify the income with third party documentation (including bank statements).

(c) With respect to each Mortgage Loan, the seller gave due consideration at the time of origination to factors, including but not limited to, other real estate owned by the mortgagor, commuting distance to work and appraiser comments and notes, to evaluate whether the occupancy status of the property as represented by the mortgagor was reasonable.

(d) With respect to each Mortgage Loan, no portion of the loan proceeds has been escrowed for the purpose of making monthly payments on behalf of the mortgagor and no payments due and payable under the terms of the Mortgage Note and Mortgage or deed of trust, except for seller or builder concessions or amounts paid or escrowed for payment by the mortgagor's employer, have been paid by any Person (other than a guarantor) who was involved in or benefited from the sale of the Mortgaged Property or the origination, refinancing, sale or servicing of the Mortgage Loan.

(e) The information on the Mortgage Loan Schedule correctly and accurately reflects the information contained in the seller's records (including, without limitation, the Mortgage File) in all material respects. In addition, the information contained under each of the headings in the Mortgage Loan Schedule (e.g. mortgagor's income, employment and occupancy, among others) is true and correct in all material respects. With respect to each Mortgage Loan, any seller or builder concession in excess of the allowable limits established by Fannie Mae or Freddie Mac has been subtracted from the Appraised Value of the Mortgaged Property for purposes of determining the loan-to-value ratio and combined loan-to-value ratio. As of the Closing Date, the most recent FICO score listed on the Mortgage Loan Schedule was no more than six months old, unless disclosed on the Mortgage Loan Schedule. As of the date of funding of the Mortgage Loan to the mortgagor, no appraisal or other property valuation listed on the Mortgage Loan Schedule was more than 120 days old, unless disclosed on the Mortgage Loan Schedule.

(f) Each Mortgage Loan was either underwritten in substantial conformance to the applicable Underwriting Guidelines in effect at the time of origination taking into account the compensating factors set forth in such Underwriting Guidelines as of the Closing Date, without regard to any underwriter discretion or, if not underwritten in substantial conformance to the Underwriting Guidelines, has reasonable and documented compensating factors.

(g) Other than with respect to the TRID rule, compliance with which is covered by representation and warranty clause (nn) below, at the time of origination or the date of modification each Mortgage Loan complied in all material respects with all then-applicable federal, state and local laws, including (without limitation) truth-in-lending, real estate settlement procedures, consumer credit protection, equal credit opportunity, predatory and abusive lending laws and disclosure laws or such noncompliance was cured subsequent to origination, as permitted by applicable law. The servicing of each Mortgage Loan prior to the Closing Date complied in all material respects with all then-applicable federal, state and local laws; provided, however, that the seller will only be deemed to be in breach of this representation in the event that the noncompliance resulted in foreclosure or ultimate realization on the note being precluded or where, upon foreclosure, specific costs could be attributed to noncompliance. The Mortgage Loan meets or is exempt from applicable state, federal or local laws, regulations and other requirements pertaining to usury.

(h) With respect to each Mortgage Loan, unless otherwise indicated on the Mortgage Loan Schedule, each mortgagor is a natural Person or other acceptable forms (e.g. land trust), and at the time of origination, the mortgagor was legally entitled to reside in or enter the U.S.

(i) Immediately prior to the transfer and assignment to the purchaser contemplated herein, the seller was the sole owner and holder of the Mortgage Loan free and clear of any and all liens, pledges, charges or security interests of any nature, and the seller has good and marketable title and full right and authority to sell and assign the same.

(j) The Mortgage is a valid, subsisting and enforceable first lien on the property therein described, and, except as noted in the Mortgage Loan Schedule, the Mortgaged Property is free and clear of all encumbrances and liens having priority over the lien of the Mortgage, except for: the lien of current real property taxes and assessments not yet due and payable; covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of hazardous substances or hazardous wastes or for other environmental protection purposes; and such other matters to which like properties are commonly subject that do not individually or in aggregate materially interfere with the benefits of the security intended to be provided by the Mortgage; and any security agreement, chattel mortgage or equivalent document related to and delivered to the Custodian with any Mortgage establishes in the seller a valid and subsisting first lien on the property described therein, and the seller has full right to sell and assign the same to the purchaser.

(k) All taxes, governmental assessments, insurance premiums and water, sewer and municipal charges that previously became due and payable have been paid or an escrow of funds has been established, to the extent permitted by law, in an amount sufficient to pay for any such item that remains unpaid.

(l) The Mortgaged Property is undamaged by water, fire, earthquake, earth movement other than earthquake, windstorm, flood, tornado or similar casualty (excluding casualty from the presence of hazardous wastes or hazardous substances) to affect adversely the value of the Mortgaged Property as security for the Mortgage Loan or the use for which the premises was intended or would render the property uninhabitable. Additionally, there is no proceeding (pending or threatened) for the total or partial condemnation of the Mortgaged Property.

(m) The Mortgaged Property is free and clear of all mechanics' and materialmen's liens or a title policy affording, in substance, the same protection afforded by this warranty has been furnished to the purchaser by the seller.

(n) Except for Mortgage Loans secured by cooperative shares and Mortgage Loans secured by residential long-term leases, the Mortgaged Property consists of a fee-simple estate in real property; all the improvements included for the purpose of determining the Appraised Value of the Mortgaged Property lie wholly within the boundaries and building restriction lines of such property and no improvements on adjoining properties encroach on the Mortgaged Property (unless insured against under the related title insurance policy); and the Mortgaged Property and all improvements thereon comply with all requirements of any applicable zoning and subdivision laws and ordinances.

(o) All inspections, licenses and certificates required to be made or issued with respect to all occupied portions of the Mortgaged Property and the use and occupancy of the same, including but not limited to certificates of occupancy and fire underwriting certificates, have been made or obtained from the appropriate authorities.

(p) The Mortgage Note, the related Mortgage and other agreements executed in connection therewith are genuine, and each is the legal, valid and binding obligation of the maker thereof, enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally and by general equity principles (regardless of whether such enforcement is considered in a proceeding in equity or at law). Additionally, all parties to the Mortgage Note and the Mortgage had legal capacity to execute the Mortgage Note and the Mortgage, and each Mortgage Note and Mortgage has been duly and properly executed by the mortgagor.

(q) The proceeds of the Mortgage Loan have been fully disbursed, there is no requirement for future advances thereunder, and any and all requirements as to completion of any on-site or off-site improvements and as to disbursements of any escrow funds have been complied with (except for escrow funds for exterior items, which could not be completed due to weather, and escrow funds for the completion of swimming pools). Additionally, all costs, fees and expenses incurred in making, closing or recording the Mortgage Loan have been paid, except recording fees with respect to Mortgages not recorded as of the Closing Date.

(r) The Mortgage Loan (except any Mortgage Loan secured by a Mortgaged Property located in any jurisdiction for which an opinion of counsel of the type customarily rendered in such jurisdiction in lieu of title insurance is instead received and any Mortgage Loan secured by cooperative shares) is covered by an American Land Title Association mortgagee title insurance policy or other generally acceptable form of policy or insurance acceptable to Fannie Mae or Freddie Mac, issued by a title insurer acceptable to Fannie Mae or Freddie Mac insuring the seller or its successors and assigns as to the first priority lien of the Mortgage in the original principal amount of the Mortgage Loan and subject only to the following: (a) the lien of current real property taxes and assessments not yet due and payable; (b) covenants, conditions and restrictions, rights of way, easements and other matters of public record as of the date of recording of such Mortgage acceptable to mortgage lending institutions in the area in which the Mortgaged Property is located or specifically referred to in the appraisal performed in connection with the origination of the related Mortgage Loan; (c) liens created pursuant to any federal, state or local law, regulation or ordinance affording liens for the costs of cleanup of hazardous substances or hazardous wastes or for other environmental protection purposes; and (d) such other matters to which like properties are commonly subject that do not individually, or in the aggregate, materially interfere with the benefits of the security intended to be provided by the Mortgage. The seller is the sole insured of such mortgagee title insurance policy, the assignments to the purchaser of such seller's interest in such mortgagee title insurance policy does not require any consent of or notification to the insurer that has not been obtained or made, such mortgagee title insurance policy is in full force and effect and will be in full force and effect and inure to the benefit of the purchaser, no claims have been made under such mortgagee title insurance policy and no prior holder of the related Mortgage, including the seller, has done, by act or omission, anything that would impair the coverage of such mortgagee title insurance policy.

(s) The Mortgaged Property securing each Mortgage Loan is insured by an insurer acceptable to Fannie Mae or Freddie Mac against loss by fire and such hazards as covered under a standard extended coverage endorsement in an amount not less than the lesser of 100% of the insurable value of the Mortgaged Property or the outstanding principal balance of the Mortgage Loan. If the Mortgaged Property is a condominium unit, it is included under the coverage afforded by a blanket policy for the project. If, upon origination of the Mortgage Loan, the improvements on the Mortgaged Property were in an area identified in the Federal Register by the Federal Emergency Management Agency as having special flood hazards, 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 in an amount representing coverage not less than the least of the outstanding principal balance of the Mortgage Loan, the full insurable value of the Mortgaged Property, or the maximum amount of insurance that was available under the National Flood Insurance Act of 1968, as amended. Additionally, each Mortgage obligates the mortgagor thereunder to maintain all such insurance at the mortgagor's cost and expense.

(t) There is no monetary default (including any related event of acceleration), monetary breach or monetary violation existing under the Mortgage or the related Mortgage Note and no event that, with the passage of time or with notice and the expiration of any grace or cure period, would constitute a monetary default, monetary

breach, monetary violation or event of acceleration. Additionally, the seller has not waived any such default, breach, violation or event of acceleration, and no foreclosure action is currently threatened or has been commenced with respect to the Mortgage Loan.

(u) No Mortgage Note or Mortgage is subject to any right of rescission, set-off, counterclaim or defense, including the defense of usury, nor will the operation of any of the terms of the Mortgage Note or Mortgage or the exercise of any right thereunder render the Mortgage Note or Mortgage unenforceable in whole or in part or subject it to any right of rescission, set-off, counterclaim or defense, including the defense of usury, and no such right of rescission, set-off, counterclaim or defense has been asserted with respect thereto.

(v) Each Mortgage contains customary and enforceable provisions such as to render the rights and remedies of the holder thereof adequate for the realization against the Mortgaged Property of the benefits of the security, including realization by judicial foreclosure (subject to any limitation arising from any bankruptcy, insolvency or other law for the relief of debtors), and there is no homestead or other exemption available to the mortgagor that would interfere with such right of foreclosure.

(w) Each Mortgage Loan is a "qualified mortgage" within the meaning of Section 860G(a)(3) of the Code (but determined without regard to the rule in Treasury Regulations Section 1.860G-2(f)(2) that treats certain defective mortgage loans as qualified mortgages), and, accordingly, such Mortgage Loan is secured by an interest in real property having a fair market value either (i) at the date the Mortgage Loan was originated at least equal to 80% of the adjusted issue price of the Mortgage Loan on the date such Mortgage Loan was originated or (ii) at the Closing Date at least equal to 80% of the adjusted issue price of the Mortgage Loan on the Closing Date, provided that, in each case, (1) the fair market value of the real property interest must first be reduced by (A) the amount of any lien on the real property interest that is senior to the Mortgage Loan and (B) a proportionate amount of any lien that is in parity with the Mortgage Loan and (2) if the Mortgage Loan was "significantly modified" prior to the Closing Date so as to result in a taxable exchange under Section 1001 of the Code, it either (x) was modified as a result of the default or reasonably foreseeable default of such Mortgage Loan or (y) satisfies the provisions of clause (i) above (substituting the date of the last such modification for the date the Mortgage Loan was originated) or clause (ii), including the proviso thereto. With respect to any partial release of all or a portion of a Mortgaged Property from the lien of the related Mortgage Loan, including due to a partial condemnation, either: (x) such release (A)(i) would not constitute a "significant modification" of the subject Mortgage Loan within the meaning of Section 1.860G-2(b)(2) of the Treasury Regulations and (ii) would not cause the subject Mortgage Loan to fail to be a "qualified mortgage" within the meaning of Section 860G(a)(3)(A) of the Code or (B) would comply with Section 1.860G-2(b)(3) of the Treasury Regulations including by extension pursuant to a qualified paydown transaction in compliance with IRS Revenue Procedure 2010-30 or (y) the mortgagee or servicer can condition such release on an opinion of tax counsel to the effect specified in the immediately preceding clause (x)(A) or (x)(B).

(x) With respect to each Mortgage where a lost note affidavit has been delivered to the Custodian in place of the related Mortgage Note, the related Mortgage Note is no longer in existence.

(y) With respect to each Mortgage Loan, all parties that have had any interest in such Mortgage Loan, whether as mortgagee, assignee, pledge or otherwise, are (or, during the period in which they held and disposed of such interest, were) in compliance with any and all applicable licensing requirements of the laws of the state wherein the related Mortgaged Property is located, except to the extent that failure to be so licensed would not give rise to any claim against the purchaser; provided, however, that the seller will only be deemed to be in breach of this representation in the event that the noncompliance resulted in foreclosure or ultimate realization on the Mortgage Note being precluded or where, upon foreclosure, specific costs could be attributed to noncompliance.

(z) No fraud or material error, omission, misrepresentation, negligence or similar occurrence with respect to a Mortgage Loan has taken place on the part of the seller, any correspondent or mortgage broker involved in the origination of such Mortgage Loan, the mortgagor or any appraiser, builder, developer or other party involved in the origination of the Mortgage Loan or in the application of any insurance in relation to such Mortgage Loan.

(aa) With respect to any insurance policy, including, but not limited to, hazard or title insurance, covering a Mortgage Loan and the related Mortgaged Property, the seller has not engaged in, and the mortgagor has not engaged in, any act or omission that would impair the coverage of any such policy, the benefits of the endorsement or the

validity and binding effect of either, including without limitation, no unlawful fee, commission, kickback or other unlawful compensation or value of any kind as has been or will be received, retained or realized by any attorney, firm, or other Person or entity, and no such unlawful items have been received, retained or realized by the seller.

(bb) In the event the Mortgage constitutes a deed of trust, a trustee, duly qualified under applicable law to serve as such, has been properly designated and currently serves and is named in the Mortgage, and no fees or expenses are or will become payable by the purchaser or the seller to such trustee under the deed of trust, except in connection with a trustee's sale after default by the mortgagor under the Mortgage.

(cc) Each original Mortgage was recorded, and all subsequent assignments of the original Mortgage have been recorded in the appropriate jurisdictions in which such recordation is necessary to perfect the liens against creditors of the seller or are being recorded.

(dd) The Mortgage contains an enforceable provision for the acceleration of the payment of the Unpaid Principal Balance of the Mortgage Loan in the event that the Mortgaged Property is sold or transferred without the prior written consent of the mortgagee.

(ee) The Mortgaged Property is either a fee-simple estate or a long-term residential lease. If the Mortgage Loan is secured by a long-term residential lease: (i) the terms of such lease expressly permit the mortgaging of the leasehold estate, the assignment of the lease without the lessor's consent (or the lessor's consent has been obtained and such consent is in the Mortgage File) and the acquisition by the holder of the Mortgage of the rights of the lessee upon foreclosure or assignment in lieu of foreclosure or provide the holder of the Mortgage with substantially similar protection; (ii) the terms of such lease do not allow the termination thereof upon the lessee's default without the holder of the Mortgage being entitled to receive written notice of, and opportunity to cure, such default or prohibit the holder of the Mortgage from being insured under the hazard insurance policy related to the Mortgaged Property; (iii) the original term of such lease is not less than 15 years; (iv) the term of such lease does not terminate earlier than five years after the maturity date of the Mortgage Note; and (v) the Mortgaged Property is located in a jurisdiction in which the use of leasehold estates for residential properties is an accepted practice.

(ff) No Mortgage Loan is a "high-cost" loan, "covered" loan or any other similarly designated loan as defined under any state, local or federal law, as defined by applicable predatory and abusive lending laws; provided, that, for the avoidance of doubt, no representation or warranty is made as to whether a Mortgage Loan constitutes a highly-priced mortgage loan, as permitted by specific state or federal laws.

(gg) The instruments and documents with respect to each Mortgage Loan required to be delivered to the Custodian pursuant to Section 2.01 of the Pooling and Servicing Agreement on or prior to the Closing Date have been delivered to the Custodian.

(hh) Unless otherwise indicated on the Mortgage Loan Schedule, the seller nor any prior holder of the Mortgage or the related Mortgage Note has modified the Mortgage or the related Mortgage Note in any material respect, satisfied, canceled or subordinated the Mortgage in whole or in part, released the Mortgaged Property in whole or in part from the lien of the Mortgage or executed any instrument of release, cancellation, modification or satisfaction, except in each case as reflected in an agreement included in the Mortgage File.

(ii) Each Mortgaged Property is located in the U.S. or a territory of the U.S. and consists of a one- to four-unit residential, which may include, but is not limited to, a single-family dwelling, condominium unit or unit in a planned unit development or, in the case of Mortgage Loans secured by cooperative shares, leases or occupancy agreements.

(jj) Each Mortgage Loan is less than 60 days MBA delinquent as of the Cut-off Date.

(kk) The seller has not received notice that the mortgagor is a debtor in any state or federal bankruptcy or insolvency proceeding as of the Cut-off Date.

(ll) Other than with respect to Exempted Mortgage Loans, the seller made a reasonable and good faith determination that the mortgagor would have a reasonable ability to repay the Mortgage Loan according to its terms, in accordance with, at a minimum, the eight underwriting factors set forth in 12 C.F.R 1026.43(c)(2).

(mm) With respect to each Mortgage Loan, the proceeds of which were used to purchase the related Mortgaged Property, either (1) the mortgagor paid with his/her own funds a purchase price equal to at least the lesser of (i) 100% minus the combined loan-to-value ratio of the Mortgage Loan and (ii) 5% of the purchase price or (2) the mortgagor received a gift to fund the purchase price in accordance with the applicable Underwriting Guidelines.

(nn) With respect to each Mortgage Loan for which an application was taken on or after October 3, 2015, either: (i) the Mortgage Loan was originated in compliance with TRID; (ii) the Mortgage Loan is exempt from TRID; or (iii) with respect to each TRID compliance exception with respect to a Mortgage Loan, such TRID compliance exception will not result in civil liability or has been cured in a manner which negates the associated civil liability.

(oo) As of the Closing Date, each Mortgaged Property complied in all material respects with all environmental laws, rules and regulations that were applicable to such Mortgaged Property.

(pp) If the Mortgage Loan is identified "Exempt" (or words or an abbreviation to a similar effect) on the Mortgage Loan Schedule, then such Mortgage Loan (i) is not subject to the ATR Rules and (ii) either (A) is not a "covered transaction" under the ATR Rules or (B) relates to a mortgage loan application that the originator of such Mortgage Loan received prior to January 10, 2014.

(qq) Any Prepayment Premium or yield maintenance charge applicable to any Mortgage Loan constitutes a "customary prepayment penalty" within the meaning of Treasury Regulations Section 1.860G-1(b)(2).

(rr) Each loan originator employed by or affiliated with the seller who originated a Mortgage Loan was properly qualified, licensed and registered as required by applicable law to transact business in each state where property securing a Mortgage Loan is located, and the seller and each loan originator have complied with and are in compliance with the applicable Underwriting Guidelines and all applicable law.